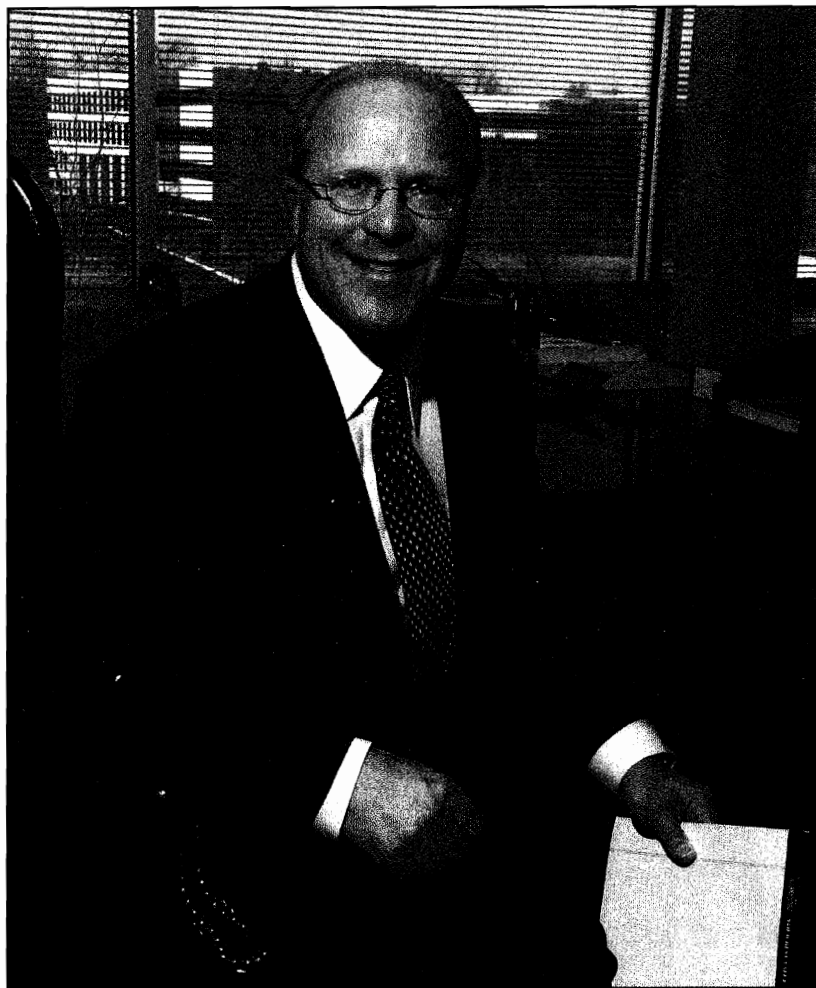


# PHILADELPHIA BUSINESS JOURNAL

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CURT HUDSON

**Bob Fesnak's firm logs revenue of \$6 million.**

## Fesnak has a knack for the middle ground

Accounting firm finds its seam in the run for the money

**B**LUE BELL — At Synova Healthcare, a publicly held, 11-person medical startup in Media, Chief Financial Officer Robert Edwards needs some backup.

“We have all the complications of a big company, but we don't necessarily have all the accounting resources to do what we need

**ADAM STONE**  
SPECIAL TO THE BUSINESS JOURNAL

*‘We see a hole in the market, we see **a need in the market,** and we want to fill it.’*

**Bob Fesnak**  
Fesnak and Associates

to do as a public company,” Edwards said.

To balance the load, Edwards turns to Fesnak and Associates, an accounting and financial services firm here that specializes in helping middle-market companies like Synova keep the books balanced.

Founder Bob Fesnak says the middle market is where the action is. The ac-

## FESNAK: Accounting firm finds its bread-and-butter business with midsize clients

counting world has turned all its attentions toward larger firms lately, especially those struggling under the avalanche of new accounting requirements created by the Sarbanes-Oxley Act. That leaves a gap for intrepid financial service players.

"We see a hole in the market, we see a need in the market, and we want to fill it," Fesnak said.

The company came into being in 2005 as an offshoot of another Fesnak venture, Smart & Associates. While that company was shifting its focus toward larger public companies, Fesnak spun off to pursue his mid-market plans, courting businesses from startup to \$300 million in revenue.

### UP CLOSE

**Company:** Fesnak and Associates LLP

**Location:** 1777 Sentry Parkway West, Gwynedd Hall, Suite. 400, Blue Bell, Pa. 19422

**Owners:** Bob Fesnak, Bill Mahoney, Todd Stilo, Lisa McLemore

**Type of company:** Accounting and financial services

**Number of employees:** 50

**2005 revenue:** \$2.9 million

**2006 revenue:** \$4.5 million

**2007 revenue:** \$6 million

**Lessons learned:** By targeting midsize companies, Fesnak and Associates taps into an overlooked segment of the accounting market.

Fesnak and Associates delivers a range of products including assurance and accounting, tax services, outsourced accounting and acting CFO services, and transaction services including valuations, capital management and mergers and acquisitions.

With such diverse expertise among its 50-person staff, the company aims to move with its clients through their various business cycles.

In one recent example, a client firm bought up four pharmaceutical brands to add to its portfolio. Fesnak lined up debt and equity for the transaction, then took on the role of outsourced CFO once the transaction was complete.

"We helped them get money to buy it, we tax structured it, we did the due diligence, we continued to do tax and finance work for them as an outsource CFO. That's a perfect scenario of how we like to get involved, with a little bit more than just doing the audit and the tax return," Fesnak said.

The lifecycle approach to financial services is more than just a way to generate a steady stream of business from a single client. For Fesnak himself, this approach is an avenue toward job satisfaction.

"I enjoy getting up in the morning and going out to help a company grow and be successful," he said. "That can be a startup where we help them get some money, put in procedures, put in policies and maybe help them negotiate a successful exit. Or it could be an acquisition. We have been involved in 16 due diligences in 2007 for clients who were buying companies."

In building up these new services, Fesnak admits to being more a follower than a leader.

"A lot of times we are providing a certain service to a client, and they will ask us to assist in some other area. When we see enough of those questions, we will look at that as an opportunity to get the talent we need to go after that work," he said. "We are definitely market-driven. The market provides us with an opportunity and we go after it. We don't create a service and then try to sell it."

That client-driven breadth of services has helped fuel the company's growth from \$2.9 million in 2005 revenue to \$6 million

last year. Fesnak has added reverse due diligence to the roster, along with valuation and capital management services. The outsource financial management role also is relatively new.

Even as the company has evolved, it has not lost sight of the needs of its target sector, a fact customers say has served them well.

Tim Richards is vice president of business development at bearing maker SKF Corp. He does rely on big national firms like Ernst & Young for some of his needs, "but a smaller domestic acquisition isn't always of that much interest to them," Richards said.

"With Fesnak, I was attracted by their willingness to work on what we would consider smaller deals, while still giving us the service the big accounting firms would give us," he said.

Fesnak faces challenges, especially in the realm of human resources. With demand for accounting services high, turnover in the industry runs 15 percent to 18 percent. Fesnak keeps his at about 5 percent thanks to a range of human resources initiatives.

A formal program provides opportunities for employees to talk about professional growth with mentors. "Upward evaluations" allow staff to rate bosses on the effectiveness of their leadership. A mix of project types ensures that employees are constantly challenged to upgrade their skills.

In the big picture, Fesnak said, all these efforts will help the firm continue to meet demand in a market that is nowhere near reaching its peak.

"The marketplace is still very ripe, and we expect to be a player in that marketplace," he said.