

opinion

BY BRIAN AMANN

Entrepreneurship: The secret sauce of growth

I RUN A BUSINESS AND I AM AN ENTREPRENEUR. Yet after many years of successfully running and consistently growing my firm, I mentioned to a respected colleague in the profession that I was going on a retreat with a peer group focused on entrepreneurial leadership and development. He asked if I was teaching a tax course to the group. When I said no, he asked with a confused look and tone, “What are you going to do there?” It didn’t occur to him that I was a member of the peer group and a participant at the retreat.

I am the leader of a thriving business that has grown six-fold in a four-year period and has been recognized for its results and model alongside software, technology and other dynamic companies, yet I’ve been excluded from countless CEO events. In some of the groups that I’m active in, I constantly have to remind others or justify that I am a business owner and entrepreneur too, and not just a service provider.

Unfortunately, the world doesn’t view accountants as entrepreneurs, largely because we don’t view ourselves as entrepreneurs. We refer to our businesses as practices and ourselves as practitioners or CPAs or auditors. We refuse to accept the role of entrepreneur, seeing ourselves as bricklayers and not designers of the most beautiful cathedral.

This is not typical in professional services. The typical title given to the person in charge is managing partner. This term, however, isn’t indicative of leadership and creates role confusion between leadership and management and the expectations of each. The leader of the firm should be forward-looking, focusing on vision, strategy and the requisite leadership to carry it out.

These worldviews, beliefs and behaviors have hindered the progress of the accounting profession.

FIRM GROWTH

The large majority of accounting firms bring in a few hundred thousand dollars of revenue each year; most do not break \$1 million in

Brian Amann leads TaxOps, a tax firm, and is the principal of Firm Growth, providing content, education and consulting to the profession. Reach him at bamann@taxops.com.

annual revenue. Firms that take in \$3 million or more in revenue each year rank in the top 10 percent of firms. *Accounting Today’s* Top 100 list of the largest accounting firms breaks at roughly \$32 million. These are relatively low numbers. When merger and acquisition activity is stripped out, organic growth rates continue to be extremely low.

In addition, average partner compensation remains relatively flat when adjusted for inflation. This is despite tremendous advances in technology over the last few decades. We should be working less and making more, but that is not the case.

Yet certain firms continue to thrive and consistently outpace the industry averages that we are seeing. What are these firms doing differently? We have an outstanding example here in Colorado with one of our local firms sitting on the Top 100. When I asked one of the firm’s partners what he attributed their success to, he responded, “We started running the firm like a business.” Like entrepreneurs.

THE ENTREPRENEUR

There is confusion about the term “entrepreneur.” A special report issued by the University of Michigan Masters in Entrepreneurship program defines an entrepreneur as anyone who has started or acquired a venture; an owner, founder or co-founder. I disagree. Although those characteristics may be common to entrepreneurs, the mere presence of them does not make one an entrepreneur. In a professional services firm context, that would mean everyone who gets a K-1 form or a stock certificate in a firm is an entrepreneur, which is not the case.

I’ll share a personal experience to clarify. A couple of years ago, one of the new partners in my firm pointed out that the accounting profession has been run the same way for the last 75 years. So he asked me how I know that the different approaches that we are taking with our firm are right. I replied that I didn’t, but I do know for sure that nothing stays the same for 75 years. This conversation frames the different mindsets separating the practitioner and business owner from the entrepreneur. While the practitioner and business owner asks, “Why mess with it?” the entrepreneur asks, “Why leave it alone?”

I define an entrepreneur as a business owner who assumes significant responsibility for the risks and outcomes of a venture. In this case, a business owner is someone who owns a venture outright or leads a department, division or, dare I say it, a practice. Their passion for those outcomes drives vision and innovation that lead to increased value as they efficiently and effectively leverage the intellectual and tangible property, as well as the financial and human capital available to them.

The approach of a practitioner and business owner differs markedly from that of an entrepreneur:

- ▶ The practitioner is task-oriented; the business owner is profit-oriented; the entrepreneur is creation-oriented, driving toward a vision for a preferred future.
- ▶ The practitioner and business owner are prepared to participate in the economy of today; the entrepreneur is prepared to be an economic innovator to enhance and advance the economy of today.
- ▶ The practitioner and business owner are comfortable following the rules established decades ago; the entrepreneur leaves nothing unchallenged and is constantly reverse-engi-

neering the true needs of the market in order to maximize results and value.

THE ENTREPRENEURIAL VALUE PROPOSITION

Being an entrepreneurial accountant is not dependent on rank or role within a firm. Your position as a partner in a large firm or small, as a managing partner or a sole proprietor, doesn’t determine whether you are an entrepreneur. Likewise, being an employee does not prohibit you from being an entrepreneur (although technically you would be considered an intrapreneur). All accountants have the capacity to be entrepreneurial. Having an entrepreneurial mindset is what makes an entrepreneur — and it is this entrepreneurial mindset and spirit that is the “secret sauce” and accelerant to success in business.

By transitioning from practitioner to business owner to entrepreneur, and focusing on “the business,” we create competitive advantages that accelerate our own success and the success of our firms. These advantages may include higher levels of service, better solutions and increased value, increased client and employee satisfaction and engagement, and deeper relationships. AT



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