

Looking for a Fast-Paced, Well-Paying Position? A Position in Corporate Accounting Offers Many of the Advantages That Were Once Unique to Public Accounting.

by Rebekah Sheely, PhD, CPA

When I was entering the work force twelve years ago with a Masters of Professional Accountancy in hand, I was told to interview with the - then - Big 8 accounting firms. If an individual wanted a good-paying job with opportunity for advancement and a variety of daily responsibilities, public accounting was the *only* way to go. The advice offered to accounting students hasn't changed much in the last decade but the options available to accounting students have most definitely changed! The national and large regional public accounting firms still offer a well-paid, well-rounded experience, but you should also take a look at a career in industry. It offers many of the same advantages as public accounting in addition to advantages that are unique to corporate accountants working in manufacturing firms, energy companies, state and federal government agencies, service businesses, and financial institutions.

Advantages and Disadvantages of a Career in Public Accounting:

According to Professor Bob Jensen of Trinity University, there are several good reasons most students are advised to seek positions with the large national and regional public accounting firms¹. First, auditing and tax careers are stable. When the economy takes a downturn and other professions are cutting back on hiring, audit and tax accountant graduates will still be in demand. Second, the large accounting firms offer some of the best internships while students are still in undergraduate programs. And third, auditing and tax client exposure can lead to executive-track opportunities that are often not available to other graduates.

Lots of travel and long hours are the main disadvantages of a career in public accounting, and these same complaints are often heard from corporate accountants, too. The difference is

that, in public accounting, travel and long hours are a given; as an accountant employed in industry, these factors will vary from employer to employer and also with the type of position. Industry accountants such as internal auditors or accountants employed by large national or international firms can be expected to travel more than corporate “home office” accountants or accountants employed by smaller, locally-owned and operated companies. When interviewing with a potential employer, travel is definitely one topic that you will want to discuss. The amount of travel required by a job is not usually negotiable; it could “make or break” your decision to hire on with a particular company.

So it is agreed that public accounting firms offer good salaries and good on-the-job training and experience - experience that will make you very marketable if you decide public accounting is not for you. For these reasons, you may want to interview with the Big 5 or a large regional accounting firm. On the other hand, the “perfect” job for you may very well be in industry.

Advantages of a Career in Corporate Accounting:

While changes have occurred within the public accounting field within the last decade, the changes that have occurred within the jobs performed by corporate accountants have been even greater. Accountants working in industry are referred to as general, management, or cost accountants; financial, budget, or cost analysts; or internal auditors - to name just a few of the more common entry-level job titles. For example, the typical management accountant position has changed from data accumulator and report preparer to that of consultant. With that change comes awesome opportunities for professionals to expand their skill sets and become valuable members of management. The advantages of a career in industry are outlined below:

Skip the 150-hours required in public accounting. The good news for corporations and

students is that many students will decide to forego a fifth year of education that is required to sit for the Certified Public Accountant (CPA) exam in most states. That additional year historically offers a slight incremental return for the cost involved. Moreover, the CPA designation simply is no longer the only means of signaling an individual's depth of technical knowledge. Other professional certifications have gained in national recognition over the years, such as Certified Internal Auditor (CIA), Certified Management Accountant (CMA), and Certified in Financial Management (CFM). These exams test skill sets that are a better indicator of the skills required by many of today's corporate accountants.

Gain experience in management. In industry, an accountant can be a manager from day one. Entry-level accountants are often called upon to supervise clerks working in accounts payable, accounts receivable, payroll or other areas. In comparison, new hires working in public accounting typically won't be able to acquire management experience until they are promoted to senior, which usually occurs around the third year of employment.

Acquire internal consulting skills. Accountants in leading-edge companies report that their roles have been transformed from number crunchers and financial historians to business partners and trusted advisors. Professor Gary Siegel of DePaul University provides the following quote from an accounting manager²:

When I run into people outside work they always go, "Oh my gosh, here she is to cut our budget again." So they still look at you like that, but I think they really respect us. Even though they still like to think of you as a bean counter, they turn to you for help when they're making their decisions. And what's more interesting is that they look upon you as the know-it-all of anything financial. I've had people ask me questions about why the company stock will go up or down and how to set up an accounting system for a start-up business.

