

Accountants

ReadyGetSet Report

OK, here's how **accounting firms** operate.

They provide services connected with filling out **financial reports**, including **tax returns** for people and businesses, **corporate accounting**, and **auditing**. Some specialize in business valuation, that is, putting a price on a business in order to sell it.

Small firms often **specialize** in one field.

A typical accounting firm has 20 employees, about half of whom are accountants, and less than \$3 million of annual revenue. Not all accountants are CPAs, that is, certified public accountants.

Customers may be **billed** for specific services, or by the hour, or pay an annual fee.

Referrals from existing customers are an important source of new customers.

Computer systems are an essential tool for get and analyzing data.

Here are some **strategic things to know**.

A few large firms like PriceWaterhouseCoopers, Deloitte, and Ernst & Young provide services to Fortune 500 companies.

Annual **revenue per employee** is almost the same at large and small firms, about \$80,000 per year.

The **growing complexity** of tax and business regulations creates more need for accountants. **On the other hand**, with software like TurboTax and Quick Books, a lot of customers can do without them.

Firms often grow by **adding partners** with expertise in specialized areas, such as taxes or investments.

Big accounting scandals led to tighter regulations and greater liability.

Here are some good **talking points**.

What services do they provide? Taxes? Corporate accounting?
Business valuation?

How many employees do they have? How many are accountants?

Do they rely on a few large accounts?

How much revenue per employee do they generate? \$80,000 is the average.

How much repeat business do they get? How aggressively do they look for new business?

Do they plan to add services in the future?

Do they feel the industry is over-regulated?

Finally, how do they see their firm **changing in the future?**

Now you're ready.