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The Future Of The Accounting Industry In 2015

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As we begin 2015, the accounting profession industry is changing rapidly. One of the leading authorities in the accounting industry, [Joseph Tarasco, president of Accountants Advisory Group](#), shares his predictions and identifies critical trends:

- Fee pressures, rising staff labor costs, and lack of quality staff will force firms to carefully examine their mix of services, industry concentrations, and their positioning in their marketplace relative to their technical/consulting resources and competition. Industry, niche, and service segment profit centers will come under more pressure for better results as the competition stiffens.
- Firms will continue to acquire consulting and advisory companies that compliment their traditional services to provide integrated solutions services to their clients.
- Career development and leadership training will continue to grow as the need for quality professional staff at the managerial and partner levels turns into a crisis mode. Firms will have no choice but to invest heavily in their best and brightest in all stages of their careers in order to remain competitive and develop succession plans.
- The firms who have grown through the consolidation of aging practices will begin to deal with intensified succession issues. This will fuel more mergers of mega-firms into larger firms.
- Consolidation of firms in the country will continue at a faster pace with the second tier firms, such as [BDO](#) and [McGladrey](#), continuing their buying spree.
- Managing Partners and Executive Committee members will come under more scrutiny by their partners in their ability to lead and manage successfully. Firm management will have to make tough business decisions concerning under-performing partners.
- There will be an increase in the number of firms below the Top 100 hiring professional lead generators to supplement the practice development efforts of the partners. In addition, firms below the Top 200 will outsource their marketing and practice development programs to professional consulting companies as the need for diversified multi-faceted marketing professionals is necessary to remain competitive.
- The partnership structure will continue to fade away and be replaced by a corporate type structure. More firms will hire professional COO's from outside of the CPA profession to assist them in managing their organizations.
- Partner compensation will be more geared toward higher levels of profitability and contributions to the future success of the firm. Aligning the firm's goals and vision with partner performance criteria and accountability will be a key objective for progressive firms.
- More small firms will split up due to a lack of partner consensus on succession planning and investing in the future direction of the firm.

While all of Tarasco's predications might not all play out in 2015, what is very clear is that the accounting firms are going to need to make significant strategic decisions and implement effectively if they are going to succeed in a more competitive environment.

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