

Accounting Firms Poised to Turn Tide With New Hires

Nearly held even last year; gains expected as clients resume growth

By **KARI HAMANAKA** Sunday, July 17, 2011

Orange County's accounting firms have stemmed worker losses as more of their clients plan for growth, mergers and new tax laws and regulations.

"The market is coming around from both tax law changes and the fact that there's a lot of capital out there giving rise to investment opportunities in mergers and acquisitions," said Wayne Pinnell, managing partner of No. 16 Irvine-based Haskell & White LLP.

The largest accounting firms here saw less than a 1% decline in local employees over the past 12 months compared with those listed a year ago, reporting 3,804 workers on this week's Business Journal list.

That's a big improvement from a 5% drop in local employment among companies listed last year and a decline of 7% for companies listed in 2009.

More Hiring

The brighter outlook among clients has prompted predictions that gains in employment are coming locally.

Haskell & White is forecasting an 8% to 10% increase in its local office workforce this year, Pinnell said.

"We are hiring more people this year than we have in a number of years, both at the entry and experienced level," said Dennis Parrott, managing partner at No. 2 New York-based KPMG LLP's Irvine office.

No. 22 Irvine-based RJI Ramirez Jimenez International CPAs plans on adding as many as four CPAs in the next couple of months, according to Partner Fernando Jimenez.

In December, the company moved into larger space in the Irvine Concourse office park, adding about 7,500 square feet.

No. 9 Chicago-based Grant Thornton LLP's Irvine office expects about a 10% increase in hiring this year, according to Partner-in-Charge Gary Wilson.

"We're forward thinking about where the market's heading," Wilson said.

For some firms, hiring is necessary in order to remain competitive.

"Part of the battle has been trying to find the best, develop the best and retain the best—that's a key focus of ours and we're continuing to accelerate the rate of growth in our hiring over the next 12 months," Wilson said.

Being among "the best" has meant specialized hiring strategies for some.

No. 9 Seattle-based Moss Adams LLP's Irvine office is looking for employees well-versed in technology and other specific industries.

"Hiring is more specific as opposed to—in the past—looking for general audit-type people," said Moss Adams Irvine office Managing Partner Roger Weninger.

Signs of momentum on hiring can be seen on this year's list.

Of the 37 local accounting firms that reported employee headcounts for the past year, 14 added employees, 13 saw declines, and ten were flat on hiring.

Among the Big Four, New York-based Deloitte LLP's office in Costa Mesa ranked No. 1. Deloitte and KPMG posted slight increases in local employees from last year. No. 4 New York-based Pricewaterhouse-Coopers LLP stayed flat at its Irvine office. No. 3 Ernst & Young LLP, which, like KPMG, has headquarters in New York and a local office in Irvine, saw a dip of less than 1% in employment here.

Business remains steady at Deloitte, which employs 730 workers here, according to Managing Partner Rob Lucenti (see related column, page 9).

"CFOs are starting to tilt their thinking more toward revenue growth because they've been so focused on things like cost reduction since that was one of the things they could control," Lucenti said. "Now, they're starting to see a light at the end of the tunnel."

That thinking has given rise to more work in Deloitte's consulting practice as companies look for growth strategies.

Work in Deloitte's audit and tax practices remains steady, while the internal audit business is seeing some growth as "companies are looking to improve their infrastructure to get to a point where they can grow," Lucenti said.

New Focus

Improvement in the capital markets has allowed more companies to plan for growth rather than focusing on cost cuts—a fairly common theme in the past few years.

“We’re seeing a lot more mergers and acquisitions, companies filing for IPOs and just general access to capital through private equity and other financing sources,” said KPMG’s Parrott.

Activity within the technology, life sciences and clean technology industries are leading the way.

New regulations for the healthcare industry and pending changes in tax laws also could boost business this year for firms.

Even as outlooks improve, the optimism is tempered.

As hiring ticks up, firms are pickier when it comes to hiring making it a tough job market still for new graduates.

“It’s still going to be a little bit tough for recent college graduates,” Haskell’s Pinnell said. “It will probably be another year before things improve so competition for open spots is going to be pretty heavy.”
