

The "New Market"-Accounting Opportunities Are Limitless

This article will identify three primary areas in the new economy where the professional accountant/auditor can achieve success for both their client and themselves.

Since the late 1800's there have been many developments in the U.S. accounting profession and process. With the introduction of computer technology, E-commerce and other innovative business practices there remains a great need for the services that the professional accountant can provide. Today, it is even more important that the accountant possess competence and integrity as well as maintain independence, serve the client with professional concern, and maintain professional relationships with their colleagues.

Currently in the U.S., most accounting firms concentrate on compliance work. The majority of accounting firms, especially the small and medium firms focus primarily on tax compliance and audits. However, this historically lucrative and growth oriented accounting market is confronted with several major problems. Audit revenues have stabilized and tax revenue may actually decline. Over the last several years, in the U.S. there has been a tax simplification movement and recently an ever-increasing percentage of taxpayers have turned to inexpensive tax software packages.

Accounting is not the end but the means to an end which is the economic success of the organization and positive contributions to society in general. The professional accountant must understand that there is a tremendous need in today's business environment for a personalized and client specific oriented service. Also, the professional accountant must realize that the accounting and auditing process is not static. It is constantly changing. The accounting system must meet the needs of the economic environment and meet the needs of the decision-maker.

Regardless of the rate and type of change, economic success will always depend on reliable, relevant, timely, and consistent information. As the different economies becomes more global dependent the need for useful and timely information will accelerate. The professional accountant needs to play a greater role and have more responsibility in providing competent and useful information to both domestic and international investors and decision-makers. The professional accountant must take an active leadership role if the U.S. economy is to remain the primary force in the international economy and be successful in the transformation to the "new economy," dominated by information and individuals who know how to use this information. Timely, sufficient and competent information will always be needed to reduce various business risk and encourage business owners and investors to commit and invest their assets.

Consulting Opportunities:

The recent success in the U.S. economy is based on the success of the small business enterprise. The small business enterprise is defined as an organization with up to three hundred employees. Although the large global corporations receive most of the newspaper and other media coverage they are creating a less than proportionate number of jobs.

These new small business entities offer an excellent market opportunity for the CPA. This market must be correctly identified and the CPA service line properly developed in order for the professional accountant to be a dominant player and help both the client and themselves achieve growth and success.

For the small business person and the professional accountant to succeed both will have to form an economic alliance. The accountant will not actually become a partner in the traditional ownership sense, but will certainly have to provide services, advice and take an active role in the success of the client's business. The professional accountant will have to take an active interest as though they are an actual owner. The success of one will be dependent upon the success of the other. This is the only way for the professional accountant, small business and the economy to succeed.

The professional accounting business consultants must consider themselves to be like a "doctor," a business doctor. Just as it is recommended that people have an annual physical, every business should have an annual financial check-up or review. It is important that an independent review be conducted at least annually to determine the areas of strength and areas needing attention. A few hours of review is rewarding for both the business owner and the professional accountant. For the business owner there is an early detection and adjustments of activities and policies that are detrimental to the success of the company and the identification of future profitable goals and courses of action. For the professional accountant this activity builds client understanding, loyalty and appreciation. The periodic review is the one service that I provide that is universally accepted by all of my clients. Many clients have asked me why other accountants do not provide similar services? Like a medical doctor my goal is to do no harm. That means that I always recommend or determine what I think is the best course of action for the client. I firmly believe that the client's interest is most important, even if it is detrimental to my personal interest or financial well being.

Fraud Detection and Prevention Opportunities:

The number of new business entrepreneurs is increasing at a fantastic rate as a result of corporate downsizing and the large number of professionals who are opting for early retirement or who are just bored with the routine of every day corporate life. People start a large number of today's new businesses in their second or third career. These individuals have accumulated many valuable business skills and talents over their professional years. Even with all of these years of experience and skills there still remains an apparent lack of understanding of accounting controls and the benefits associated with proper implementation of accounting controls.

The best way to prevent or uncover these problems is through better education and greater awareness, on the part of client's personnel, of accounting controls and how to implement them. The professional accountant is in the ideal position and has the appropriate background knowledge to train and help their clients recognize symptoms of fraud and ask the right questions to encourage and increase clients control awareness.

There is a great need for business owners to understand the rationale and need for a solid system of internal control. Some U.S. business owners simply refuse to recognize the need for internal control and do not realize or understand its benefits. Most, simply trust and prefer to ignore the situation until it is too late.

The professional accountant must take the initiative and responsibility for explaining the basic goals and reasons for establishing and maintaining a proper client specific system of internal control. Certainly, the client will rely extensively on the professional accountant advice, experience and knowledge when developing and evaluating the internal control checks and balances. My experience has been that the majority of business owners have a limited understanding of safeguarding assets from waste and fraud. Their greatest difficulty is with providing reasonable, accurate and relevant accounting information and with the goal of encouraging employee compliance with policies and procedures. Without adequate, competent and verifiable data and information investing resembles gambling. The professional accountant must explain in precise and understandable terms the costs and benefits of a workable and adequate system of internal control.

Information Assurance Opportunities:

Accounting will always be in a constant state of evolution and the traditional service and role of the accountant must expand and adapt to the times. The new economic and business environment dictates this change. Despite the lack of growth in the audit service and tax area, the future for the professional accountant is bright. Consulting and internal control evaluation services hold great promise for the professional accountant who can adapt to the new market needs. However, the accounting service that offers tremendous growth opportunities for the professional accountant is in the information assurance service area.

With the accounting evolution and the information assurance opportunity in the market place, the professional accountant must develop new competencies and become even more customer/client focused. The quantity of information and the speed at which it is available is forever changing the way the professional accountant performs their service. The need for reliable information and the need to measure its integrity and quality are unquestionable. The professional accountant should be involved with and take a leadership role in areas such as information security, keeping information systems secure from hackers, securing the integrity and authenticity of information and protecting the privacy of sender and receiver. E-commerce is currently in its introductory stage. However, it is estimated that in ten years E-commerce will be directly involved with over seven trillion dollars worth of transactions. The success or failure of decision-makers and organizations are directly correlated to the integrity and timeliness of the information available.

The definition of assurance service is an independent professional service that improves the quality of information or its context for decision-makers. Assurance services focus on improving information and thus its value. Improving the value of information is precisely what professional accountants have done for decades and to achieve success with the assurance opportunities the accountant will need to expand their service line and concentrate on:

1. Communication skills and emphasize customer needs as well as understand the user's decision making process.
2. Learning the strategic implications of information technology. How does this new technology relate to the specific goals of the client?
3. Analyzing business environments and processes and from this identify and explain information service needs.
4. Evaluating system design for reliability, efficiency and effectiveness.
5. Developing criteria to enhance information relevance and availability. Ensure the decision-maker has the right information available at the right time.

In the U.S. the accounting profession has made great improvements to its process and credibility since the late 1800's. Accounting has an interesting history and a bright future for the professional accountant with the foresight and motivation to adapt and participate in the dynamic market place.

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