

# DON'T CALL THEM BEAN COUNTERS. OR ACCOUNTANTS.

INSIDE A PROFESSION'S EVOLUTION

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The evolution of what corporate and middle-market clients want, paired with rapid advancements in technology, have taken accounting firms way beyond traditional tax and audit. Here's how they're adapting.

By Patty Tascarella – Senior Reporter, Pittsburgh Business Times  
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Don't call them bean counters anymore — the accounting profession is in the midst of a shift.

"It's not just audit and tax," said Steve Thompson, co-CEO at Schneider Downs & Co. Inc., the largest Pittsburgh-based independent accounting firm with 365 professional staff here, 157 of whom are certified public accountants. "Our profession needs to rebrand what we do. We're much more than number crunchers or bean counters."

The evolution of what corporate and middle-market clients want has taken these service providers way beyond traditional tax and audit, and the sector name just no longer accounts for that, local firm leaders say.

"We're a professional services firm, and one of them happens to be accounting," said Jeff Craft, managing partner of the downtown office of Deloitte LLP, the biggest accounting office in Pittsburgh with 639 professional staff members downtown; about one-sixth, or 106, are CPAs. "We have a long history being known as an accounting firm. Quite a bit of credibility comes with that. I happen to be a CPA. I find pride in that. (But) I understand that those who sit in different parts of the practice don't associate with it."



Jeff Craft, Deloitte.  
JIM HARRIS/PBT

The business world has changed thanks to a pandemic that pushed technology to the forefront, accelerating the pace of clients wanting more varied services from accounting firms, a trend that's been growing for more than two decades. And as these changes have occurred, accounting firms large and small have increasingly dived into offering new services ranging from cybersecurity to consulting.

"It's not enough to be just an accounting firm to our clients," summed up Celeste Suchko, managing principal at CliftonLarsonAllen (CLA)'s Pittsburgh office, which has professional staff of 29, including 18 CPAs.



Celeste Suchko, CliftonLarsonAllen  
JIM HARRIS/PBT

## The firm of the future

Historically, large firms tipped heavily toward audit and tax for 80% or more of their business. But now the firm of the future is shaping up as one-third assurance, one-third tax and one-third advisory/consulting, said Allan Koltin, CEO of Chicago-based Koltin Consulting Group Inc., which works with accounting firms across the country, including some in Pittsburgh.

This positions firms to become bigger providers to clients, locking in relationships. Numberswise, the strategy is paying off. Inside Public Accounting, which annually ranks the nation's 500 largest firms by revenue, has seen dollars steadily rise, even as those on the list drift away from the traditional offerings. Deloitte, PwC and EY, ranked first, second and third on IPA's 2023 list, all reported increased revenue compared to last year. So did CLA, No. 9 on IPA's ranking, and Schneider Downs, ranked 59th.

"No one is saying goodbye to audit," Koltin said. "It just won't have the growth tax planning and consulting and advisory and outsourcing is going to have going forward. Tax compliance probably grows at 50% of what tax consulting is growing at. Larger firms are putting much more capital and resources into consulting. They're not saying goodbye to compliance, but the belief is technology is intensifying, and it's going to replace a lot of those things."

EY, Pittsburgh's third-largest accounting firm with 461 professional staff downtown, including 152 CPAs, calls itself a strategic professional services firm.

"Through our four integrated service lines — assurance, consulting, strategy and transactions, and tax — and our deep sector knowledge, we help our clients to capitalize on new opportunities and assess and manage risk to deliver responsible growth," Darrell Smalley, Pittsburgh office managing partner, said. "They increasingly face business challenges and seek our help solving their issues primarily related to technology, growth, the talent agenda and their operating models. We continue to see really strong growth in venture capital markets in Pittsburgh and are excited by the innovation and ingenuity of entrepreneurs in the region."



