

practice profile

A practice to be proud of

Marcum's fast-growing LGBT division brings pride and profits

BY TAMIKA CODY



Marcum's Nanette Lee Miller (left) and Janis Cowhey McDonagh

AT A GLANCE

Firm:

Marcum LLP

Headquarters / No. of offices:

New York City

Web site:

www.marcumllp.com

Managing partner:

Jeffrey Weiner

No. of partners/staff:

130 partners/1,000 staff

2012 net revenue:

\$275.5 mn

Year founded:

1951

Services:

Major service lines include tax and business services; assurance; advisory; alternative investments; and real estate

Top 20 Firm Marcum LLP has a lot to be proud of these days. The New York-based firm's far-reaching capabilities in tax, business, assurance and advisory services are being incorporated into its fastest growing division — its Lesbian, Gay, Bisexual and Transgender and Nontraditional Family Practice Group.

While some firms might shy away from serving the LGBT community because it's perceived as controversial, the team leaders realized that there was a genuine market need. Over the last several months, the group has designated practice representatives in the 20 markets that it has a presence in. Out

of the firm's 1,100 professionals, between 40 and 100 assist LGBT clients.

Nanette Lee Miller, Marcum's partner-in-charge of assurance services, heads up the LGBT practice on the West Coast, while Janis Cowhey McDonagh leads the practice on the East Coast.

The practice leaders are proud to say that Marcum is the first national full-service firm with a dedicated LGBT practice. "Everybody does it ... but it's sort of an underground movement," said Miller. "We went to our firm management with a strategic plan showing that this is a service area that needs specialized skills. We have these skills and we should

roll these out to all of the regional offices. And so we became really the first national firm that has an LGBT service," Miller explained.

"When going through this, we also realized that people under the age of 40 are not necessarily getting married now. They are living together and cohabitating," said Miller. "The nontraditional family part of the practice was created for people who aren't married, which includes heterosexual couples, who may come across federal and state tax issues. We thought it was important enough that it needed to have its own designation."

Marcum rolled out the LGBT and Non-See PRACTICE on 9

Practice

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traditional Family Practice in June 2012 during Gay Pride Week. “We had the initial discussion in November 2011,” Miller shared. “By January 2012, we had our strategic plan approved by the firm.”

NOT FOLLOWING SUIT?

Given the attention the LGBT community has received over the years, Marcum thought that more firms would follow in its footsteps. “When we started this, we said, ‘You know what, everybody is going to be on our heels right after this, but they’re not,’” said McDonagh. It’s been two years since Marcum’s LGBT practice launched and so far only sole practitioners have tapped into the opportunity. “I don’t know how long that will last,” said Miller.

Being the only middle-market accounting firm with a practice area targeted to serving the LGBT community has its benefits, in the sense that more people are open to help spread the word, stated Miller. “We have talked to lawyers who are part of the Supreme Court case. We have talked to the press, who are letting people know the economic issues. We are becoming part of the thought leadership in this practice area. Whatever we are doing now will change within six months, so you have to be out front in order to make sure the information gets out on a timely basis.”

So where is everybody? “Accountants are conservative by nature. Extremely conservative,” McDonagh explained. “I think it’s still controversial,” added Miller, who tips her hat to Marcum’s managing partner, Jeffery Weiner, who was on board with the idea from the very start. “That’s one of the things Marcum is — entrepreneurial. Everyone feels that they can come up with an idea and it will be heard.”

THE CLIENTS

“We decided that we really needed to make this a formal step,” said McDonagh. “We needed to get out there and say, ‘This is a practice group. This is what we do. Be proud of it.’ And we wanted to give people the resources to go to.” As it turns out, prospective clients really didn’t

know where to turn, but when they would Google “LGBT accounting practice,” Marcum was the first to pop up. “It scares me that they have to go to the Internet to find a professional, [that] they don’t have the resources or the network. We get blind phone calls. Generally this isn’t something that I’ve seen in my career that often,” McDonagh said, noting that most new clients come through referral sources.

