

A hand is shown pointing towards a glowing, wireframe globe. The globe is composed of white lines forming a sphere, with bright white light flares at the points where the lines intersect. The background is a dark blue grid with scattered white stars and light trails, suggesting a digital or futuristic theme.

# CHANGING THE FACE OF ACCOUNTING

FORWARD-THINKING CONVERSATIONS  
ABOUT REINVENTING THE CPA FIELD

**IAN WELHAM**

CO-FOUNDER, HAYDENROCK SOLUTIONS

## Chapter 12: Peter Reilly



Peter Reilly is president and managing partner of Councilor, Buchanan & Mitchell, P.C., an audit, tax accounting and business advisory firm, serving clients in the Washington, D.C./Baltimore metropolitan area since 1921. In addition to acting as President and Managing Partner of CBM, Pete serves on the Executive and Quality Assurance committees, and as a Director of the Construction and Real

Estate practices.

In 2017, CBM was recognized by the *Washington Business Journal* as one of the top accounting firms in the Washington, DC metropolitan region. In 2015, Pete received the GWSCPA “Outstanding Member in Public Practice” Award. He has extensive experience with family owned businesses and co-authored the book, “Minding Your Family Owned & Managed Business.”

Ian: I believe your firm is celebrating its 95th year. That's quite an accomplishment. I read that CBM has interesting history. I believe back in 1930, the firm hired one of the first women to be employed by an accounting firm.

Peter: Edna Nick was eventually named senior partner and enjoyed a 51-year career with the organization.

Ian: You've been an institution in the Washington Beltway for decades.

Peter: Many household names in the Washington area have been our clients for generation upon generation. Interesting about Edna, who was here and hired me when I joined the firm, she was the first woman to pass the CPA exam in Virginia. I think she was a woman partner at CBM before women could be members of the AICPA.

Ian: What are the things you like most about the work that you do?

Peter: It's evolved, I have one client. It's Councilor, Buchanan and Mitchell, with 65 employees. What's always made it attractive and interesting here at CBM, are the people themselves. They have passion for their clients and learning more. It's a real joy to work with such great people. That's the draw and attraction for me. That's what's kept me motivated.

Ian: How many accountants do you have?

Peter: Seven accountants. Recently we obtained a D.C. office. We have two offices now. The merger with Pat Drolet and her firm help strengthened our not-for-profit expertise. Many not-for-profits are in D.C., steps from our office; it's proven to be a great merger.

Ian: Perhaps you could share with us a little about the things that you feel your firm is doing especially well?

Peter: We have a tremendous commitment, always have, into training younger staff — transferring knowledge to the younger people in hopes of getting them to grow quicker. We have Project Clear Path. Everyone is assigned a mentor. Everyone aligns their personal goals with the firm's goals. If you're senior, these are the duties that we expect of you and these are the training courses we expect you to take. It's being very well received. It's especially helpful with our industry niches. The employees seem to benefit and focus on their growth.

Ian: If there was an area you feel you'd like to improve on, what might that be?

Peter: I think recruiting is an area somewhat of a focus now. We're delighted to be hiring as many people as we do. Being a smaller firm, we don't have the benefit of a large HR department going to different colleges and singing our song. We're going to work on that. Getting young people out of college and getting them into our program and learning the way CBM does it, is important. We use intern programs and we do visit campuses, but not into the level and the hope and desire that I want to see us get to now.

Ian: You mentioned your firm specializes in a few different industries. How did you get into those industries? You mentioned the car industry and construction and real estate. Perhaps you'd like to share how that came about?

Peter: When I started in 1979, CBM did 15 savings and loans in the Washington area, which was a significant number of the savings and loans, as well as hospital audits and big manufacturing companies up and down the East Coast. With the roll-ups and then the crisis, we don't have any savings and loans left and the hospitals have been merged out. Large broadcasting [publicly traded] companies have been sold too, which we did.

Tom O'Neill, one of the partners who hired me, had developed a niche with Ford Motor Company. They were using Tom to assist with training and different tax matters and legal matters affecting the auto industry and by his involvement and passion for cars, we started gaining more auto dealerships. Claire Parsons was very much involved in not-for-profit industry and we grew that significantly through the 80s and 90s.

It's good to be focused on an area that you can go from one dealership to the next dealership and practice the best practices of each.

Ian: The AICPA published a report measuring the 5-year

growth rate for various accounting services. The report showed that auditing and accounting services grew 6 percent, tax services grew 17 percent, while advisory consulting services grew over 90 percent. Can you talk a little bit about what advisory/consulting services your firm offers and if you see this as a growth area in your firm?

Peter: There's not a managing partner in America that isn't clamoring for add-on services to what they do. For CBM, 50 percent of our profit is auditing. We've always done that. We're not out banging the consulting drum. With automotive and not-for-profits and construction, we are asked to come in and look at the way a budget's being done for a not-for-profit. Look at the profitability of certain divisions of a dealership that other firms wouldn't be able to do without having the intimate knowledge that we do with these industries.

