

It's summertime — but the living is not so easy

TIM HYLAND
SPECIAL TO THE BUSINESS JOURNAL

Oh, to be an accountant in the summertime. Tax season ends and those lucky CPAs flock to the beaches, catch up on their reading and don't do much of anything until Labor Day.

Right? Not quite.

Demand for accounting services might be at an all-time high, the labor pool has tightened up, and, according to some local firms, those long, lazy summers are a thing of the past. These days, accounting knows only one season: A busy one.

"Fifteen years ago, people would joke that after the busy season, accountants just sat around," said Mike Dubin, executive managing director of RSM McGladrey Inc. in Blue Bell. "That's no longer the case."

The demise of the slow season is often attributed to the sweeping changes ushered in by the Sarbanes-Oxley Act of 2002 (SOX) — the corporate reform act that turned the auditing process into an administrative bear of rules, regulations and seemingly endless paperwork.

But several other factors are also contributing to increased summer workload, some related to SOX, some not:

■ With the large accounting firms bogged down by SOX requirements, a significant amount of work has trickled down to midsize and small firms, creating new business opportunities at any time of year.

■ An increasing number of private companies are seeking extensions for their tax filings, pushing work well past the traditional tax season and into early or even midsummer.

■ Competition for top-level CPA talent has firms scrambling for steady, noncalendar work across all sectors — from nonprofits to private-equity groups to pension plans — in an effort to generate enough cash flow to keep revenue up and employee salaries high.

"There are many issues that still cause [April] to be a huge deadline for commercial businesses," said Tom Bunting, managing partner at Briggs, Bunting & Dougherty LLP of Philadelphia. "But what has happened is, while things used to slow down by summer ... I don't think many firms have that slow summer anymore."

At the larger accounting firms, at least, it is Sarbanes-Oxley — and the administrative work demanded by it — that seems most responsible for the change.

"Sarbanes-Oxley has created a situation where the amount of time spent on each individual audit is now ostensibly increased by 50 percent or 100 percent," Dubin said. "That makes April even more difficult, because now, not only do we have accelerated filings, but we have companies that have to have much more done by that same time."

Larger firms can pin their busy summers on Sarbanes-Oxley alone, but it's not quite as simple for midsize and smaller firms. While trickle-down and spin-off work from the Big Four is partially respon-

sible, so too is the desire of smaller firms to grab more business wherever they can.

More work means more revenue, and firms of all sizes have seized on the new audit environment to create niches and stay busy year-round.

"Years ago, you could have a month like February or March, and it would be three or even four times as busy as July," Dubin said. "Today, at our firm, it's probably at most two-to-one, or maybe 150 percent to 100 percent. And in addition to that, those [summer] months are already crowded and there's less capacity because of vacations."



Dubin

So why create such a crunch? Simple: Competition demands it.

The market for top-level CPAs is tight, and managers say keeping good talent means paying top dollar. That's only possible, though, if work is steady and revenue grows.

"There's a lot more pressure on firms to earn more money, so they can pay more, because it's really tight with people right now," Bunting said. "What a lot of firms have done is look for counter-seasonal niches, and once you develop that, then you're in a much better position to keep people busy all year round so you can pay better salaries and get better people."

At Briggs Bunting, one of those niches is nonprofit work. At RSM McGladrey, the firm has enjoyed such strong growth in its audit business that it recently expanded its office by 9,000 square feet. And Philadelphia-based Isdamer & Co. LLC has focused on nonprofits and pension plan audits to keep workloads steady.

"Our goal is to keep the staff busy all throughout the year, including the summer, which used to be a slow time," said



Cohen

Allan Cohen, administrative partner at Isdamer. "What we've done is focus on the kinds of projects that aren't tied into the calendar year."

There's just one catch.

While the extra revenue from year-round work can be a boon for firms, staff burnout is a concern. Accountants are no strangers to six-day work weeks and 12-hour days, but when those hectic weeks stretch out past the traditional "busy season," firms run the risk of running their best CPAs off.

The pursuit of year-round business, then, has to be tempered with a good understanding of staff needs. Local firms say workloads have to be managed carefully, with time built also into the calendar year for time off and professional development.

"You have to find a happy medium," Dubin said. "You can't have professional staff working hard all year long, killing themselves, because it's not a good working environment. ... But then again, sitting around [all summer] doesn't cut it either."

"We encourage vacation," added Cohen. "We want them to recharge and be ready to hit the next season."