Marcum’s LGBT and Nontraditional Family Practice Group provides services to high-net-worth individuals and business entities. Miller takes on assurance, audit and review services for private and public companies. McDonagh handles the financial planning services, which branch out into tax, estate and state tax planning. “We are not for every private citizen. The middle market is really our sweet spot,” said McDonagh. “We advise people who are looking for an alternative to the Big Four.”

PlanetOut Inc., the first openly gay-owned publically traded media and entertainment company, which traded under the ticker symbol LGBT, was one of Miller’s largest public clients. Although the company has since gone private, PlanetOut is still one of Miller’s clients, as is *The Advocate*, the LGBT monthly magazine owned by Here Media. Both clients are extremely loyal consumers, Miller noted. “What happens is we get their cousins, aunts and friends, who say, ‘Wow, you took care of my LGBT friend. Now I want you to take care of me.’”

When it comes down to handling tax returns for LGBT individuals, Miller explained that couples actually have to file three different returns, which can be complex. “Think how complicated the IRS Tax Code is when it’s written for heterosexual couples. Now you have a complex matter that doesn’t mention [your LGBT clients],” said Miller.

As for LGBT clients who may own a business, the work gets even more complex and there are more forms to deal with. “You’re not only getting the tax and the financial services, you’re also getting business advisory and assurance services,” Miller explained.

At times, compassion is what’s most important to clients. McDonagh shared a story about a couple who didn’t have any complicated tax needs but one was a transsexual: “He said, ‘I just want somebody who is sympathetic. I need to walk into an office where nobody is going to judge me or think twice about me, and just help us.’”

Managing all of these intricacies helps the firm to grow because it draws in other services and other people in the firm. This is where Miller said the business proposition comes in: “First of all, it makes sense as a social justice issue. Then it makes sense as providing a service for the people who need it. Then it makes sense in that it allows the firm to grow,” she said.

RUNNING A LGBT PRACTICE

Juggling all of the particulars may be trying at times, but McDonagh believes that passion is what drives a successful practice. “If you love what you do, you will do it a lot better.” Miller added that forming the practice is exciting: “You’re creating a precedent. I think all of us want to be Wonder Woman or Supergirl, and this is allowing us to assist our clients in a big way that we feel good about.”

No formal training is required to operate an LGBT practice, but the process would run smoother if associations within the profession would provide courses: “There is, to my knowledge, no [state or national society] course on this,” Miller stated. “The [American Institute of CPAs] should start having courses and I think they will.” Until the accounting associations start to offer those courses, Miller said that individuals who are interested in assisting LGBT clients should take legal courses or go through the blogs on the Human Rights Campaign’s Web site to educate themselves.

The most difficult thing for Marcum’s LGBT practice is turning prospective clients away. “Sometimes people realize that they can’t afford your services,” said Miller. “Then there are people who are upset that they have to pay to get their taxes done. Sometimes I think it’s hardest when we are approached by people who haven’t had to deal with a situation that’s more complex than

normal before and then we have to tell them that, ‘We can help you but the complexity comes with a cost.’ I think that’s the only negative.”

Knowledge is the bottom line to creating and running a prosperous LGBT practice, advised McDonagh: “You need to know this area. It’s scary what you can do wrong if you’re not well-versed in

themselves personally or who has family members who have already learned these issues.”

The most important factor Miller pointed out to running the practice is to be respected in the community. “You don’t have to be gay to have this practice,” she said. “The LGBT community wants to know that you truly are sympathetic and

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As with many specialty practices, it’s also beneficial to appoint dedicated leaders. “You need a champion in your firm. The easiest way to find a champion is to hire someone who has already learned the issues

willing to help them out. You have to be authentic. If you’re not credible and authentic, they are not going to feel comfortable.” AT

For more, see our interview with Miller and McDonagh on *AccountingToday.com* under the ATTV tab.



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