Darrell Smalley, EY.  
JIM HARRIS/PBT



Justin Kaufman is Pittsburgh office managing partner at PwC, the region's second-largest accounting firm with 575 local employees (it does not disclose how many are CPAs). Similar to EY, Kaufman said professional services best represents what PwC does. These are provided across two segments — trust solutions and consulting solutions. Kaufman, incidentally, is not an accountant; his background is in technology and consulting.

“Within these segments we bring a range of capabilities — not just in accounting — to help organizations solve faster, solve more and realize more value,” Kaufman said. “These capabilities include traditional audit and tax services as well as cloud and digital, deals, ESG, cybersecurity and privacy, governance/boards, risk, transformation and much more.”



Justin Kaufman, PwC  
JIM HARRIS/ PBT

Kaufman said PwC looks at changes in the market to better understand what will matter most to its clients — and then builds capabilities to help them deliver. In a technology hub like Pittsburgh, he noted, investment in generative artificial intelligence is something PwC's clients are focused on.

“It's poised to revolutionize how we work, live and act,” he said. “But it needs to be implemented in ways that promote responsible AI to enable trust and confidence. PwC understands the value and promise of this technology and has committed to investing \$1 billion [firmwide] to expand and scale our AI capabilities and upskill our people across the next three years.”

Yet all of this doesn't mean traditional accounting is going away, either — just evolving. Audit, in fact, “will become more important,” Craft believes, particularly given greater regulatory pressures. He cited the example of the U.S. Securities and Exchange Commission's rules on ESG unfolding, causing corporations to “lean on audit,” internally and externally.

“That basic regulatory compliance is still critically important,” Craft said. “What's going to be really fun is, while you achieve that, how you work with clients to improve on what they're reporting.”

## Trickle down

Smaller firms also are working to evolve with the times.

At S.R. Snodgrass PC, a Cranberry Township-based independent firm that was No. 300 on IPA's list and saw revenue growth year-over-year, clients still need traditional external audit and tax return compliance services, but increasingly other areas are "making their way up their priority list," Charles Marston, the firm's president and tax principal, said. "In many cases, firms like ours are a client's best option to address these areas."

Those include information technology and, more specifically, cybersecurity.

"Because of the significant risks that exist in this area, our firm provides highly specialized services, such as attack and penetration testing, which are in high demand," Marston said.

S.R. Snodgrass today has 59 professional staff members in Pittsburgh, 15 of whom are CPAs. Contributing to the rapid growth of IT work, "at least for our firm," is its ability to handle it 100% remotely, Marston said, "enabling us to offer these services to any organization, regardless of location."

Debbie Ogrodnik, co-managing partner at Sisterson & Co. LLP, views the movement toward consulting/advisory as more fluid, a homogeneous process rather than a breakout of offerings.

"It's not so much a shift. What we're seeing is it's becoming more focused and something that clients value from us," she said. "We consider ourselves business advisers; we don't package it for lack of a better word. We've always taken that approach. It's what we offer."



Debbie Ogrodnik, Sisterson & Co. LLP  
JIM HARRIS/PBT

Of Sisterson's 87 professionals, 43 are CPAs. Over the past decade, several of the nation's largest accounting firms have entered Pittsburgh, either through acquisition or merger, or by simply opening an office. That also has spurred opportunities for Sisterson, which has picked up work from clients of big firms.

“We’re seeing more of that; we’re a nice option for them,” Ogradnik said. “It’s more of a collaborative environment than a competitive one.”

Kieran O’Dea, managing partner at Green Tree-based H2R CPA, said the independent firm, which employs 63 local professional staff members, about half — or 32 — CPAs, is building service lines around helping clients use the ever-increasing flow of data and to fill gaps in leadership ranks.

“How can we help you gather that data, analyze and capitalize on it to make more efficient business decisions as opposed to doing your tax return and getting your audit done,” he said. “We’re developing new QuickBooks services. A lot of clients don’t have extensive C-suites, so we’re going more into management services. Those are the services we think are value-added that will differentiate us as a professional services firm instead of an accounting firm.”

