

Taking Account of CPAs



*A closer look at the current world of
Certified Public Accountancy*

Market Highlight Report, Winter 2011

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Market Highlight Report

Certified Public Accountants Winter 2011

General Overview

Description

Public accountants perform a broad range of accounting, auditing, tax, and consulting activities for their clients, which may be corporations, governments, nonprofit organizations, or individuals. Some public accountants concentrate on tax matters, such as advising companies about the tax advantages and disadvantages of certain business decisions and preparing individual income tax returns. Others offer advice in areas such as compensation or employee healthcare benefits, the design of accounting and data processing systems, and the selection of controls to safeguard assets. Still others audit clients' financial statements and inform investors and authorities that the statements have been correctly prepared and reported. Public accountants, many of whom are *Certified Public Accountants* (CPAs), generally have their own businesses or work for public accounting firms.

Job Duties

In addition to the duties of public accountants mentioned above, specific job duties vary widely among other major fields of accounting:

- Management accountants record and analyze the financial information of the companies for which they work.
- Government accountants work in the public sector, maintaining and examining the records of government agencies and auditing private businesses and individuals whose activities are subject to government regulations or taxation.

Self-employed vs. Privately-employed

Accountants and auditors held about 1.3 million jobs in 2008. They worked throughout private industry and government, but 24% of accountants and auditors worked for accounting, tax preparation, bookkeeping, and payroll services firms. *Surprisingly, only 8% of accountants and auditors were self-employed.*

Source: Occupational Outlook Handbook, 2010-11 Edition. Bureau of Labor Statistics. 16 June 2010
<<http://www.bls.gov/oco/ocos053.htm>>.

Job Growth

Employment of accountants and auditors is expected to grow by 22% between 2008 and 2018, *which is much faster than the average for all occupations.* This occupation will have a very large number of new jobs arise, about 279,400, over the decade. An increase in the number of businesses, changing financial laws and corporate governance regulations, and increased accountability for protecting an organization's stakeholders will drive job growth.

As the economy grows, the number of business establishments will increase, requiring more accountants and auditors to set up books, prepare taxes, and provide management advice. As these businesses grow, the volume and complexity of information reviewed by accountants and auditors regarding costs, expenditures, taxes, and internal controls will expand as well. The

continued globalization of business also will lead to more demand for accounting expertise and services related to international trade and accounting rules and international mergers and acquisitions. Additionally, there is a growing movement towards International Financial Reporting Standards (IFRS). This is a judgment-based system to determine the fair-market value of assets and liabilities, which should increase demand for accountants and auditors because of their specialized expertise in these areas.

As an alternative channel for job growth, many CPAs venture into Personal Financial Planning (PFP) because it is a logical extension of tax and accounting services. It also broadens the scope of a CPA's practice and provides new opportunities for generating revenue.

Licensing

Most accountant and auditor positions require at least a bachelor's degree in accounting or a related field. Some employers prefer applicants with a master's degree in accounting, or with a master's degree in business administration with a concentration in accounting. Some universities and colleges are now offering programs to prepare students to work in growing specialty professions such as internal auditing.

Any accountant filing a report with the Securities and Exchange Commission (SEC) is required by law to be a Certified Public Accountant (CPA). This may include senior level accountants working for or on behalf of public companies that are registered with the SEC. CPAs are licensed by their State Board of Accountancy. Any accountant who passes a national exam and meets the other requirements of the State where they practice can become a CPA. The vast majority of States require CPA candidates to be college graduates, but a few States will substitute a number of years of public accounting experience for a college degree.

As of 2009, 46 States and the District of Columbia required CPA candidates to complete 150 semester hours of college coursework—an additional 30 hours beyond the usual 4-year bachelor's degree. California, Colorado, New Hampshire, and Vermont are the only States that do not require 150 semester hours for certification. Many schools offer a 5-year combined Bachelors and Masters degree to meet the 150 semester hour requirement, but a Masters degree is not required. Prospective accounting majors should carefully research accounting curricula and the requirements of any States in which they intend to become licensed.

