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Finding “the right” CPA Firm for your Business - in 2011

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Topics:

Accounting

Compliance & Governance

Professional Services

Abstract

Choosing “the right” CPA Firm in today’s complex business world is a daunting and time-consuming task. Virtually every Company requires industry specific knowledge or professional expertise that may not be common amongst all CPA Firms, including the Big 4. Many Companies would benefit from the services of a second or even third CPA Firm for their specific initiatives, but often they do not know where to look. As well, all Companies would benefit from a CPA Firm that offers high-quality personalized services at a fair price. This report focuses on why businesses today should examine their relationship with their current CPA Firm, including those businesses using the Big 4 CPA Firms. The CPA Exchange, Inc. is a knowledge-based organization that provides comprehensive solutions for businesses seeking “new or different” CPA Services.

White Paper

If you are a CFO, Controller, Decision Maker, or on the Audit Committee of a Company seeking a “new or different” CPA or Audit Service Provider, please consider the following:

- Physical location of your CPA Firm is not as important an issue as in the past
- Implementation of Technology is more important today than ever before
- Industry Expertise is more important today than ever before
- Professional Expertise is more important today than ever before
- Personalized Service is more important today than ever before
- Fees Charged for Services are more important today than ever before
- Using a Big 4 CPA Firm is not as important today than in the past

Let’s examine the above statements and how they apply to today’s marketplace for CPA Services.

Physical Location

Many Clients believe that the physical location of their CPA Firm is of paramount importance. While we don't totally disagree with this notion in all circumstances, the fact of the matter is that Industry & Professional expertise, and the implementation of Technology has in many cases supplanted the issue of the physical location of the CPA Firm.

Technology

Many of the new, prominent CPA Firms throughout the United States implement high-technology to their Audit Engagements. No longer do CPAs, for which staff may not be readily available, need to sit in your conference room taking up time and space. This has created a situation where Companies have been able to hire Audit Firms based on their Industry & Professional expertise, rather than their physical location, or "old- friend" network.

Industry Expertise

The majority of growth amongst the prominent CPA Firms throughout the United States has been a result of these Firms specializing in specific industries. More to the point above, it is very likely that the CPA Firm which best understands your business and industry is not physically located in your area.

Professional Expertise

Because of the increased complexity of accounting standards and tax laws, CPAs have been required to concentrate on fewer areas in order to maintain a high level of expertise in their chosen area of Practice. Thus, a CPA Firm whose Practice best fits your business may not be readily known to you.

Personalized Service

The Partners at your Company's CPA Firm should be the most Trusted Advisors you have. Unfortunately, many Companies experience new Audit Staff every year, and too little Partner interaction.

Fees

Many of the new, prominent CPA Firms throughout the United States have shunned hourly billing for fixed-fee Engagements. This may alleviate the accumulation of exorbitant charges from interaction with Partners who charge high hourly rates. You should make sure that Partner interaction is included in a fixed-fee Engagement.

Big 4

Many Public and Private Companies that engage the Big 4 CPA Firms are doing themselves a disservice. Most staff members at the Big 4 CPA Firms do not make it to Partner level. This situation causes Companies to be dealing with different staff members from year to year. As well, because there are now only “4” Big firms, we believe independence, the tenet of the CPA Profession, has been greatly compromised due to the shrinkage of the number of “Big CPA Firms”. By way of example, if there were only “1” Big Accounting Firm (remember there used to be “8”, then “6”, now “4”), independence would certainly be compromised as the “1” Big Firm left would certainly be Auditing leading, competing companies in virtually every industry. Many of the new, prominent CPA Firms throughout the United States offer more personalized services at a better price point than that of the Big 4 CPA Firms.

As you may have surmised from the above analysis, The CPA Profession has changed dramatically over the past several years, not attempting to understate the issue. Sarbanes-Oxley (SOX), the corporate governance doctrine mandating time-consuming and costly Internal Control initiatives for Public Companies, as well as the creation of the PCAOB (Public Company Accounting Oversight Board) have had profound direct and indirect effects on our Profession.

