

Private Equity Will Fail to Alter the Basic Nature of the Accounting Profession

Barry Melancon, the longest-serving CEO in AICPA history, tells CPA Trendlines that it's just as likely the accounting profession will alter private equity.

NEW YORK CITY, NY, UNITED STATES, February 14, 2025 /EINPresswire.com/ -- Despite high-profile takeovers of some CPA firms by private equity, most of the accounting profession will shake off a shakeout, and traditional partnerships will prevail in defining the industry, predicts Barry Melancon, the longest-serving CEO in AICPA history, in a landmark episode of Gear Up for Growth with Jean Caragher of Capstone Marketing.



Barry Melancon, CPA, CGMA, the longest-serving CEO in AICPA history, discusses private equity in accounting.



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In Gear Up for Growth, hosted by

Caragher and published by <u>CPA Trendlines</u> Research, Melancon, who just finished a 30-year term at the AICPA, asserts in a farewell interview that "90 percent of firms in America are likely to remain partnership-like structures over the next 10 years."



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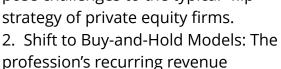
Barry Melancon, CPA, CGMA

His outlook contrasts with fears that private equity investment could overhaul the profession, as it has in other industries. Instead, Melancon views the entry of private equity as a complementary force rather than a disruptive one, capable of introducing new models without displacing the partnership framework that has long underpinned CPA firms.

Private Equity's Role in the Profession

Melancon acknowledges that private equity investment is gaining traction, especially among larger firms, but argues its impact will be nuanced. He identifies three likely outcomes:

1. Not All Ventures Will Succeed: Melancon expects some private equity investments to falter, noting that the complexities of the profession may pose challenges to the typical "flip" strategy of private equity firms.





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business model—rooted in perennial tax and advisory services—makes it attractive for private equity firms to adopt a longer-term investment approach.

3. Profession to Influence Private Equity: Instead of private equity reshaping the profession, Melancon predicts that the unique dynamics of CPA firms will prompt private equity to evolve.

"Private equity firms are already beginning to understand the value of annuity-based services like tax work and advisory," Melancon says. "This will likely lead to a departure from short-term flipping and toward buy-and-hold strategies that align with the profession's long-term value."

Preserving Partnership Models

While private equity will provide new growth opportunities, Melancon is clear that it won't replace the traditional structures that define most of the profession. He points out that most CPA firms—especially small and mid-sized practices—rely on the partnership model to maintain operational flexibility and strong client relationships.

"Firms need to stay relevant and innovative," Melancon emphasizes. "But the overwhelming majority will continue to operate under partnership-like structures because they align with the profession's core values of trust and client service."

Challenges for Smaller Firms

Melancon also issues a cautionary note for small firms, urging them to adopt technology and strategic innovations to keep pace with evolving client expectations. "Small firms must avoid falling behind as their clients grow," he says. "Generational shifts and technological advancements require small firms to be proactive and forward-thinking."

A Balanced Future

Melancon's predictions offer a balanced perspective on the future of the accounting profession. While private equity will play a role, it will coexist with traditional models, reinforcing the profession's stability and adaptability.

As the industry evolves, Melancon's insights serve as a roadmap for firms navigating the complexities of growth, innovation, and client expectations in the years ahead.

Tune in to the entire episode here: https://cpa.click/GUFG-Melancon

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Rick Telberg is a veteran analyst, advisor, commentator, editor, and publisher. He brings a unique background and perspective to research and advisory services for the professional services community. Rick may well be the accounting profession's most widely known commentator through his long associations with the American Institute of Certified Public Accountants, Accounting Today magazine, and today, CPA Trendlines Research.

At Capstone Marketing (https://capstonemarketing.com), Jean Caragher gets things done. With over 35 years of experience working solely with CPAs, Jean knows the challenges and opportunities firms face today. Her experience and knowledge, combined with her practical approach, help growth-focused CPA firms attract the best clients and talent. A well-respected industry specialist, Jean is an inaugural AAM Hall of Fame inductee, a multiple AAM-MAA award winner, and a CPA Practice Advisor Thought Leader. She has twice been named one of Accounting Today's 100 Most Influential People in Accounting.

Gear Up for Growth is a show tailored specifically for public accounting firms with up to 100 team members looking to expand their practices intelligently and efficiently. Hosted by Jean Caragher of Capstone Marketing and powered by Rick Telberg of CPA Trendlines Research, each episode focuses on a topic crucial for accounting firms aiming for smart growth in today's competitive landscape.

Listeners can expect insightful discussions with guests and panelists covering a range of subjects, including marketing and business development, client service and satisfaction, talent recruitment and retention, creating a great place to work, building the learning organization, strategy and execution, and leadership. The show aims to provide actionable insights and practical advice that accounting firm leaders can implement for smart, strategic growth.

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