All States use the four-part Uniform CPA Examination prepared by the American Institute of Certified Public Accountants (AICPA). The CPA examination is rigorous, and less than one-half of those who take it each year pass every part on the first try. Candidates are not required to pass all four parts at once, but most States require candidates to pass all 4 sections within 18 months of passing their first section. The CPA exam is now computerized and is offered 2 months out of every quarter at various testing centers throughout the United States. Most States also require applicants for a CPA license to have some accounting experience; however requirements vary by State or jurisdiction.

Source: Occupational Outlook Handbook, 2010-11 Edition. Bureau of Labor Statistics. 16 June 2010 <<http://www.bls.gov/oco/ocos053.htm>>.

Related Occupations

Accountants and auditors design internal control systems and analyze financial data. Others for whom training in accounting is valuable include: budget analysts, cost estimators, loan officers, financial analysts, and personal financial advisors. Also: tax examiners, collectors and revenue agents, bill and account collectors, as well as bookkeeping and auditing clerks.

More recently, accountants have assumed the role of management analysts and are involved in the design, implementation, and maintenance of accounting software systems. Others who perform similar work include: computer programmers, computer software engineers, and computer support specialists and systems administrators.

Source: Occupational Outlook Handbook, 2010-11 Edition. Bureau of Labor Statistics. 16 June 2010.<
<http://www.bls.gov/oco/ocos001.htm>>.

CPAs in Today's Economy

As indicated above, technology is rapidly changing the nature of the work of most accountants and auditors. With the aid of special software packages, accountants summarize transactions in the standard formats of financial records and organize data in special formats employed in financial analysis. These accounting packages greatly reduce the tedious work associated with data management and recordkeeping. Computers enable accountants and auditors to be more mobile and to use their clients' computer systems to extract information from databases and the Internet. As a result, a growing number of accountants and auditors with extensive computer skills specialize in correcting problems with software or in developing software to meet unique data management and analytical needs. Accountants also are beginning to perform more technical duties, such as implementing, controlling, and auditing computer systems and networks and developing technology plans.

Key Issues: The Impact of Financial Reform

In July 2010, President Obama signed sweeping regulatory reforms of Wall Street into law. The reforms are designed to tighten financial industry oversight and prevent risky lending practices at the root of the 2007-2009 financial crisis.

Labored over by the Obama Administration and U.S. lawmakers for over a year, the reforms will create a Consumer Financial Protection Bureau, put some limits on bank risk-taking and give regulators better powers to wind down systemically vital financial firms that get into trouble.

Certainly, new reform on Wall Street will create additional complexity and need for more accounting oversight. Even more so because many experts believe the regulatory legislation passed by the Senate fails to answer some crucial questions, a void that is likely to take regulators years to fill. Ambiguities include identifying which large companies, apart from banks, are regulated by the bill, determining when federal law takes precedence over state law, and setting precise capital and liquidity requirements for banks.

The bill, which, among other things, creates a new consumer protection bureau, requires more oversight in the derivatives market and gives regulators more resources to look for risky moves in the financial industry. The final two pieces of the bill impact the Accounting industry particularly because there will be increased need for accountants and auditors arising from a greater emphasis on accountability, transparency, and controls in financial reporting.

Increased scrutiny of company finances and accounting procedures will create opportunities for accountants and auditors, particularly CPAs, to audit financial records more thoroughly and completely. Management accountants and internal auditors increasingly will be needed to discover and eliminate fraud before audits, and ensure that important processes and procedures are documented accurately and thoroughly. Forensic accountants also will be needed to detect illegal financial activity by individuals and companies.

In fact, look for the new bill to impact the Accounting profession for the near term, as a timeline for implementing it stretches over the next few years. For an in depth look at the timeline, view the July 21st Reuters article in the link below:

<http://www.reuters.com/article/idUSTRE66K49320100721>.

As an addendum to the year that will be remembered as a time when the global economy began a painful economic restructuring, some smart and able accounting firms stand to benefit, according to a new research study by Bay Street Group LLC. The survey polled professional accountants, focusing on decision-makers in mid-size to large accounting firms.

