

# Small Business Accounting Forecast for 2019

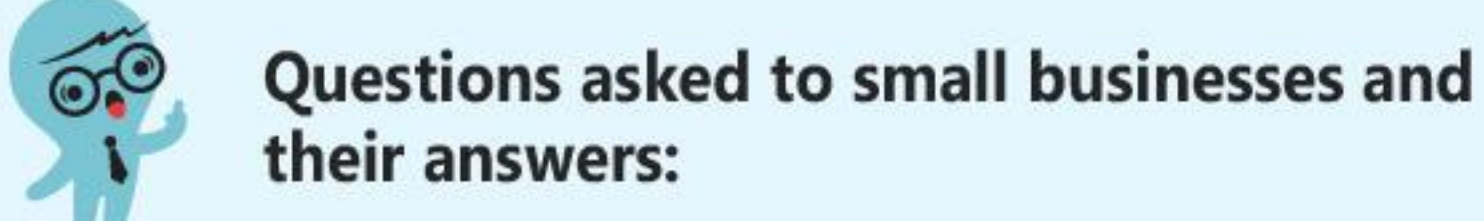


Small businesses are the biggest pool of clients for accounting firms so it is critical to learn how they work and what kind of accounting services they want exactly.

According to a recent survey conducted by Accounting Today on about 1,000 owners/key people of small businesses:



Approximately 468 small businesses hadn't bought any service from accountants last year and were rated as having a "low affinity" and were also less likely to buy any in 2019, as well.



Around 549 small businesses that were reported buying services from accountants were ranked as "high affinity," with their ranking rising depending on the amount of services they purchased so far.



## Questions asked to small businesses and their answers:

### 1. Was your business profitable in 2017?



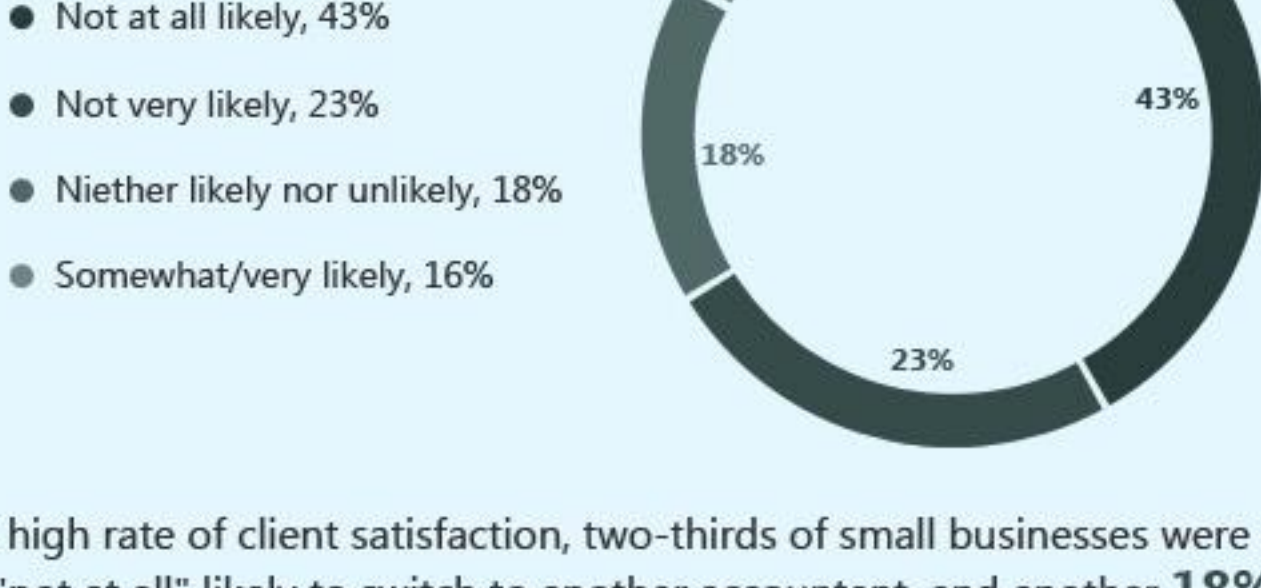
In 2017, more than two-thirds of the small businesses surveyed were profitable (69%), and another fifth (18%) broke even; only 6% lost money. 7% of respondents were not sure and didn't know.