Our organic consulting growth from our existing clients is there and it's always been there. We used to call it advisory services. We do have add-on consulting services. For example, we do business valuations for families that are transitioning to younger owners, assisting in the sale of a construction company. We also do forensic accounting, as well as outsourced accounting —even bill paying. That's one of the newest services we provide. We have a great team that's taking over the books and records for companies monthly; and it's growing 50 percent right now. That's a small part of our practice.

Ian: Is there also an overall goal to do more in the advisory services area where clients perceive added value?

Peter: One growth area we're considering and looking at a firm that does this well, is instead of looking at preparing your tax return, we're going to look at being your advisor to your assets. Whether it's an estate plan, succession plan, or wealth management. They have several people on board

that are financial advisors and as they add-on they do a 1040. Whereas here, we've been compliance first and advisory second. That's an area that we're just starting to explore.

Ian: An interesting client, what their situation was and what they wanted to accomplish and how you helped them do that.

Peter: I'll stay on the succession plan side because it seems like that's what I do the most of these days. Fifteen years ago, a small contractor left a big construction company and started his own business. Over 15 years, he's grown into one of the top general contractors in the Washington area.

Tremendous amount of growth breeds a lot of interest from the banks and the bonding companies who want to make sure that the financial information is accurate and the ratios are being met. I could meet with the banks and the bonding companies over the years. We realize we need to reward the management team that's helped get this contractor to a place it is today and ensure that the company will continue in the future with or without him.

There are now seven owners, which at one point, a year ago, there was one owner. There's a bonus plan with stock coming to these different owners. They're measured on an annual basis. If something should happen to the owner, the replacement president has now been identified. It's very specific. CBM has been doing family practice for 95 years. Being able to parlay what my partners before me taught me has been rewarding.

Ian: The example you gave is a classic example of an entrepreneur who started a business that does well and it's only doing well while he's there. What you changed there is you made that into an entity, which has true value potentially to a buyer or to those other partners wanting to

build more equity in the business. Do you think that's something that a lot small medium-sized businesses don't understand?

Peter: I think they don't understand, yes. If they could witness the energy that's now, not that it wasn't there before, but now that there's buy-in and ownership, the board meetings are dynamic and lots of ideas flowing around. It's hard to measure that and make someone understand it if they're not living it.

Ian: Looking at your business clients, what do you think that they're looking for from you as a CPA today versus maybe five or 10 years ago?

Peter: I would say technology. Client service is as important today as it was 90 years ago. People want you to respond to their emails. They want you to make phone calls. They want you to stay out in front of what's happening with communication.

Everyone here is required to provide close personal attention to our clients. We've always done that and that's the first thing they know. If you're communicating with your client and if you're staying up with what's happening and you make a mistake, and we do, it's easily forgiven. Rather than if you come into a situation where you've talked with them once a year and there's no connection there.

Ian: Are you feeling that you need to be proactive in reaching out to your clients and being involved with their business rather than reacting when they send you an email or give you a phone call?

Peter: Everybody is taught this from the very beginning so if you're only dealing with accounts receivable, you should call them a couple of times a year and get that connection.

You learn so much by taking someone to lunch. You get to know what the environment is.

It doesn't come to everyone naturally, especially in accounting. A lot of people would rather sit in their office and do debits and credits, believe it or not. It's all about client service in our business, no matter what anyone says. As soon as we start faltering on that, we're in big trouble.

Ian: As you look forward, where do you see the biggest opportunity for your firm or for the accounting industry?

Peter: The tax code hasn't changed a lot in a long time. I think there's probably going to be significant changes in the tax law in 2017 and I think that's a tremendous amount of opportunity. Whenever there is change, accountants do benefit. Also, just looking at firms that have niches, or you mentioned these consulting services that we don't currently have is an exciting area. We're open to that. We already are looking at a few firms that will expand the breadth of services. In one case, even an additional niche.

Ian: If you could go back in time 20, 25 years knowing what you know now, what one piece of advice might you have given to your younger self?

Peter: Well, you know, it was given to me. Burns McLindon told me to always be prepared. That bit of advice, I had not always adhered to it as much as perhaps I should have. It's true. It sounds simple, but it's hard to be prepared all the time with everything going on.

Ian: When you say always be prepared, do you mean be prepared for something to come up?

Peter: Whether it's an upcoming meeting, have a plan B, or if it's meeting with the staff... whatever it's going to be, make sure you're prepared.

Ian: Where do you see, the industry heading?

Peter: No, I sure don't. There's so much merger activity. I do think there's going to be some tax law changes within the next 2 or 3 years. This reliance on CPAs to be the most trusted advisor comes with being knowledgeable. You're not only trustworthy because of your high ethical standards. You're trustworthy because you know stuff. I think this thirst for knowledge is what we're going to have to continue to ensure that are staff are trained and be the smart ones in the room. Whatever it might be, be open to change. It's a continuation. It's going to breed success if we stay out in front of it in that fashion.

Ian: If people want to learn more about you or your firm, what's the best way to reach you?

Peter: [www.cbmcpa.com](http://www.cbmcpa.com) is our website, and I'm at [preilly@cbmcpa.com](mailto:preilly@cbmcpa.com).

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