

ADM 3301

Project

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Description of the Firm:

Erik Douglas CPA Brief History: Erik Douglas began business in March 2014 and began to assist small businesses in areas such as: tax, accounting and financial consulting. In the summer of 2015, when Erik Douglas attained his CPA designation, he changed the name of the company to Erik Douglas CPA

His services deal with the following:

Accounting	Taxation
Bookkeeping	Payroll
Month-End/Year End	HST/GST
Payroll	Corporate Taxation
Banking/Credit	Sole Proprietors
Bank Reconciliation	

The current size of the company includes Erik, and two part-time employees. Currently, they are working in a small office inside his home. The market of the firm includes small corporations and sole proprietorships. The firm has experience with construction/agriculture, hospitality, start-ups, high tech and media and design.

SWOT Analysis

Strengths	Opportunities
- CPA designated owner	- Hiring new employees will increase the amount of labour hours as well as increase the ability to take on new clients. (Can lease office space).

<ul style="list-style-type: none"> - 4 years of accounting experience - Low operational costs - High versatility in meeting client needs 	<ul style="list-style-type: none"> - Branching out to different specializations of accounting such as health care, and management consulting. - Career opportunities for those who have a law degree, IT professionals, etc, depending on Mr. Douglas' long term vision for the company.
<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> - Resources are limited in regards to labour hours - No dedicated office space. - Not enough time to train multiple employees to meet additional demand. - Limited experience 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> - The firm has few clients so each has an extremely large impact towards the firms revenues. - Possibility that company may not be able to upgrade to the newest software to complete basic business functions. - Operating out of a residential office shows less professionalism and therefore lowers the appeal for new clients.

Description of the Accounting Industry:

- Firms in the accounting industry provide bookkeeping services, auditing, and payroll processing etc. as seen above in Mr. Douglas' company. The use of technology has greatly impacted the accounting industry as a whole. This industry continuously experiences positive growth through the development of new technology and the continued demand for employees with analytical skills. These changes have lead to many accounting functions being automated. The industry has become more focused on hiring employees that have an eye for detail and for specialists that can create the infrastructure for developing analytical tools. Firms in the accounting industry can range in size from large public firms to smaller more private firms. Industry Canada has listed that 4,345 of individuals employed in this industry are classified as micro employers, which are firms consisting of 1 to 4 employees. Erik Douglas CPA would be classified as a micro employer (Industry Canada).

Porter's Five Forces Analysis of the firm:

1. Substitutes for Services - Consumer base could attempt to keep their own books and remit own taxes but this is viewed as a weak threat due to the huge consequences of tax errors from the CRA.

2. Threat of New Entry - Potentially significant threats due to the relative ease of which one could obtain the required accreditations and a CPA designation.

3. Threat of Suppliers - Softwares like Quickbooks require a monthly subscription and unless the books are done by hand, this is a cost that can not be avoided.

4. Degree of Rivalry - There are many small firms that are targeting the same clientele. It is also sometimes difficult to differentiate one firm from another.

5. Bargaining Power of Buyers - There is a large amount of choice between firms for buyers which, in turn, creates high bargaining power for consumers.

After extensive analysis and discussion with the owner of the firm, Erik Douglas, the problem we identified and intend to analyze and solve is: how to effectively grow the firm in an efficient and profitable manner while utilizing all resources to their fullest capacity. We ensure that with the help of our consultants, Mr. Douglas will receive effective guidance in growing his firm.