A decent wage. It used to be that industry consistently paid less than the public accounting firms. This is no longer always true. For example, according to the Robert Half

2001 Salary Guide, entry-level *corporate* (General, Audit & Cost) accountants employed at large³ firms earned a salary in the range of \$32,750 to \$40,000. These same accountants employed at small firms earned a salary in the range of \$29,250 to \$34,750. Compare these dollar amounts to those of entry-level *public* (Audit, Tax, and Management Services) accountants. The 2001 salaries of these individuals varied between \$35,500 and \$40,250 and between \$29,500 and \$34,750 at large and small public accounting firms, respectively. Notice that the salaries earned by industry accountants working in small firms are almost identical to the salaries earned by their counterparts working in public accounting. In addition, while the salaries earned by accountants of large public accounting firms were higher than those of corporate accountants working in large companies, they were not significantly so.

In addition if you are interested in the very best paying jobs, you will want to look for one with “Analyst” in the title. These jobs require an individual who is skilled in using the latest spreadsheet and database applications to collect and evaluate data. An analyst’s expertise is relied upon to determine financial trends and to help firms achieve operational objectives. While traditionally filled with finance majors, you should be able to compete for these jobs if you have excelled in your accounting program.⁴

Good job mobility. It used to be that if you started your career in industry, you would have great difficulty breaking into public accounting at a later point in your career. Currently, however, accounting firms - especially the national firms - have abandoned the university accounting programs as a source of new staff. Instead of hiring staff accountants fresh out of college, accounting firms are recruiting individuals with two to four years of corporate experience. Thus, within the current hiring environment, it is not difficult to switch from corporate accounting to public accounting, and the option of switching from public to corporate

is still available.

Advice for Accounting Students:

Here is some advice for juniors and seniors who are considering a position in corporate accounting. This advice centers on hiring criteria, which were gathered from high-level professionals at leading-edge companies⁵ and Ernie Huband, CMA, CFM, and former president of the Institute of Management Accountants (IMA)⁶:

* *Grades.* For many companies, grades come first, and your grade point average (GPA) is often the first impression you leave with a potential employer. The current management of a company is interested in hiring people with the intelligence and skill set to be a business manager some day. Whether you agree or not, employers believe GPA to be a comprehensive measure of a business student's skill set. It is common practice for hiring managers to throw resumes with low GPAs or no GPAs in the trashcan. **So, study hard and apply yourself!**

* *Good Communication Skills.* At Caterpillar, some entry-level employees are giving presentations to group presidents after only three to six months on the job. While this is an unusual practice, most employers do expect that, upon graduation, students should possess good communication skills. This requires that you be able to take a complex subject, "boil" it down into easily understood language, and explain it to nonaccountants. This kind of skill, though taught in the classroom, is best developed through involvement in extracurricular activities in college. **You should consider assuming leadership roles while in college and should take advantage of opportunities to speak to and communicate with groups whenever possible.**

* *An Understanding of Areas Outside Accounting.* Accounting professionals must develop management, marketing, and operational expertise. They must understand all areas and functions of a company, and must be able to anticipate the needs of the business and be able to

conceptualize solutions. Experience gained as an intern is invaluable in achieving this expertise. For example, interns often gain practical experience in such areas as estimation and judgment - topics not fully presented in most textbooks. **Find an internship in an industry in which you think you would like to work and ask questions of everyone.**