### 2. How satisfied were you with your accountant/CPA in 2018?



From more than 500 small businesses who worked with CPAs or accountants in the previous year, 88% of them were "very or somewhat" satisfied with their service.

### 3. Do you want to switch to another accountant in 2019?



With the high rate of client satisfaction, two-thirds of small businesses were "not very" or "not at all" likely to switch to another accountant, and another 18% were "neither likely nor unlikely," thus signifying that clients are somewhat sticky.

### 4. What quality or feature you want in an accountant?



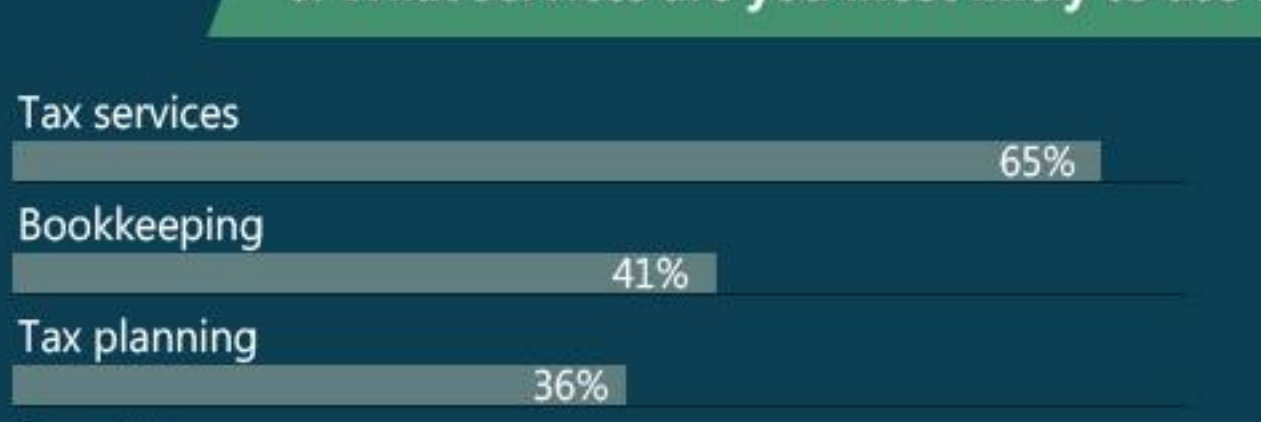
47% rated being tech savvy as very important, and 42% thought it was important that an accountant or CPA offers a wide range of services.

### 5. What services have you received from an accountant in 2018?



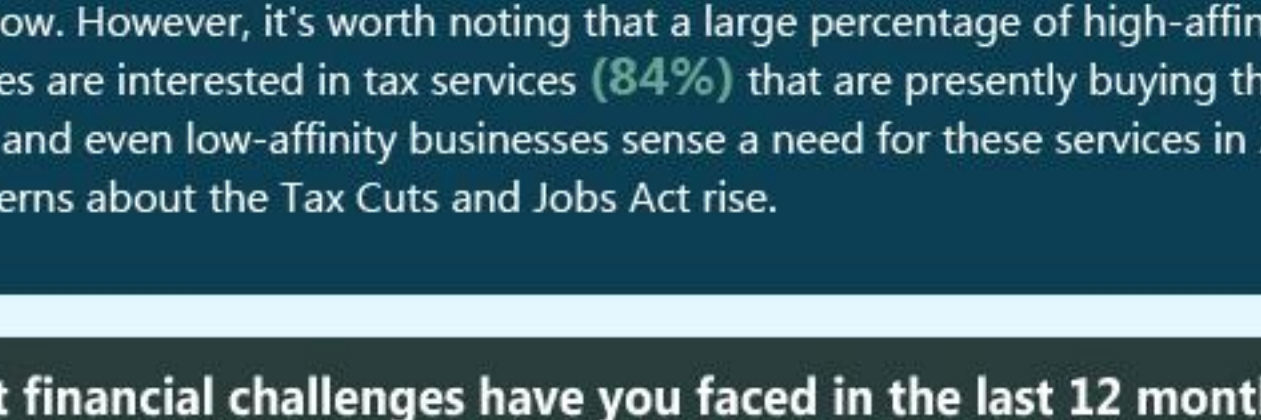
A majority of small-business clients are still engaging conventional services like tax and bookkeeping. Less than 10% were interested in other value-added services like HR/benefits services, IT services, business valuations, CFO services, succession planning, etc.

