CPA Practice Advisor

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Every business has a unique set of needs when it comes to selecting service providers. For example, depending on the size of the company or the specific matter at hand, there are a variety of options to think about when choosing a firm to handle your accounting services.

While a small CPA firm may be the right choice to handle the accounting needs of a smaller, uncomplicated business, a fast-growing small to mid-sized private or public company – whose accounting and tax issues may be more challenging – often will seek out one of the "Big 4" international firms.

Although the Big 4 have name recognition and a well-deserved reputation, companies can get the same expertise and, oftentimes, better service at substantially lower fees when hiring a midsized regional accounting firm. We've outlined below some of the biggest advantages to working with a regional firm over a Big 4 firm that companies should consider as they go to market and hire their next CPA firm.

Utilizing a Network

Many regional firms are part of national and international networks, giving them access to technical expertise worldwide and the ability to service clients outside of their immediate locale. For example, one of the largest networks is BDO Global. With 60+ offices in the U.S. and 1,400+ worldwide, BDO, combined with its network firms, is one of the largest accounting organizations in the world behind the Big 4.

Firms across the network collaborate closely and comply with consistent operating principles and quality standards. No matter the client's location, a regional firm can join forces with other firms in the network to expand its resources on a specific

accounting subject matter technical partners who are leading experts in their field of specialization, and therefore, regional firms have access to the kind of technical expertise the Big 4 offer.

Fee Structure

The fee structure of a regional firm will usually be significantly less than that of a Big 4 firm, particularly for public companies. Because there is more overhead at the Big 4, clients pay for 24/7 retainer service, whereas regional firms have a more attractive "by the hour" fee structure, only charging for the time work was actually done. Most Big 4 firms have the same billing model and practice in place for each client; however, as mentioned previously, every client's needs are different. Regional firms can tailor the billing model/structure depending on the services used.

Knowing Who's Handling Your Business

Relatively speaking, an "A" client for a regional firm – where full attention is given to servicing them – may be a "C" client at a Big 4 firm. While the Big 4 have an impressive client roster full of Fortune 500 clients, this typically means that most of their time is devoted to them and other clients who generate less fees can be put on the back burner and given lower priority.

At the regional level, the firms are generally interested in their clients' business/financial situation and strive to build a positive and ongoing professional relationship. Each and every one of their clients is treated with the same level of importance and, because of this, the clients are likely to feel more comfortable seeking advice on other aspects of their company.

Although having an extensive engagement team at a Big 4 firm can make a client feel important, those teams have so many layers that the partners generally do not have time to understand the details of their clients' business. They often rely heavily on

Employee turnover at a regional firm tends to be lower than that of their Big 4 counterparts. This leads to more continuity on the engagement teams, and less training of staff year in and year out. Given the high pressure environment that comes with working at a Big 4 firm – think long hours, less flexibility and the stress of ascending the corporate ladder – many choose to leave for a more flexible, professional setting. Because of this, regional firms attract some of the highest talent given its better work/life balance, hands-on experience and welcoming place that leaves the cutthroat nature of Big 4 accounting behind.

In addition, regional firms are agile to the growth of its practices and can anticipate their staffing needs through bids on the table as well as historic retention rates. The Big 4 have this data as well; however, it's on a scale to where the resource management can see big swings and the reallocation of the expertise/staff can create frustrations in "team retention." This can result in clients seeing a brand new team for the following quarter/year because their prior resources have been reallocated to other engagements or because the disruption negatively impacted the staff and they left the firm entirely.

When choosing a firm, it is important to take into consideration their retention rate and their success around employee engagement. This will give you a strong indication around client continuity and the quality of client service to expect.

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