

Accountants Affinity Report

MANUFACTURING/TRANSPORTATION

Affinity score*

1.28

SMALL MANUFACTURING/TRANSPORTATION BUSINESSES LOOK FOR SUCCESS IN BIG MARKETS

With revenue on the rise, accounting services are poised to help growth

Manufacturing and transportation are big businesses. Manufacturing, a \$2.33 trillion market in 2018, drove 11.6% of U.S. economic output, according to the Bureau of Economic Analysis.¹ Transportation and the logistics market (by transport infrastructures, including road, waterway, rail and air) was valued at \$8.1 trillion in 2015 and is expected to hit \$15.5 trillion by 2023, according to a report from Transparency Market Research.²

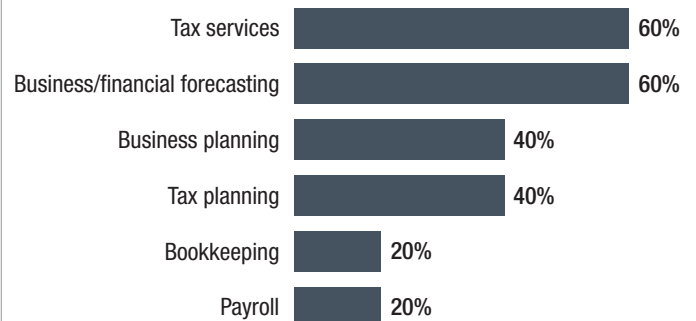
Small manufacturing/transportation businesses are looking to take advantage of the opportunities inherent in these substantial markets. 79% of the manufacturing/transportation businesses that took part in the Small Business Accounting Insights Survey conducted by SourceMedia Research/Accounting Today expect revenues to increase in 2019, while 89% expect profits to increase.

But to get their piece of the manufacturing/transportation industry pie, these small businesses need to work hard. In the past year, small manufacturing/transportation businesses wrestled with a variety of challenges, including cash flow problems (40%), low profitability (28%) and loss of a major client (26%).

Confronted with both opportunities and obstacles, manufacturing/transportation companies recognize the value of certified public accountants (CPAs) and accounting firms. These businesses earned a 1.28 affinity score, which measures how likely businesses within an industry are to use accounting services, compared to a 1.00 score across all industries. The opportunity score, which is an indicator of the likelihood of manufacturing/transportation businesses to contract with accountants for new services in the next year, stands at 0.87.

FIGURE 1

Accounting Services that Manufacturing/Transportation Businesses Are Likely to Use in 2019



Source: SourceMedia Research/Accounting Today, October 2018

Building on key support

Looking at 2019, manufacturing/transportation businesses are most likely to tap into CPAs and accounting firms for tax services (60%), business/financial forecasting (60%), business planning (40%) and tax planning (40%) (see Figure 1).

Of the top attributes that manufacturing/transportation companies look for in an accountant to help move their businesses forward, 78% of survey participants say one who understands their business, 77% one who can act as a trusted advisor and 72% one who is responsive to their needs (see Figure 2).

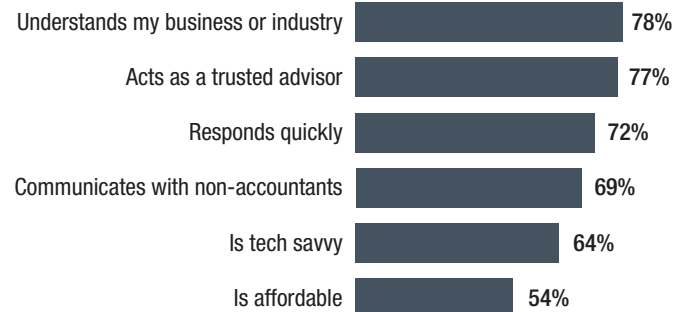
*A measure of how likely businesses within an industry are to use accounting services — average score is 1.00.

Individual survey participants commented specifically that they want an accountant who can:

- “Handle the financial growth projections as well as the tax information at year end. Having statistical information that will help my business expand, however, is the biggest help.”
- “Maintain a better log of where money goes and assure everyone gets paid correctly and on time. Also, keep better books in case of an audit or some reason they might be needed.”
- “Help us with our goals of staying on budget and meeting deadlines for regulated expenses.”
- “Inform us about any new changes in tax codes and make us aware of our spending versus earning.”
- “Notify us about new laws and anything that can affect our business in a negative manner.”
- “Keep us from being audited.”
- “Stay up to date with tax laws and minimize taxes paid.”
- “Find all the places I can save money.”
- “Have specifics to my business and the kind of tax information I need to stay successful.”

FIGURE 2

Most Important Features/Capabilities of a CPA or Accounting Firm



Source: SourceMedia Research/Accounting Today, October 2018

By working to understand the needs of small manufacturing/transportation businesses, CPAs and accounting firms can position themselves to help these companies make the most of the opportunities available to them in large markets.

Methodology

In September/October of 2018, SourceMedia Research/Accounting Today conducted an online survey of 1,014 small business owners/managers across different industries. For this study, small businesses were defined as those with less than 50 employees.

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References

¹ Amadeo, K. US Manufacturing, Statistics, and Outlook. The Balance. <https://www.thebalance.com/u-s-manufacturing-what-it-is-statistics-and-outlook-3305575>

² Press Release. Global Logistics Market to Reach US\$15.5 Trillion by 2023; Research Report Published by Transparency Market Research. <https://www.prnewswire.com/news-releases/global-logistics-market-to-reach-us155-trillion-by-2023-research-report-published-by-transparency-market-research-597595561.html>