Schneider Downs has seen “unprecedented growth” in managed accounting services, Thompson said, as companies struggle to hire. Think of it as outsourcing the CFO or financial accounting role, “where we close the books, do financial reviews and share the results with management to provide business advice on what decisions to make,” he said.

“It has really taken off in the last 24-36 months,” Thompson said. “The pandemic accelerated people retiring, which exacerbated the talent issue. The work can be done on site or remotely or in a hybrid environment, which allows us to have a greater geographic presence when we do that work.”

## Recruiting revisited

Accounting firms themselves have a deep understanding of the talent shortage; the industry has been dealing with retirements, employees moving to the corporate side and intensified competition to snag new graduates for a long time.

Schneider Downs brought on a record 70 interns in summer 2023, up from 45 a year earlier. The firm said it saw an uptick in the number of interns for its consulting practice — which includes risk advisory, information systems, cybersecurity and data analytics — as well as in wealth management.



Schneider Downs summer interns Chloe Yee, Joe Carna and Raymeir Williams with CPA George Adams.  
JIM HARRIS/PBT

The firm's recruiting team reaches out more broadly across schools to get "a lot of different talent through the pipeline," Thompson said. "You might have 25 people from 15 different schools interning at up to seven different practices within the firm. It's not always audit or tax."

The program is structured so students work like new staffers and quickly see what the career is like — and where they might opt to specialize.

"If we do a good job at that, they're going to stay in the profession — and with Schneider Downs," Thompson said.

CLA is revisiting the need for a four- or five-year degree for some of the services it offers — if a two-year degree provides the skills needed.

"This year we also focused on reaching students before college to show that accounting is an interesting and rewarding career through a new high school internship program," Suchko said.

Firmwide, CLA had 60 high school students in 15 locations. "It was really successful and fun," Suchko said, "and we learned a lot from them about how we make CLA a top choice for new professionals."

EY is "very focused" on the accessibility and affordability of CPA-track careers, Smalley said. While he noted the decrease in accounting majors across the country, there's also some good news. Some programs are starting to stabilize, and others, specifically those that cater to first-generation college students, are experiencing growth, he said.

"That said, there are some concerns about the cost of obtaining the 150 hours of education necessary to become eligible for CPA licensure," Smalley said. "As a result, firms are creating scholarships and new programs that increase accessibility and affordability of the profession. For instance, the EY Career Path Accelerator, a first-of-its-kind program, enables students to get additional hours of education concurrent with their undergraduate studies at little or no additional cost. To date, a total of 360 former and current EY interns have enrolled in our program."

At the national level, programs are also being implemented to address the profession's talent shortage. The American Institute of Certified Public Accountants (AICPA), for instance, recently formed the National Pipeline Advisory Group to help shape a strategy to address this issue.

AICPA in early August also announced a pilot initiative with the National Association of State Boards of Accountancy that aims to provide a less costly and more flexible way for college accounting graduates to complete the 150-hour course credit requirement to become a licensed CPA.

The program is launching this fall in collaboration with the Tulane University School of Professional Advancement.

## **Rebrand or not?**

So, with so much underway, is it time for a new categorization for the profession?

"The answer is yes, but will it ever happen? I don't know," O'Dea said. He pointed to the AICPA contemplating a name change more than 20 years ago.

“I think they pushed it to membership, and it died on the vine,” he said. “There’s such a disparity between a PwC and a one or two person CPA firm. Having the AICPA appease all of those people and come up with something — it’s just not going to be there. Each firm is going to have to brand themselves, and the ones that understand that will rise above the rest.”

Thompson suggested it will happen gradually, boosted by a change in the CPA exam starting in 2024.

“You’ll have core discipline around audit and tax, but you’ll have a specific track — deeper tax, analytics or information systems and information technology,” he said. “They’re defining the profession as much more than accounting and tax.”