

## Career Shot: Accounting

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Accountants come in two "varieties":

- those who work **within a company's accounting department** (these individuals may or may not be Certified Public Accountants, or CPAs)
- those who work **for public accounting firms**, whose business is to look at companies from the outside and ensure that their accounting practices are producing accurate information, both for the sake of the company itself and for individual and institutional investors (these individuals generally become CPAs after four or five years working in public accounting -- and passing the CPA exam)

Regardless of which type they are, accountants primarily keep track of things -- often money, but sometimes a company's physical or human assets. For example, a company's **internal accounting** department tracks all the firm's activities, including:

- purchases of office supplies and other assets
- sales of goods and services
- payment of employees
- management of pensions and benefits  
compliance with laws

Thus accounting involves much more than bookkeeping. In fact, **internal accounting** is essential to the profitability of any business. If a company can't account for its labor and raw material costs and its sales at all price levels, it can't figure out which products have generated the most profits, which have lost money, and how the various products should be priced.

**Public accounting** firms work to make sure that client companies accurately account for things such as assets, liabilities, cash flow, compliance with SEC regulations, investments and pension programs. Public accounting services are vital for ensuring that client companies are following the law, making wise acquisition choices, and so forth.

Accounting is especially important in industries that are:

- regulated (for instance, telecommunications, public utilities, etc.)
- characterized by high numbers of financial transactions (such as casinos and personal credit issuers like Visa and MasterCard)
- both regulated and heavily oriented toward financial transactions (e.g., stock brokerage, commercial banking, and investment management)

In certain industries, as well as in any publicly traded company, the law requires firms to accurately report their financial "health" so investors can make informed decisions as to whether to buy or sell stock in that company.

In both internal and public accounting, career paths follow a somewhat typical pattern. In a company's **internal accounting department**, new accountants may start out as auditors (professionals who examine the company's operations and ensure that the firm is following required record-keeping procedures). They would then advance to more senior levels in the financial sector of the firm. They may eventually move into general management within the firm, heading departments, divisions, and even the whole company.

A good entry point into this kind of accounting career would be to join the finance or audit track of a corporation's management-training program immediately upon graduation from college. From there, you would be well positioned to move into roles such as audit director, controller, VP of Finance, or Chief Financial Officer.

In **public accounting** firms, newcomers generally start out auditing client companies and may then advance to:

- audit manager (takes overall responsibility for the thoroughness and accuracy of an audit, managing both his or her audit team and the client relationship during the audit)
- partner (manages the firm's overall relationship with clients, generates new clients, and takes ultimate responsibility for all work done by the firm for clients)

The "Big Four" public accounting firms generally conduct recruiting programs at universities around the globe to acquire top graduating talent. Once in the door, you'll be on a promotion track with members of your "class" the people who started at the firm the same year you did provided that your performance is up to the firm's expectations. This track will lead you from auditor to audit manager to partner.

At some point along the way, you'll need to take the exam to become a CPA (Certified Public Accountant).

There are lots of other firms you can work for that aren't in the "Big Four." Some will recruit on campus; others you'll need to search out. Most of these firms will have either a geographic focus or an industry specialization (or both).