

## The 2019 Top 100 Firms: Overview

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Don't call it a comeback: After posting their lowest non-recessionary growth rate in the past 20 years in 2017, the [Top 100 Firms](#) had a better 2018, posting an overall revenue increase of 7.18 percent. But while that's certainly better than the previous year's 6.33 percent, it's not yet back to the 8-9 percent growth that they had averaged from 2011 to 2016.

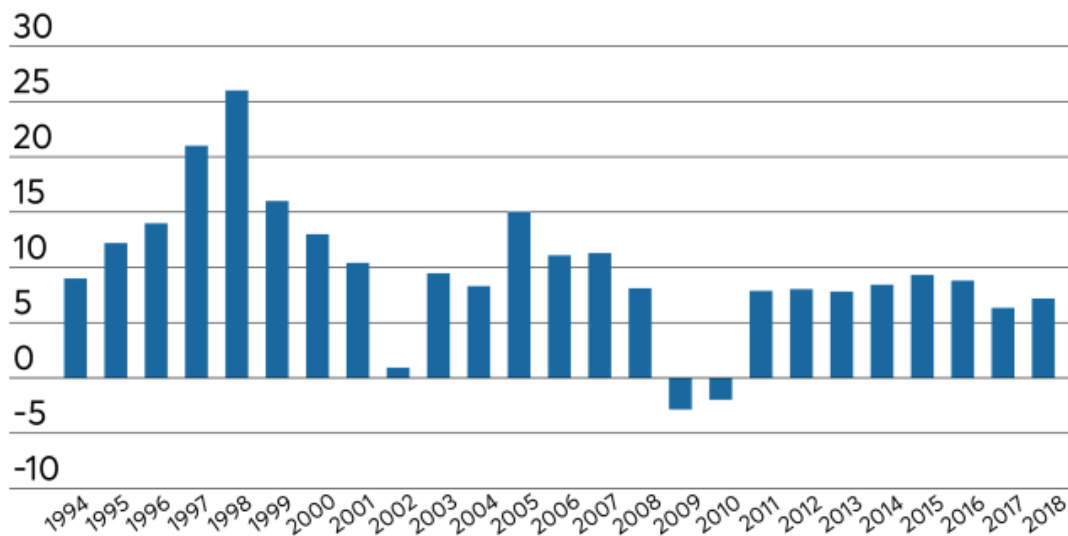
As always, it's worth noting the outsized influence of the Top 7 firms — those with over a billion dollars in revenue. Their revenues were up by billions of dollars, but in percentage terms, the increase was 6.56 percent. That's perfectly respectable, but it swamps the higher growth rates of smaller firms: The 41 firms that earned between \$100 million and \$1 billion, for instance, grew by 9.77 percent, while the 52 Top 100 Firms with revenue below \$100 million saw double-digit growth of 10.22 percent.

While revenues grew faster, overall employment didn't — the T100 expanded their staff by 4.2 percent in 2018, against 2017's 4.8 percent, and 11 firms reported shrinking headcounts. Similarly, 20 firms reported shrinking partner numbers, and six were flat.

We've noted in previous reports that the profession's perennial staff crunch has forced the Top 100 to learn to do more with less, and they've certainly done that, with 38 reporting revenue growth above 10 percent in 2018, and 10 growing by more than 20 percent (against 25 and eight, respectively, in 2017). That said, only one firm made a significant jump up the ranks — California's NKSFB, which had the highest growth rate of any firm in both the Top 100 and the Regional Leaders rankings. Nonetheless, four new firms managed to join the T100: California's Gurse | Schneider, Nebraska's Lutz, Washington's Clark Nuber, and Virginia's Brown, Edwards & Co., and while they certainly earned the spots on their own, we should point out that those spots were only open thanks to some extensive M&A within the Top 100. Past T100 Firms Raffa, Schenck, RGL Forensics and EKS&H were all snapped up in 2018, clearing some space for the rising stars — and by June there will be another spot open, when Montgomery Coscia Greulich combines with Baker Tilly. (See [Practice Insights](#).)

# In the right direction

Overall revenue growth of the Top 100 Firms, in %



Source: Accounting Today 2019 Top 100 Firms Survey

There's no reason not to expect that sort of merger activity to continue: The Top 100 reported 134 mergers over the past year, up from 120 the year before. And M&A remains one of their top growth strategies — though not the only one. In fact, in 2019 they're aiming to take a more holistic approach to growth, employing a number of strategies, rather than just focusing on one or two. Beyond mergers, they're looking at enhancing their marketing, developing their talent, expanding geographically, improving their technology skills, and, perhaps most important, moving up into more value-added advisory services while also diving deep into specialization. (See [Growth Strategies](#);) )

Specialty services and niche clients were very important this year, with firms reporting growth across a wide range of them — though a few did stand out as areas of particular focus, including technology and IT security services, client accounting services, blockchain services, and the cannabis industry. (See ["New niches, strong clients."](#)) The pursuit of deep expertise and specialization also plays a major role in a quiet revolution going on in firm M&A: the number of T100 mergers that don't involve another CPA firm. Though starting from a small base, tech companies, software developers, boutique consultants and more are coming to make up a significant portion of M&A targets.

## Beyond the top 100

This year's threshold for joining the T100 didn't rise much — at \$41 million, it was up \$700,000 from \$40.3 last year (which was up \$2.6 million from the previous year). There are plenty of strong firms eyeing that threshold; as it has for the past few years, our Ones to Watch list (see below) is brimming with strong firms. Similarly bubbling are our Regional Leaders, where seven out of 10 regions reported higher average firm growth rates, two were flat, and only one region declined. (See the [Regional Leaders Overview](#).)

Taken all in all, 2018 was a strong year for the Top 100 Firms and the Regional Leaders. They're not fully recovered from 2017's dip — but they're working on it, and the results are starting to show.