

Accountants Affinity Report

CONSTRUCTION

Affinity score*

1.05

CONSTRUCTION COMPANIES TAKE ADVANTAGE OF HOT MARKET

Key support from accounting services is an essential element of their success

Construction industry businesses are constantly under pressure to stay up to date with the latest and greatest. As such, they have had to keep up with a variety of trends, such as green design, modular building and the use of drones.¹

The good news: By staying on top of these trends, construction businesses can take advantage of what has become a booming market. Indeed, the Bureau of Labor Statistics and a report from Timetric's Construction Intelligence Center (CIC) project that the construction industry will be one of the fastest growing industries into 2020.²

Construction companies have already benefitted from this market strength. 70% of firms participating in the Small Business Accounting Insights Survey conducted by SourceMedia Research/Accounting Today report increased profit in the past 12-month period, compared to just 55% of businesses overall. What's more, 60% expect to experience increased profit once again in the next 12 months, according to the construction industry leaders, who participated in the study.

That's not to say that construction companies aren't running into some obstacles. In fact, 40% reported experiencing cash flow problems, 21% the need for capital and 17% the loss of a major client during the past 12 months.

Construction companies are working with accountants to meet their business challenges. The construction industry earned a 1.05 on the accounting affinity scale, a measure of how likely businesses within an industry are to use accounting services, slightly above the industry average score of 1.00. The top three services of certified public accountants (CPAs) or accounting firms utilized by construction companies are tax

FIGURE 1

Most Important Features/Capabilities of a CPA or Accounting Firm



Source: SourceMedia Research/Accounting Today, October 2018

services (71%), bookkeeping (54%) and tax planning (46%).

Satisfaction is high, with companies overwhelmingly happy with these services. None of the construction industry survey participants reported that they are "very likely" to switch to another CPA or accounting firm in 2019 and only 7% are somewhat likely to switch from their existing provider.

Construction leaders also identified the following capabilities or features of a CPA or accounting firm as very important: acts as a trusted advisor to me (82%); is affordable (82%); understands my business or industry (82%); and communicates with non-accountants (76%) (see Figure 1).

*A measure of how likely businesses within an industry are to use accounting services — average score is 1.00.

When asked what they wanted their CPA or accounting firm specifically to do, survey participants' responses include:

- "Complete our taxes and remember to send all the necessary forms to the IRS."
- "Plan for future tax consequences."
- "Track profit trends yearly."
- "Check our bottom-line constantly."
- "Consult on tax questions, and guide overall capital, HR and employee strategy."
- "Judge my business status and plan accordingly for my future plans."

In summary, construction companies are riding the waves of a strong market and already use a significant number of accounting services. CPAs and accounting firms can nurture their business relationships with them by focusing on offering the services and capabilities the industry values most.

Methodology

In September/October of 2018, SourceMedia Research/Accounting Today conducted an online survey of 1,014 small business owners/managers across different industries. For this study, small businesses were defined as those with less than 50 employees.

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References

¹ The Balance. Top 8 Construction Trends in 2018. <https://www.thebalancesmb.com/top-construction-industry-trends-4125856>

² Tradesman International. Construction Industry: Projected Growth into 2020. <https://www.tradesmeninternational.com/construction-technology/construction-industry-growth-predictions/>