The “Big 4” CPA Firms became so involved with their client’s compliance with SOX that many of their smaller, private company clientele did not continue to receive the level of service they expected; or their fees increased to a price point that did not make sense for them. Also, under SOX, CPA Firms that rendered Consulting Services to their Audit Clientele were severely restricted in continuing to do so.

As a result, the CPA Profession has experienced an across the board reallocation of Clientele to various CPA Firms throughout the United States. In my view this has been extremely positive for the CPA Profession.

There is an interesting dichotomy in the CPA Profession today: While demand for CPA Services is at a higher level now than at any time in history, CPA Firms themselves continue to struggle to replace their retiring Partners so that they can continue to effectively service their Clientele, and, correspondingly, recognize the value associated therewith, both from the perspectives of current net-profit, as well as Firm Enterprise Value.

Thus, CPA Firms have been forced to operate more efficiently - to leverage and employ staff in different ways, and to think “out of the box”. I’m pleased to say that many have been quite successful in doing so. As a result, in pockets of areas throughout the United States, high-quality and knowledgeable regionalized industry-specific CPA Firms have emerged, as well as a second-tier of smaller National Firms, both groups of which are a viable alternative to the “Big 4” for many businesses.

As CFO or equivalent, you will be involved in the important decision of finding “new or different” CPA Services for your organization, and that is where The CPA Exchange, Inc. can assist. In 2000, after Practicing as a CPA in my own Firm for twenty years, I founded The CPA Exchange, Inc. to offer an Objective methodology for assisting businesses seeking “new or different” CPA Services to find “the right” CPA Firm for their initiatives. We have personal relationships with Partners at prominent and excellent CPA Firms throughout the United States, and we know what Industries these CPA Firms service best. Today, over 150 CPA & Audit Firms, including many Top 100 Firms, Participate in our Program at The CPA Exchange, Inc.

Our Services are free of charge to Businesses; we are compensated by the CPA Firms that Participate in our Program and that handle the Client Engagements.

We feel that many of the “traditional methods” for finding a “new or different” CPA Firm, such as referrals from your banker or lawyer have seen their better days. A few important points - it may be that the CPA Firms presented to you from these sources do not possess the Industry Expertise you require. Correspondingly, in our Global Economy, “the right” CPA Firm for your business may very well not be located in your city, as pointed out in the analysis above.

As well, the decision to hire a CPA Firm for your Company often requires approval by a Board and/or an Audit Committee, and an in-depth RFP may be a major part of the process. So, by getting one or two CPA Firm referrals from a third-party is likely not going to elicit the most beneficial results to your organization.

As a decision maker in your organization, you need to employ an Objective process in finding “the right” CPA Firm for your business, taking into consideration several factors – the specific CPA Services your business requires; the Industry in which you operate; the software you employ; the Countries in which you operate, etc., and perhaps most importantly, that elusive match of cultures between your Company and your CPA Firm.

The CPA Exchange, Inc. will work on your behalf, again, at no cost to you, and present to you and your Board as many “qualified and interested” CPA Firms based on your parameters as you deem necessary to make the best possible decision for this important initiative.

If your Company operates in Manufacturing & Distribution; Mining & Exploration; Technology; Defense & Governmental; Medical Products; Insurance Services; Import/Export; Retail; Franchising; Professional Services; Financial Services; Entertainment; International Business, or are a Not-for-Profit Organization, we have the ability to help you find “the right” CPA Firm for your business and industry. We work with many CA Firms (Chartered Accountants), as well.

Please do not hesitate to contact me toll-free at 866.272.2250, or via email at pweinberg@thecpaexchange.com. As well, please feel free to fill-out our brief On-line Form at www.thecpaexchange.com and we will contact you as soon as possible.

Client References and Testimonials are available at www.thecpaexchange.com, and more are available by individual request.