### 6. What services are you most likely to use in 2019?



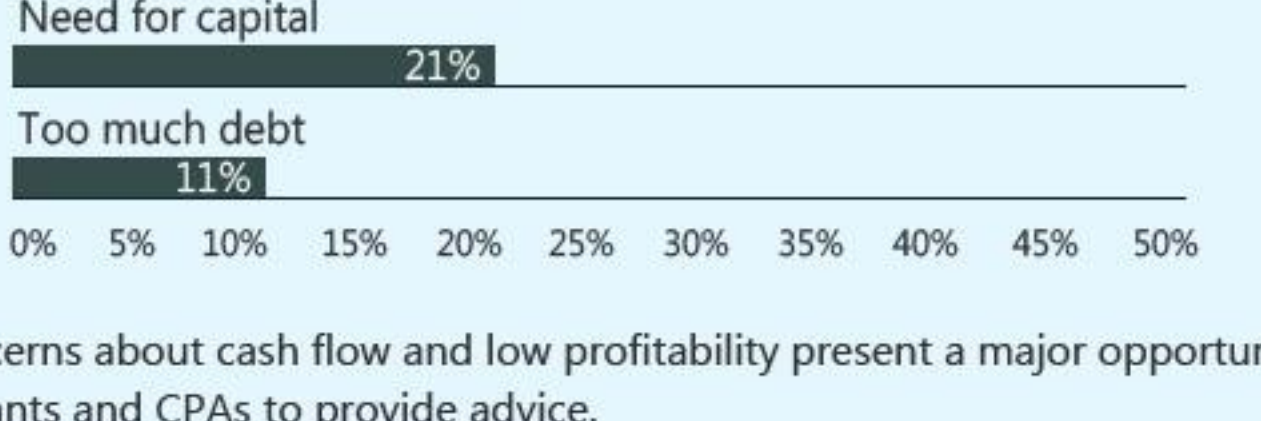
Many small businesses are mostly interested in the same traditional services they are buying now. However, it's worth noting that a large percentage of high-affinity businesses are interested in tax services (84%) that are presently buying them (68%), and even low-affinity businesses sense a need for these services in 2019 as the concerns about the Tax Cuts and Jobs Act rise.

