

Getting ready to move forward: BPM's Jim Wallace on accounting innovation and expansion

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The following is an Executive Profile produced by Mark Calvey, Senior Reporter at the San Francisco Business Times. This article originally appeared in the August 31, 2017 issue of the San Francisco Business Times.

Jim Wallace took the reins of BPM at the start of 2016. As one of the nation's 50 largest accounting firms, BPM has ambitions to combine with other accounting firms to expand the territory it serves and the range of advisory services it offers.

In June, BPM purchased Info@Risk, an information security company based in Eugene, Ore. The deal allowed BPM to expand in one of the fastest-growing areas of the accounting business as information-security concerns mount.

Prior to joining BPM, Wallace was chief operating officer at the Rehmann Group, based in Michigan. During his more than three decades in public accounting, Wallace also worked for Deloitte — one of the Big Eight accounting firms back then, now the Big Four. After 33 years in Michigan, Wallace's decision to join BPM was something of a homecoming for him and his family since he and his wife grew up in San Mateo.

Business strategy

How's business? Business is going very well. We've had several years of double-digit growth. Last year was back in single-digit growth and will be again this year.

What's driving the industry's slowing growth? Compliance services, which are the core of most CPA firms, are becoming incredibly competitive. Everything is about price.

How do you adjust to the business environment? We want to do more of the advisory work, where there's less price sensitivity, more value perception by the client. Part of that bucket includes IT security or tax consulting, software selection and implementation. It's a high-growth area, but the highest growth area is outsourcing the accounting function, where a firm comes in and does all of their accounting. Clients want to focus on their core business and what they're good at, not accounting, IT or software work.

Biggest challenge for your business? Innovation. CPAs, by their nature, are not big change-focused people. We have to become a profession that looks forward and help clients use data looking forward.

What's going to change at your company in the next year? We're going to add more service lines and a different geographic footprint. We want to operate from Seattle to San Diego. Plus we want to add new advisory services. Right now, the firm operates in the Bay Area, with offices in India, Hong Kong and the Cayman Islands. That expansion will require business combinations. It's hard to go to a new geography, hang a shingle and think you'll generate business.

Will it be one and done? Oh no. BPM has a long history of business combinations. We've been on a five- or seven-year hiatus from business combinations, but now we're ready to get back into the market. We have quite a few firms that we're talking to.

Will BPM be the surviving firm in any combination? Yes, our partners are very clear that we want to keep our entrepreneurial culture.

Best way to keep competitive edge? Fitness. I also spend a lot of time meeting with my industry peers all around the country. CPAs are very collegial.

Why do people like working for you? Transparency. I don't have any hidden agendas.

Why don't people like working for you? I move a little fast.

Judgment calls

Best business decision? Going from what is today one of the Big Four to a regional firm, where I could have a greater impact. Another good decision was to invest in our people in 2008 and 2009 to avoid cutting staff, so when things turned around we had people in place who were very loyal to the company.

Toughest business decision? Personnel decisions. If you ever stop losing sleep over personnel decisions over cutting people, then it's probably time for you to look for a new profession.

Biggest missed opportunity? Texas. My former employer in Michigan decided to expand into Florida or Texas just before the Great Recession. We went with Florida because we had clients in Florida and some of our partners had homes in Florida. We went from Michigan, which had the worst economy, and expanded into Florida, which became the worst economy in the Great Recession. The fastest-growing economies were in Texas. We missed a huge opportunity.

Are you harboring any Texas ambitions now for BPM, or is that too far east?No, it's not too far east. Austin is a very interesting market, with a lot of tech and high growth.

True confessions

What do you look for when hiring? People who are high energy. We use to call it "spark." People with common sense. You can't teach people common sense and enthusiasm.

Pet peeve? People who are selfish. People who talk with a lot of "I's" or refer to clients as "theirs."

Predilections

Most influential books?"The 7 Habits of Highly Effective People" by Stephen Covey and "How to Win and Influence People" by Dale Carnegie.

Favorite restaurant? Balboa Cafe in Mill Valley.