

# CPATrendlines

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## Can Wesley Middleton Grow MaloneBailey into the Next "Top 100" Firm?

10 tips from one of Houston's fastest-growing firms.

by Rick Telberg

While some other CPA firms have been immobilized by fear and uncertainty in this economy, Houston, Texas-based MaloneBailey has been charging ahead with a new managing partner, a new marketing manager, a daring acquisition on the other side of the country and new growth on the other side of the globe.



Middleton

"We've taken this time to become more focused on our strategic plan and our marketing plan so that we are better prepared to rebound as the economy improves," according to Managing Partner Wesley Middleton.

But there's more to Middleton's plans for MaloneBailey than that. The firm is unusual in several ways. MaloneBailey garners about 80 percent of its fees from U.S. Securities and

Exchange Commission work and is fast developing an audit practice in China. Middleton may demurely credit the firm's fortunes to simply "the right time and the right place." But for all his soft-spoken Gulf Coast drawl, Middleton is as hard-driving a CPA entrepreneur as any of his Texas oil-and-gas wildcatter clients. The firm's surge in growth is relatively unlikely, though not unique, in these tough economic times.

Middleton is writing a new playbook for his firm — one other firms and CPAs may be able to take some lessons from, such as:

1. Charging ahead when others are in retreat
2. Being prepared for new opportunity in M&A
3. Moving quickly to sew up a deal
4. Benefiting from networking at industry events
5. Adopting paperless processes
6. Going "virtual" wherever possible
7. Actively supporting telecommuting
8. Branding new service packages for carefully targeted client groups
9. Marketing with a commitment to consistency and innovation
10. Setting clear and inspiring goals for the team

When Middleton, a tax J.D. in addition to a CPA, joined MaloneBailey in 2008 from the eminent and formidable Gainer, Donnelly & Desroches, founder John Malone had spent 16 years creating the country's largest SEC practice outside the national firms with 120 registrants and a couple of broker-dealers. Soon the firm had dropped the ampersand from its name, gone totally paperless and added a marketing manager.

A year later — Dec. 16, 2009 to be exact — Middleton moved up to managing partner and Malone became SEC practice leader.

A day later on Dec. 17, 2009 — MaloneBailey announced the acquisition of solo-owned Kempisty & Co. in New York City. The deal fell together quickly because

## Countdown

### Rick Telberg | Editor



Rick Telberg is president and chief executive of Bay Street Group LLC -- actionable intelligence for the tax, accounting and finance

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Middleton, Malone and Phil Kempisty had been old acquaintances, meeting at industry conferences. Kempisty gave MaloneBailey a New York office with an additional 10 professionals, 20 SEC clients, 25 broker-dealers and wider Chinese audit capabilities.

Middleton called the move, "one more step in the realization of our vision to have an international presence." Few firms are as committed to the China opportunity as MaloneBailey, but those that are will tell you (and few like to talk about it) that, while it may difficult to crack, it is highly profitable and fast-growing.

Today MaloneBailey has seven partners, 75 staffers and a run rate of \$15 million to \$17 million a year.

A month later, in January, the firm launched the Private Companies Practice Team for its non-SEC clients and promoted Auditor David Forrest and Tax Accountant Stan Raines as partners to run it.

Operationally, technology has been and will remain a major factor in the firm's future growth. The firm is pioneering remote auditing strategies and has gone "virtual" with 100 percent paperless audits. Tax returns are delivered completely paperless, either through the firm's online portal or on a CD. "We file 99 percent of our tax returns electronically," Middleton says. "We have found that clients truly appreciate the paperless experience, finding it efficient, time saving and innovative." In addition, many staffers have computer set-ups at home with multiple monitors and firm-based internal and external portals for clients and staff to post and access information via the Internet.

MaloneBailey is also blazing new trails in social media marketing, including [Facebook](#), [Twitter](#) and [LinkedIn](#), to promote the firm and to keep contacts and prospects close and updated. "Our firm prides itself in being linked in to the digital world," Middleton says. "We are a young firm with a significant percentage of Gen Y staff and we recognize the prevalence and significance of accessing and providing information through digital avenues."

Still, acquisitions will be a major tool for growth in coming years. Middleton says he's already in the final stages of talks with two other firms.

"Our goal is to be a Top 100 firm," he says. As his competitors are learning, Middleton is not to be underestimated.

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