



Views on Practice Management

“The biggest growth we see is, once again, firms adding niches such as IT consulting, HR, cybersecurity, litigation support, and valuation.”

By Joel Sinkin

In the past year (2018), have you noticed any trends in practice at your firm/organization? For example, changing workloads; challenges in recruitment, retention, training, promotion, exiting; the outsourcing of accounting services; shortages of staff; difficulty recruiting experienced professionals; tapping into retirees?

We are a consulting firm exclusively working with CPA firms regarding their growth and succession strategies through mergers and acquisitions. The trends we have seen include a reduction in firm valuations, an increase in the number of firms with succession needs, and a general change in the marketplace to be more buyer friendly.

According to the 2018 Rosenberg Survey, the accounting profession is aging—how does this impact your practice? How have you seen it impact colleagues, other firms, or clients?

Most multipartner firms have partners seeking to slow down, and many small firms do as well. Most lack the strength on the bench and capacity to replace these succession-minded professionals. Starting your plan sooner rather than later can help.

According to the 2018 Rosenberg Survey, the percentage of women partners continues to grow very slowly (especially at large firms), and continues to lag behind the percentage of staff. Anecdotally, what evidence have you seen of this (or that contradicts this)? What explains the challenges the profession faces in achieving greater gender parity?

I can only say there have been more women in critical roles in firms (i.e., managing partners, partners on the board of direc-

tors) in the last few years than prior. This is based only on my limited exposure.

According to the 2018 Rosenberg Survey, revenue per partner and equity per partner are increasing. What do you think some of the reasons for that might be?

It may be partially because accounting firms are performing more consulting services, which generates higher profits, as well as technology making us more efficient in various ways.

Could you talk about what you’ve seen in the past year (2018) in terms of new practice areas, new regulation, legislation headaches, and new emerging areas of growth?

The biggest growth we see is, once again, firms adding niches such as wealth management, IT consulting, HR, cybersecurity, litigation support, and valuation. These should help to offset the loss of revenue that technology will bring to many traditional accounting tasks in the future.

What concerns do you have about the professional marketplace? Do you think there has been a dilution of the profession, or of the value of the CPA license?

Firms in the near future that count on accounting, tax, and audit as their sole sources of revenue will be much more challenged than firms that add consulting niches to their practice. □

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