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September 2013, accounting firms were the second most profitable industry in the Sageworks database.

Oct. 30, 2013

After opening up its [private company database](#) for free to U.S. accounting firms, Sageworks looked at the top ten most popular industry codes that accountants were running. Looking at the number one industry report, it appears that CPAs are most interested in, of course, the accounting industry. In many cases, they were most likely pleased with what they saw.

Looking at the net profit margins of financial statements from September 2012 to September 2013, accounting firms were the second most profitable industry in the Sageworks database. Net profit margin has been adjusted to exclude taxes and include owner compensation in excess of their market-rate salaries. These adjustments are commonly made to private company financials in order to provide a more accurate picture of the companies' operational performance. This can be a crucial selling point when interacting with your business clients or talking with potential new business.

CPAs are often in a position to dictate just how much influence and access they have with their clients. The difference between quarterly tax accountant and trusted business advisor can be a few meetings with the right kinds of insights. After all, accounting firms have had some of the highest profit margins over the last 12 months, a sure sign that CPAs know how to manage and maintain a business. Having access to proprietary industry benchmarking data can help you connect the dots and show your client how to best address their strengths and weaknesses as compared to their competition.

What industries have the highest profit margins in the past 12 months?

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data.

“Time and again, year over year, accounting firms are profitable. CPA’s have demonstrated a strong and comprehensive command over their financials, and are able to deliver profitable outcomes in good years as well as lean ones,” says Schaefer. These results are particularly notable in light of some of the other industries on the Most Profitable list.

“Industries such as Oil and Gas, the next best industry performer, are also able to deliver consistently high profits, but have several important drawbacks that should be considered,” says Schaefer. “These industries require huge amounts of upfront investment and capital, whereas accounting firms and other professional services industries typically are able to run with comparatively small and barebones startup and maintenance costs. As the saying goes, you need money to make money, but accountants need a whole lot less and oil drillers need a whole lot more.”

Accountants’ reliable profit margins can be used as a great way to get your foot in the door. Nearly all companies could benefit from increased insights from their financial statements, and far too often those insights are desperately needed. CPAs who can demonstrate command of these reports can easily step into a business advisory role, helping clients to improve financial operations and cashflow, increase stability, isolate problem areas, and identify business strengths.

By highlighting their own performance over the past 12 months, accountants can make a strong case for themselves as not simply tax-preparers and bookkeepers, but as trusted business advisors.

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