The Bay Group identified five key factors that are driving new opportunities for accounting firms in this difficult business environment. These factors were the following:

- 1. CRISIS CREATES OPPORTUNITY:** Due to economic contraction and dislocation unseen in a generation, new competitive advantages are quickly emerging for well-positioned market leaders and astute value innovators.
- 2. RECOVERY, RE-REGULATION AND NEW RULES:** As part of the re-stabilization of the global financial services sector, standards-setters and regulators are conducting a thorough reconsideration of accounting and auditing rules. New canons of practice are developing for accountants and auditors. Quick-witted and quick-footed firms stand to win first-mover advantages.
- 3. NEW TAXES:** In the United States, in particular, governments at all levels are seeking revenue enhancing measures. The Obama Administration, for example, is seeking to fund new initiatives in healthcare, energy and education while also covering the long-term costs of emergency bailouts, prepackaged bankruptcies and new industrial and infrastructure policies.
- 4. THE TALENT SHIFT:** In the past few years, accounting firms suffered sometimes severe staffing shortages caused by (1) a surge in assignments related to post-Enron Sarbanes-Oxley auditing rules and (2) a decline in CPA candidates, as students instead pursued MBAs for higher paying jobs on Wall Street. With the implosion in finance, students are once again flocking to accounting, providing a ready, able and price-negotiable pool of new talent.
- 5. TECHNOLOGY DRIVERS:** As can be expected, technology is proving to be the great lever separating the thriving accounting firms from the merely surviving. Accounting firms are embracing efficiency, integration, continuous connectivity and workforce mobility as their watchwords.

A few other factors to note about CPAs in today's economy are the following:

- Government agencies are also hiring CPAs, to monitor how well companies are complying with the new regulations. Add inevitable changes to personal income tax rules and you have a fairly recession-proof profession. The website “www.starttheregoplaces.com” notes that the FBI alone has 1,400 CPAs on their payroll.
- A Certified Public Accountant is the 6th best job in America (2009) according to CNN Money.
- Women made up more than 60% of all accountants and auditors in the United States, according to a 2006 article in the Clarion-Ledger. At that time it was estimated there were over 843,000 women in the accounting and auditing work force.

Sources: “Obama to sign Wall Street reform bill on Wednesday.” [Reuters.com](http://www.reuters.com/article/idUSTRE66F60D20100716). 16 July 2010. 17 July 2010. <<http://www.reuters.com/article/idUSTRE66F60D20100716>>.
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 “Timeline: Long road to implement financial reform bill.” [Reuters.com](http://www.reuters.com/article/idUSTRE66K49320100721). 21 July 2010. 21 July 2010. <<http://www.reuters.com/article/idUSTRE66K49320100721>>.
 “Best Jobs in America 2009”. [CNN Money](http://money.cnn.com/magazines/moneymag/bestjobs/2009/snapshots/6.html). 28 January 2010 <<http://money.cnn.com/magazines/moneymag/bestjobs/2009/snapshots/6.html>>.
 American Institute of Certified Public Accountants. 2010. 28 January 2010 <<http://www.aicpa.org/>>.
 “Start there Go Places” website; 21 July 2010. <http://www.startheregoplaces.com/why-accounting/career-options/>.
 “Number of Female Accountants Increasing.” [Accountingweb.com](http://www.accountingweb.com/item/102218). 1 June 2006. <http://www.accountingweb.com/item/102218>.

Salaries for CPAs

CPAs with 1-4 years of experience earn:	\$44K – 57K
5-9 years of experience earn:	\$50K – \$72K
10-19 years of experience earn:	\$56K - \$87K
20+ years of experience:	\$61K – \$108K

- CPAs who are self-employed earn approximately \$46K-\$93K annually.
- CPAs who work in the non-profit sector earn approximately \$44K-\$66K annually.
- CPAs in New York, California, Florida, and Illinois are generally the highest paid.

