

Battling the Big Four

By Alex Walsh | Tampa Bay Editor - Thursday, February 25, 2010

It may not be very efficient, and it's hardly ever productive, but even increased regulation can spur certain industries.

Take the Sarbanes-Oxley Act of 2002. The federal government's response to troubles at Enron, Tyco, WorldCom gave American businesses a time-consuming and expensive headache. But it gave accountants across the nation a wave of new work.

For Peter Armstrong, it was an opportunity for change.

At that time, Armstrong had spent 14 years with KPMG, one of the so-called "Big Four" professional services firms. He'd reached partner, and enjoyed his career.

But changes within the company, like an apparent shift in focus away from the consulting practice, caused him to wonder about what he might be able to accomplish on his own.

So in 2005, after having worked in Tampa for six years under the KPMG name, Armstrong left the company to start his own business, gathering a team of eight accounting professionals.

The plan found early success. Armstrong says the local market "responded very quickly," and even a few of Tampa's largest companies soon signed on with the young company.

Today, the company, Sunera, is headquartered on Tampa's Harbor Island and has 70 employees with offices in 12 cities. And the company is preparing for real growth.

Having worked a significant number of years within the industry, Armstrong knows all too well what he's up against when trying to take work from the Big Four accounting firms.

In fact, his ability to recognize the larger firms' weaknesses drove his decision to break off from the corporate giants and gives him insight on how to compete with them.

In addition to noticing a change in project preference, Sunera's co-founder saw "a lack of competitiveness" in price point.

To that end, the way Armstrong explains his company's experiences makes Sunera's ability to compete on price seem almost unavoidable.

At KPMG, employees spent hours addressing the potential for a conflict of interest with past clients before taking on new work. And corporate hierarchies held back project start-ups with an abundance of required approvals.

If you consider time to be more or less equal to money (and in the world of billable hours, you must), then clearly Sunera's ability to start on a project within days gives them an advantage.

In fact, Armstrong says his company's general and administrative expenses amount to roughly 10% to 12% of

their annual revenues, less than half of what the Big Four might spend on a relative basis.

And keeping costs low might impact the company beyond just the bottom line. It might also help Sunera's appeal to smaller firms, giving them a leg up in a niche market.

The company's low cost approach has been successful thus far, as demonstrated by two years of substantial revenue growth — 100% in 2006, and 35% in 2007 — followed by two relatively flat years during a down market.

Armstrong did not disclose specific revenues.

For 2010, he expects Sunera's business to increase by 50%, propelled by organic growth as well as acquisitions — one of which was completed just this month, with another slated for the second quarter of this year.

The company has not used outside capital to grow thus far, and will not change that strategy in the foreseeable future. That forces Sunera to grow at a relatively conservative pace. "We open slowly," Armstrong says.

But that has not stopped the growth. Indeed, the company has nine offices in the United States — in Atlanta, Boston, Dallas, Miami, New York, Orlando, Phoenix, Raleigh, and Tampa — along with three locations in Canada — in Calgary, Toronto, and Vancouver.

But before adding to that list, Sunera will need to identify an excellent fit. And the key ingredient for that? The right guy for the top job.

"We can be very successful if we find the right person to head up a practice," says Armstrong.

To find that practice head, Sunera searches for one of two types of people: industry veterans considering early retirement, or young professionals who have demonstrated success early in their careers. According to Armstrong, "A successful person shows career growth," regardless of age. The company doesn't just want experienced people — it wants people who have shown growth during their experience.

While Sunera continues to target quality hires to help it expand geographically, Armstrong says Tampa has been a great place to start his business. One reason why has been a receptive customer base. "It's very willing to listen."

Tampa business owners are not only good listeners, but good talkers, too. When you do a good job, "Word gets around quickly," Armstrong has noticed. "As long as you don't screw up, you'll be successful."

Good advice for any business.

— *Alex Walsh*