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## Public firms, acquisitions push BSW to \$25 million

St. Louis Business Journal - by [Julia M. Johnson](#)

Accounting and business services firm **Brown Smith Wallace** (BSW) has tabulated double-digit revenue and staff expansion since 2004.

In the wake of the Sarbanes-Oxley Act of 2002, BSW has seen increased business from public firms required to seek additional outside accounting services, said founding member Jeffrey Smith. Revenue has doubled from \$12 million four years ago to an expected \$25 million for 2007; last year's revenue was \$22 million. And the company's staff roster is expected to hit 200 by the end of this year, up from 118 four years ago, said Harvey Wallace, co-founding member. BSW has three offices -- a headquarters in Clayton, a St. Charles location and one in Chicago.

The firm is purchasing the 10,000-square-foot St. Charles office building at 104 N. Main St. where it currently leases one floor, according to Smith. He said the deal is expected to close in the next 60 days. According to St. Charles County real estate data, the building is valued at about \$1 million and is owned by a group of private partners under the name Fampat LP of St. Charles.

BSW also has grown through acquisition, purchasing St. Charles-based Megargel Willbrand & Co. in 2002.

Smith said BSW has capitalized on the fact that large national accounting firms have seen turbulent times in recent years. "There used to be the 'Big 8' firms, and they're now the 'Big 4,'" he said. "The national firms (such as Deloitte and Ernst & Young) raised the bar on the types of clients they were looking for, and the fees they'd need to generate. That left a big void in the area of serving the \$10 million to \$50 million range clients, which is what we do.

"Also with the litigation problems experienced by Arthur Andersen and other companies, many clients are saying, 'Do we really need a big national firm? We should look at a regional firm.'"

Michael Scully, regional president-commercial banking for U.S. Bank and BSW's main banking services provider for five years, said BSW's growth stems from its diversity of services and hiring acumen. "They've shown an uncanny ability to recruit A-list talent with an incredible following in the community," he said. "They know everything the Big 4 firms do, but they can



BRIAN CASSIDY

Jeff Smith, left, and Harvey Wallace are tabulating double-digit revenue growth.

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apply it to the middle market, the private business owner."

Wallace said BSW actively recruits people who've come from the Big 4 accounting firms. Hires this summer include senior auditors Aaron Cooper and Angela Sprowls, both of whom had worked for Deloitte.

Wallace said the company is now spending about \$1 million a year on its technology budget, including hardware, software and the hiring of information technology professionals.

Clients include Build-A-Bear Workshop, DASH Multi-Corp, Distribution Management Inc., Belden and Pulaski Bank. Most of BSW's clients are in metropolitan St. Louis, but it also reaches companies elsewhere in Missouri and Illinois. It ranks No. 7 on the Business Journal's list of Largest Accounting Firms (ranked by number of local CPAs), and No. 6 on its list of Largest Management Consulting firms (ranked by number of local consultants).

BSW serves 23 of St. Louis' 64 public companies, and 18 of the area's 50 largest private companies. "Five years ago, we were doing work for none of the local public companies," Wallace said. "Sarbanes-Oxley created the environment where they had a need for a second firm to provide specialty services. We've become that second firm."

The company has named one new partner so far this year, Alan Fine, in its insurance and reinsurance practice.

Brown Smith Wallace has been in business since 1972. Its local competitors include MPP&W in Brentwood, UHY Advisors in Maplewood and Anders Minkler & Diehl in downtown St. Louis. BSW provides services including accounting, risk services, audit, business intelligence, IT security, insurance and fiduciary consulting, business valuation, mergers and acquisitions, and others.

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