Source: [Payscale.com](http://www.payscale.com). 17 July 2010. <[http://www.payscale.com/research/US/Job=Certified_Public_Accountant_\(CPA\)/Salary](http://www.payscale.com/research/US/Job=Certified_Public_Accountant_(CPA)/Salary)>.

Alliances: Making Them Work

CPAs follow two rules of thumb when considering a formal alliance: (1) seek out professionals who are considered experts in their respective fields, and (2) make sure they have similar client and business planning philosophies. Keeping that in mind, among the many benefits of having a successful relationship with a few good CPAs are the following:

- Increases Annual Income
- Expands Professional Networking
- Addresses Additional Client Needs
- Allows access to Lucrative Small Business Owner Clients
- Provides Opportunities for New Target Markets

- Enhances Practice Opportunities (more services for the client)
- CPA can focus more on their primary area of accounting expertise
- Creates Cross-Sell and Up-Sell Opportunities
- Builds Personal Brand Awareness
- Generates Reciprocal Referrals

In addition, the five characteristics of a strong CPA relationship can be summed up with the following criteria:

1. A Strong Personal Relationship – Create a personal relationship based on common values and trust. There must be a great deal of mutual respect for each collaborative partner’s professional role, their schedules, and their strengths. The key to building trust in the relationship is an understanding that the goal is to *collaborate* as opposed to competing for business.
2. Exceptional Service — Aim to provide quality service that “delights” your alliance partner and their clients (consider introducing the CPA to Guardian’s custom-built, web-based client servicing system, The Living Balance Sheet^{®1})
3. Good documented and strategic planning systems with a focus on follow through and implementation.
4. Reciprocity – Be willing and prepared to share referral opportunities.
5. Thorough, honest, professional and proactive communication.

A New Online Networking Resource for CPAs

In August 2009, Fox Coaching Associates created HubStreet, a social networking site designed to bring together accountants, lawyers and bankers, and foster referrals. HubStreet members create professional profiles and interact with other professionals who are their target referral sources. HubStreet features both virtual and face-to-face networking events in which members are able to meet up and learn more about how they can assist one another in their businesses and practices. A site coach and a community director help members participate.

Users can leverage the site for the following purposes:

- posting articles, presentations or materials for classes they are leading, for example;
- register for courses at HubStreet University;
- receive personalized guidance from HubStreet’s career coach;
- learn about and attend live events in their geographic business area;
- participate in business forum discussions and share personal interests in the HubStreet Café;
- and learn about new career opportunities by building a high-quality network.

For more information, visit: <http://www.hubstreet.com>.

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Source: "Accounting Social Network Launches." [WebCPA.com](http://www.webcpa.com/news/Accounting-Social-Network-Launches-51332-1.html). 11 August 2009. 17 July 2010. <
<http://www.webcpa.com/news/Accounting-Social-Network-Launches-51332-1.html>>.

How Insurance Professionals Can Support the Market

There are a variety of ways financial professionals can build relationships and expand revenue-generating activities with CPAs. CPAs often prefer working with financial professionals who have attained designations such as CFP[®], CLU[®] and ChFC[®]. Depending on the size of the CPA's practice it is recommended that financial services professionals focus on two to three high-quality relationships.

The points outlined below can serve as talking points to help uncover possible alliance opportunities.

A CPA can use a well-educated financial professional to provide the following:

- Insight during financial, wealth management and estate planning reviews or during life insurance coverage discussions.
- Valuable and current product knowledge.
- Expertise across a broad range of life, disability and annuity products.
- Understanding and guidance of the reinsurance marketplace. (An experienced life insurance professional knows how to navigate this often-complicated marketplace.)
- Suggest and provide strategies based on experiences with similar clients and needs.
- Offer tax-favored strategies. As CPAs know, many insurance products can provide tax leverage.

If it's an event you're interested in hosting, such as a Continuing Professional Education (CPE) seminar, late-May to mid-June, and then again during October to mid-November, are likely to be the best periods to reach CPAs.

