

# CPA Recruitment Intensifies As Accounting Rules Evolve

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Public-accounting firms are ramping up efforts to hire and retain senior-level talent as new auditing and accounting rules continue to fuel clients' need for their services. As demand grows, poaching among firms has intensified, and pay and perks are on the rise.

"People keep one-upping each other, going to experienced people with bigger salaries and other perks," says Lorraine Hack, executive director of the financial officer practice at Russell Reynolds Inc., a New York executive-recruiting firm. "Companies are bending over backwards not just to hire new people but to try and keep the ones they have, offering them flextime schedules and other benefits."

"We beg, we borrow, we steal, we grovel, we scour the world" to find accountants with five-plus years of experience in public accounting, says Mark Friedman, New York-based managing director and head of U.S. experienced recruitment at PricewaterhouseCoopers. Hiring across the board at the firm is running nearly 30% above the levels of last year, he says.

Recruiters estimate that pay is up 10% or more. The base salary for a junior partner with 10 to 12 years' experience, one recruiter says, is \$500,000. Experienced team leaders can command 20% more than a year ago, as can those with expertise in forensic accounting, in which accountants look for financial missteps and figure out how to fix what went wrong.

Accountants can thank Enron, WorldCom and other companies involved in financial misdeeds for their new star status. To prevent future scandals, the Sarbanes-Oxley Act tightened auditing and accounting rules and regulations and put new constraints on Big

Four companies that sold both consulting and auditing services to clients. Because of the new rules, the Big Four have had to jettison overlapping clients to avoid conflict-of-interest issues. External audits are taking as much as 60% more time to complete.

"We have hundreds of open positions," says Monique Brannon, national director at Chicago-based Grant Thornton LLP, one of the large accounting firms that has benefited from a flurry of new business from former clients of the Big Four.

"We would hire every person we could who is experienced enough to tackle work on Sarbanes-Oxley 404," says Thomas Murphy, national director of human resources at BDO Seidman LLP, an assurance, tax, financial-advisory and consulting-services firm based in New York. That's the section of the new regulations that requires companies to establish internal-control procedures and requires auditors to study and report on management's assessment of the effectiveness of those policies and procedures. BDO said it has seen its staff grow by about 5% in the past two years.

Forensic accounting is a particularly hot field. "These people have the skills to help a company through the process of restructuring and help with the regulatory negotiations, from an accounting standpoint," says Cheryl Levy, national director of KPMG LLP in Dallas.

Another factor behind the dearth of experienced talent is that there are fewer accountants in the pipeline. More than a decade ago, accounting fell out of favor as a career at U.S. graduate-business schools. In 1991, about 60,000 students graduated with degrees in accounting, according to the American Institute of Certified Public Accounts. In 1999, that figure had fallen to 45,000. And the number of accounting graduates surged 11% in 2003 over 2002 levels, the latest year for which data is available. In that year, the number of students obtaining accounting degrees jumped to 49,665.

In the past, the ideal public-accounting candidate was a recent college graduate who could be trained by an employer. Now,

companies are seeking out experienced people who have more diverse skills.

"They need to be able to build relationships with audit clients...and have the ability to train and mentor the staff underneath them," says Ms. Brannon. "We are looking for true business advisers, not just number-crunchers."

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