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Breaking it down with Burgher Haggard

How outsourced accounting can save money

BY BRANDI SMITH

Real estate is a survival-of-the-fittest kind of industry, rewarding those who are efficient with their capital and operations while punishing those who aren't. Burgher Haggard, a firm that specializes in outsourced accounting and administration, considers their clients to be in the former group.

"Beyond providing a service platform that centers around people, process and technology, we give our clients flexibility to expand and contract their accounting function with the cycles of their business," says Clint Haggard, President of Burgher Haggard. "This is a great alternative compared to having an internal team that you have to pay whether you're busy or you're still waiting for your next deal to close."

The company is, at its core, an accounting outsourcing firm for clients across the country with complex assets, handling services in a more efficient manner than might be possible within the client's organization. Burgher Haggard focuses on financial administration, consolidated reporting and consulting. The company is currently responsible for the accounting and administration of roughly \$4 billion in assets, half of which is related to clients who are real estate investors and developers.

"From high-potential startups to companies worth hundreds of millions, our real estate clients come in all shapes and sizes," says Jeremy Sweek, Managing Director of Real Estate Services for Burgher Haggard. "Sometimes our clients have internal resources such as a CFO or a construction coordinator that we work with, and other times we are the complete accounting solution for our clients."

Sweek, a CPA who started his career in public accounting and then gained many years of finance and accounting experience with Crescent Real Estate, has spent the past eight years building the real estate practice for Burgher Haggard.

"I'm so proud of the team, the processes and technology we have today," says Sweek. "Anyone who has ever established an internal accounting department can appreciate how much time and resources are required to do that well."

Because of the incredible value found in technology that can aid in the accounting and reporting process, Burgher Haggard hasn't skimped when it comes to making an investment in tech.

"Real estate owners could spend several hundred thousand dollars or more on software, consulting and internal staff time to build out an internal solution comparable to the tools and reports that Burgher Haggard provides," Sweek says. "This is a really important aspect of our value proposition. Burgher Haggard clients are getting the benefit of all of that technology and intellectual capital on day-one, and at a fraction of the cost."

"A private equity fund, for example, could have 50 or 100 different investors and the general partner of



and improve your business

that fund would be responsible for reporting discrete information to each of those investors such as capital statements and K-1s," explains Sweek. "That's a responsibility we handle for our clients through our technology and expertise."

The experience of the Burgher Haggard team is something that is difficult to measure, yet it's another valuable asset at the disposal of clients.

There is an element of comfort and security for real estate investors when the general partner or sponsor outsources the accounting function.

"We have a lot of shared knowledge when it comes to real estate developers and owners that indirectly

benefits our clients," says Haggard. "For example, if a client is struggling with an issue, we've probably seen that before and can help them think through some possible solutions."

"At Burgher Haggard, every client, regardless of size, benefits from our internal controls and segregation of duties," says Haggard. "Smaller companies with an internal accounting team could have their controller paying the bills, reconciling the cash and generating the financial statements which elevates a number of financial and business continuity risks for that organization. At Burgher Haggard, we even have an outside firm audit and sign-off on our processes and controls every year."

"Many investors like to see that separation between the general partner and the accounting function," adds Sweek. "In fact, another benefit to paying a 3rd party to perform the accounting is the ability to pass along that expense to the limited partners of the investment, whereas it is a much harder argument for the general partner to pass along internal accounting costs that could be viewed as subjective."

Burgher Haggard also helps with another business-related challenge: managing and maintaining an internal accounting staff.

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- Jeremy Sweek

We have a team of about 40 professionals including 16 CPAs, so managing an accounting staff is central to what we do, but it doesn't have to be the focus for our clients," says Haggard. "Let us worry about recruiting, hiring, and training accountants."

In the dog-eat-dog world of real estate, it helps to have a stable of specialists to lean on when needed. Burgher Haggard provides that stable, along with technology and other assets that would be near impossible to match.

"We're very good at what we do," Haggard says. "And this frees our clients to work on what they do best - managing and growing their business."