Getting involved in local associations that support CPAs in your community is a tried and true means of getting positive exposure and connecting with active CPAs. Consider sponsoring a local Chapter of the American Society of Women Accountants, for example. Women make up an increasingly larger portion of the CPA pie and often their organizations are not recognized by sponsors as much as other groups. Sponsoring an organization such as this may provide you with a quicker means to meaningful exposure. See the list below for links to national organizations, many of which have local chapters near you.

For more ideas on marketing to CPA professionals, also review the Market Development Pyramid and accompanying Marketing Checklist on page 10 of this report.

A Sampling of National Associations²

American Institute of CPAs

<http://www.aicpa.org/Pages/Default.aspx>

[One can apply as a “Non-CPA Section Associate” which is any non-CPA professional employed and sponsored by a CPA firm in an Institute-approved practice-monitoring program. These professionals may enroll in any of the AICPA’s four voluntary sections.]

AICPA and its predecessors have been the voice of the accounting profession since 1887. The AICPA prides itself on its serving the CPA profession and the public interest to which it is committed. AICPA members work in all sectors of the business and financial services profession, including Public Accounting. There are numerous sponsorship opportunities for the myriad AICPA events nationwide:

<http://www.aicpa.org/CPEANDCONFERENCES/CONFERENCES/EXHIBITSPONSORINFORMATION/Pages/ExhibitSponsorInformation.aspx>

1455 Pennsylvania Ave., NW
Washington, DC 20004-1081
P: 202.737.6600

American Society of Women Accountants

<http://www.aswa.org/>

[The organization has an Affiliate Member status for \$112 for professionals that are not actively engaged in accounting but have a substantial interest.]

ASWA was formed to increase the opportunities for women in all fields of accounting and finance. The mission of ASWA is to enable women in all accounting and related fields to achieve their full personal, professional and economic potential and to contribute to the future development of their profession. For a list of all local chapters, view the following link:

<http://www.aswa.org/PageDisplay.asp?p1=1393>

1760 Old Meadow Road, Suite 500
McLean, VA 22102
800-326-2163

National Association of Black Accountants

<http://www.nabainc.org/>

[Membership appears to be open to all professionals who have an interest.]

Since 1969, the National Association of Black Accountants, Inc. has been the leader in expanding the influence of minority professionals in the fields of accounting and finance. Conventions and networking opportunities abound. View the calendar of events below:

<http://www.nabainc.org/Calendar/tabid/214/Default.aspx>

7474 Greenway Center Drive
Suite 1120
Greenbelt, Maryland 20770

² Links to other sites are for your convenience in locating related information and services. The Guardian Life Insurance Company of America (Guardian) does not maintain these other sites and has no control over the organizations that maintain the sites or the information, products or services these organizations provide. Although Guardian believes that the information from these organizations is reliable, we cannot guarantee its completeness or suitability for any purpose. Accordingly, Guardian expressly disclaims any responsibility for the content, the accuracy of the information or the quality of products or services provided by the organizations that maintain these sites. Guardian does not recommend or endorse these organizations or their products or services in any way.

Association of Latino Professionals in Finance and Accounting

<http://www.alpfa.org/>

[This organization offers an Associate Member status for professionals who may not have a degree in finance or accounting but shares a substantial interest.]

ALPFA is the leading national professional association, consisting of chapters across the country. ALPFA is dedicated to enhancing opportunities for Latinos in the accounting, finance and related professions. ALPFA is the proud successor of the American Association of Hispanic Certified Public Accountants (AAHCPA), the first national Latino professional association in the United States. For a list of news and events, please view the following link:

<http://www.alpfa.org/index.cfm?fuseaction=page.viewpage&pageId=18>

801 South Grand Avenue, Suite 650

Los Angeles, CA 90017

Telephone: (213) 243-0004

CPA Auto Dealer Consultants Association

<http://www.autodealercpas.net/public/default.asp>

The CPA Auto Dealer Consultants Association (CADCA) is a nationwide network of independently owned accounting firms committed to providing high quality financial advice to auto dealers.