* *Self-Confidence and Assertiveness.* To be successful, you must feel good about yourself in order that others in the workforce may develop a positive image of you as well. Although others may be more talented or intellectually stronger than you, so what? All you can do is be the best that you can be with the talents you possess. Another common complaint among employers is that entry-level people are not assertive enough. Don't be afraid to speak up; a good supervisor will attribute incorrect statements to a lack of understanding of the situation (due to your limited experience) and not to a deficiency of intelligence or technical training. Tact is imperative, however. Speak your mind, but think through your words before opening your mouth. **Accountants need to develop self-confidence and assertiveness in order to be effective members of a management team.**

* *Accounting and Technological skills.* Chief Financial Officers (CFOs) interviewed by Robert Half (the specialized financial recruiting firm) believe that financial professionals – including all accountants - should develop a broad-based expertise in every area of technological development from an understanding of new applications and software to a working knowledge of wireless technologies. In today's highly competitive business world, if you do not keep up with developments in technology and accounting techniques, you will quickly lose your marketability. Upon entering the workforce, you would be wise to join a professional organization such as the Institute of Management Accountants, your state society of CPAs, or other professional organization that is aligned with your career path. Doing so will keep you abreast of changes

relevant to the profession of accounting. **Develop your technological skills to the fullest; at the very least, be proficient in spreadsheets and basic decision-making tools before looking for that first job.**

* *Initiative and Accuracy.* Be willing to make mistakes and don't let them devastate you, but be wise enough not to make the same mistake twice. In addition, accuracy is crucial, especially since accountants are seen as detail-oriented individuals. Too much sloppy work and you lose all credibility with supervisors and coworkers. **Maintain maximum effort, initiative, and attention to detail.**

* *Attitude.* From my own experience, those individuals who succeed on the job – as evidenced by longevity, promotion, and high job satisfaction - are the ones who go into work with a genuine smile on their faces and a hearty “yes” on their lips. Remember the words of Oscar Wilde, “We are all in the gutter, but some of us are looking at stars.” **Have high energy and a positive attitude!**

Summary and Conclusion:

If the travel and long hours required by the public accounting field turn you off, then you should consider corporate accounting. The advantages of good pay, challenging job responsibilities, and good job mobility are no longer unique to the public accounting field. The ideal job for you is quite possibly an accounting position in industry. However, whether you choose public or corporate accounting, employers will be looking for the same attributes and skills - good grades, good communication and interpersonal skills, a broad-based knowledge of business and technology, self-confidence, initiative, and a positive attitude.

It's time for a reality check. Are you feeling overwhelmed? Does it seem that employers expect too much from the accounting graduate? This phenomenon is not a recent outgrowth of

the new economy. A November 1955 (that's 1955, not 1995), *Journal of Accountancy* article entitled "Training for the Profession" stated the following:

The person applying (accounting) needs considerable understanding of the purposes it can serve. Accordingly, he needs much more than a training in accounting principles and procedures. As a member of the business community, the public accountant should command reasonable working knowledge of a considerable range of business problems.⁷

Those accountants before you not only survived the continuous push for professional development, but they have thrived financially and professionally. You will too!

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¹ Jensen, Bob. "Advantages of Working in Public Accounting", <http://smartpros.com/x28583.xml>, (17 Aug. 2001).

² Siegel, Gary. "The Image of Corporate Accountants", *Strategic Finance*, Vol. 82, no.2 (Aug. 2000): 71-72.

³ Firms were classified as Large if they generated over \$250 million in sales. Small firms generated up to \$25 million in sales, and all other firms were included in a Medium firm category.

⁴ Ketz, J. Edward. "Smile at the Big Five But Look Elsewhere for a Job", <http://smartpros.com/x28277.xml>, (17 Aug. 2001).

⁵ Siegel, Gary. "Skills Needed for Entry-Level Management Accounting Positions, *Strategic Finance*, Vol. 81, no.10 (Apr 2000): 79-80.

⁶ Huband, Ernie. "Motivation – A Key to Professional Success", <http://web.imanet.org/academia/library/huband.htm> (9 Oct. 2001).

⁷ Perry, Donald P. "Training for the Profession", *Journal of Accountancy*, Vol.100, no.2 (Nov. 1955): 66-71.