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Business, 100

Data shows that privately held accounting firms had the highest profit margins over the last 12 months of any industry.

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Accounting firms may be in a unique position to be viewed as a [trusted business advisor](#). After all, Sageworks data shows that privately held accounting firms had the highest profit margins over the last 12 months of any industry.

Sageworks, a financial information firm, conducted an analysis of financial statements from October 2011 to September 2012 and found that accounting firms

had a net profit margin of 18.18 percent – the highest among more than 1,400

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in order to provide a more accurate picture of the companies’ operational performance.

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

Net Profit Margin	Industry Code
18.18%	5412 – Accounting, Tax Preparation, Bookkeeping, and Payroll Services
17.65%	2111 – Oil and Gas Extraction
17.13%	5239 – Other Financial Investment Activities
17.05%	5222 – Nondepository Credit Intermediation
16.81%	6214 – Outpatient Care Centers

[Table Source: Sageworks.]

Brad Schaefer, an analyst at Sageworks, said that accounting firms have had consistently high profit margins over the past 10 years or so, according to Sageworks data.

“Accounting firms are consistently profitable, they have a deep understanding of their own financials, and they have maintained that success even through rough economic times,” Schaefer said. This profitability is especially impressive when you consider the differences between the accounting industry and an industry like Oil

and Gas Extraction, number two on the list of most profitable industries in the last 12

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that better understanding. These companies may be in need of an advisor to help advise them how to improve their day-to-day financial operations, [improve cash flow](#), or increase profitability.

Accounting firms, with their deep understanding and experience, can easily play this advisory role, Schaefer said.

“Accountants are prime candidates for advising their business clients on how the business can achieve, maintain, or increase their profitability,” he said. By highlighting their own performance over the past 12 months, not to mention their consistent profitability over the past decade, accountants can make a strong case for themselves as not simply tax-preparers and bookkeepers, but as trusted business advisors.

Lauren Prosser is the Director of Professional Services at [Sageworks, Inc](#), a financial information company that provides financial analysis applications to accounting firms and private companies.

Advisory

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