HubStreet

<http://www.hubstreet.com/>

HubStreet takes the work out of networking by bringing a user together with the right quality connections - professionals and experts that are relevant to his/her business. It was created so that lawyers, accountants, and lenders/bankers have a relevant online and face-to-face community that makes sense for their business. If HubStreet grows at the rate of other social networking sites, this could be a great tool to create meaningful contacts in a local community. To find professionals near you, view the following link: <http://www.hubstreet.com/profiles/members/>

WebCPA

<http://www.webcpa.com/>

WebCPA is a source for tools and resources for the Tax and Accounting professional. The site contains links to the most recent Accounting news, as well as web seminars, blogs, events and newsletters. To take advantage of member-only content, please register here:

<http://www.webcpa.com/register/>

CPA Trendlines

<http://cpatrendlines.com/>

The editor and publisher of the blog CPA Trendlines, Mr. Telberg, may well be the accounting profession's most widely-known commentator through his long associations with the American Institute of Certified Public Accountants and Accounting Today magazine. The site has long been a source for key happenings within the CPA community, as well as a blog on best practices industry-wide.

PO Box 5139

E. Hampton, NY 11937 USA

Phone: (631) 604-1651

CPA Success

<http://cpasuccess.typepad.com/cpasuccess/>

CPA Success is a blog run by the Maryland Association of CPAs. Not surprisingly, it contains links to the top CPA blogs in the nation and is well respected as a voice of the CPA community.

Marketing Checklist

- Narrow niches within the market to a reasonable size and scope.
- Visit websites and flag the best ones for ongoing reference.
- “Follow” companies and associations of interest on LinkedIn.com and join market-related groups.
- Note names of at least 15 individuals that would be good Centers of Influence in the market.
- Conduct informational interviews and/or networking appointments
 - with potential strategic alliances also active in the market.
 - Ask for “personal introductions” to others in the market.
- Subscribe to market-related blogs and magazines, note calendar dates, editors names and sponsorship or advertising opportunities.
- Determine which association(s) is most worthwhile and attend networking events; obtain meeting with Association Director and be sure to “ask” more rather than “tell.”
- Determine a Unique Value Statement that appeals to the market and sets you apart from the competition.
- Announce your presence in the market through social media, letters, ads, and press releases.
- Obtain membership lists for cultivation and look into targeted list buying if needed.
- Organize a mix of cultivation pieces. For example, avoid sending all email or all snail mail. Aim for a minimum of six to twelve touch-points per year.
- Explore what types of seminar topics and/or guest speakers are of interest to this market.
- Contact local business journals and find out if they plan on dedicating a special issue to the market where you can advertise and/or get an article published.

SAMPLE One Page 90-Day Strategic Planning Template
Target Market Focus: CPAs in (Region)

Three Year Vision: 150 CPAs in Database; Receive X number of leads per mo.; Conduct min. of 2 C.E. Seminars per year and 3 C of I Appreciation Events

One Year Vision: 20 new CPAs in Database with a min. of 5 who provide ongoing introductions

90 Day Objectives/Tactics	Challenges	Action Items	Person	Date
1. Continue Research & Build Top 15 List		<ul style="list-style-type: none"> - Obtain local research & dig deep into links in report; define profile of 15 CPAs to meet - drill down to find out more about individuals and create a file. - Determine which associations to join - Become active on LinkedIn.com and other channels. - Ask for introductions 		
2. Create Unique Value Proposition and Brand Statement		<ul style="list-style-type: none"> - Come up with unique characteristics of product line and my approach - Get brand statement approved by Compliance - Test out w/ Advisors 		
3. Build Cultivation Program		<ul style="list-style-type: none"> - Vet communication materials - Select best approved pieces (2 or 3) - Create other Approach materials - Get approved - Set up first mailing program 		
4. Conduct 5 Center of Influence Surveys; goal is min. of 5 per month.		<ul style="list-style-type: none"> - Modify interview as appropriate - Send hand written thank you notes & follow up on any tasks/requests - Get responses from surveys into database - Schedule more appts. 		
5. Set up database/admin. needs		<ul style="list-style-type: none"> - Make sure database can manage cultivation process for follow up, etc. 		