### 7. What financial challenges have you faced in the last 12 months?



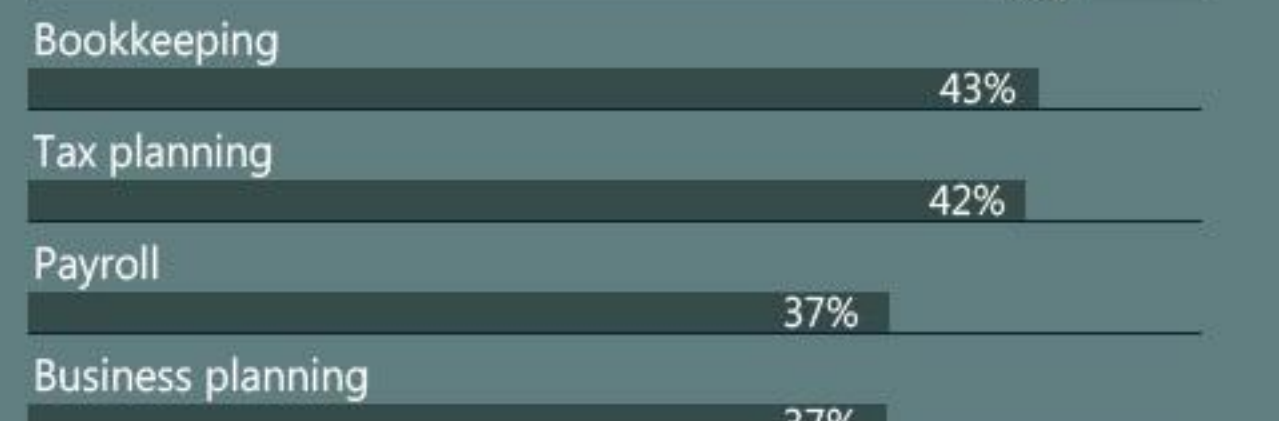
The concerns about cash flow and low profitability present a major opportunity for accountants and CPAs to provide advice.

### 8. What are the obstacles in your success?



An accountant should help small businesses with their business growth and improving their cash flow.

### 9. How has your profit changed over the past 12 months?



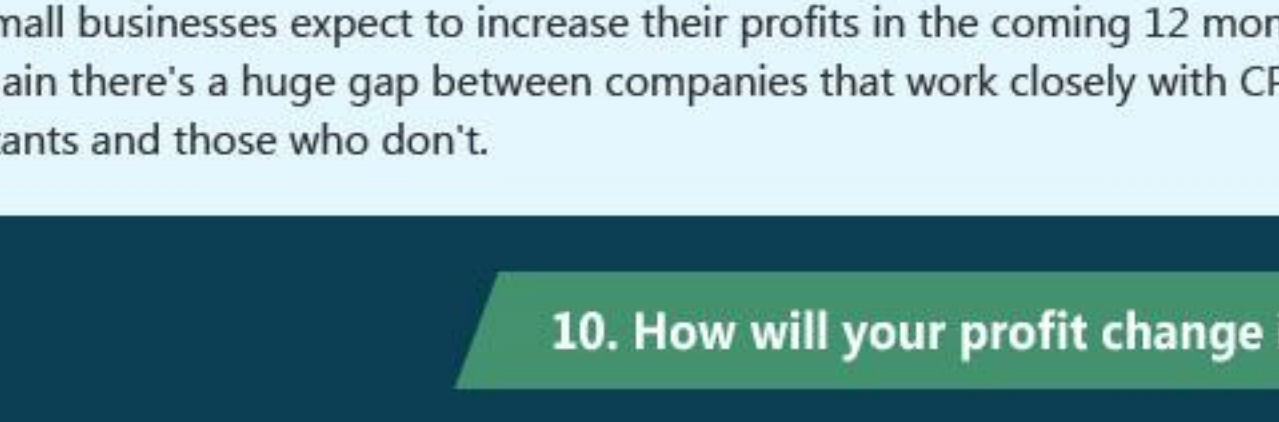
Many small businesses expect to increase their profits in the coming 12 months, and once again there's a huge gap between companies that work closely with CPAs and accountants and those who don't.

### 10. How will your profit change in 2019?



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### 11. How has your revenue changed in 2018?



Revenues followed a similar pattern to profits in the past 12 months, with an even larger spread between high-affinity small businesses and low-affinity ones.

### 12. How will your revenues change in 2019?



Interestingly, small businesses are less confident about growing their revenues in the next 12 months.

This survey ends with the fact that they're doing very well - and that those who work with accountants are, overall, very satisfied with them in comparison with the ones who don't.

## REFERENCE

ACCOUNTINGTODAY

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