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Ready-Made Skills, Technology And Strong Culture Add Up To Sizzling Growth At IPA Top 100 HORNE



Joey Havens

In the wake of Hurricane Katrina in 2005, the state of Mississippi tapped Ridgeland-based **HORNE** to oversee the complexities of providing assistance to the state's devastated residents and business owners.

Winning that contract, it turned out, was the beginning of the IPA 100 firm's government services division, its specialized knowledge in disaster relief and its strong skills in administering massive projects. While the COVID-19 pandemic is a different kind of disaster, the project management skills it has demanded are much the same, and it's one of the reasons for **HORNE**'s enviable 59% increase in organic growth last year.

While many firms profited by offering PPP/CARES Act services – including **HORNE**, which conducted \$22 million in COVID-related business alone – the firm grew more than \$30 million in several focus areas across the firm. MP **Joey Havens** spoke with IPA about how that performance came about, why culture and client experience has everything to do with it, how 2020 business can become sustainable business, and what may be coming next for the firm and the profession.

BIG PROJECTS WITH A BIG IMPACT: Havens says helping clients with applications and forgiveness for PPP loans was only one part of the COVID services the **HORNE** team offered.

The firm's largest revenue driver in the COVID arena was administering the CARES Act at the state level. That meant implementing all aspects of the law in several cases, working with individual state agencies in other cases, or administering parts of the CARES Act requirements in others. In addition, **HORNE** set up call centers for various projects like unemployment claims and developed a contact tracing process in another.



HORNE also performed the back-office work to help banks process PPP loans, and the firm's health care team is helping hospitals optimize COVID reimbursement, a service that has evolved into a new

ongoing line of business. The firm has worked closely with other CPA firms and hospital associations to provide the needed expertise for COVID funding. “Whenever there are regulations with funding, there’s work to be done,” Havens says.

In addition, the firm in 2020 saw almost 20% growth in franchise services, 25% in construction and 12% in its high-net-worth practice. Some of this growth is also related to the pandemic, as clients had changing needs and faced uncertainty. The U.S. home-building industry was projecting 3% nationwide growth in single-family houses, for example, but saw a 10% gain, according to the **National Association of Home Builders**. In franchises, drive-through lanes and delivery took the place of sit-down dining. Domino’s Pizza franchises, a significant market segment for HORNE, saw 11.5% growth in U.S. same-store sales, the company says.

Other factors contributing to HORNE’s 2020 growth were technology and scalability. The firm made heavy investments in IT between 2017 and 2019, absorbing a significant hit to earnings but eventually enjoying an immense payoff. The firm also ramps up and down quickly based on project size. Of its 1,800 full-time team members, 400 are temporary employees or independent contractors working on specific projects. “In 10 days, we can put 100 qualified people on a project,” Havens says.

THE “WISE FIRM” POWERS IT ALL: Undergirding everything is a strong culture HORNE refers to as the **Wise Firm**, based on the biblical parable of a wise man who built his house on a strong foundation and weathered great storms. (Havens says that to honor God is one of the core values of the firm and that they regularly acknowledge His blessings, including their recent growth.)

**“The accounting profession is struggling in developing and delivering value outside of accounting and tax.” –
Joey Havens**

In 2015, the HORNE team identified lack of flexibility as the No. 1 threat to the profession as it relates to recruiting, retention and a more balanced integration of work life and private life. The firm responded. “When you roll all that forward to when the pandemic hit in 2020, we had a strong sense of belonging, our culture was incredible, we had flexibility in remote work significantly ingrained into our culture, and so it was a matter then of hitting a switch.”

In a broad sense, Havens and the team set out five years ago to put the old HORNE out of business and create a new model for what an accounting firm can be – as a diverse professional services firm

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with a CPA cornerstone. “The accounting profession is struggling in developing and delivering value outside of accounting and tax – the accounting box. Not only do clients put us in the accounting box, but we put ourselves in there.”

HORNE plans for volatility in the top line. Core revenues will be there, Havens believes, because firm professionals have the skills to meet the changing needs of the marketplace. By implementing a business model that rewards risk-taking, the firm is able to access or generate the capital that leads to higher growth and higher profitability than traditional business models, he says. The firm is highly leveraged as owners compared to the norm for CPA firms of similar size.

Havens says the firm focuses more on being relevant, building relationships and getting results for clients than on deadlines and hourly-driven business. The team doesn’t take recurring business for granted because today, there’s risk every day of losing that business. Even in strong audit relationships with multi-year engagement letters, one bad experience will send the client looking elsewhere, he says. Even audit committees change auditors in a quest for more independence or some new quality initiative. Havens summarizes: “Today, client experience is the No. 1 driver for recurring business, regardless of the service.”

A CLIENT EXPERIENCE BUSINESS MODEL: HORNE has renewed its efforts to redefine its client experience, believing that putting it at the center of the business model translates not only to sustainable business but exponential growth.

In 2020, for example, on first-time projects, HORNE is intentionally making strong connections with those they served in health care, banking, franchises, and small and medium-sized businesses. Firm members have built personal relationships with CFOs and other C-suite executives.



Now state governments are asking for additional services, which circles back to Katrina. “We made a lot of mistakes on our first big project,” Havens says. “We learned a lot of life lessons, but we took a risk and started a journey to make project management a business within HORNE.” Government services is now the fastest-growing part of the firm, doubling in size in 2020. Since Katrina, HORNE has served agencies in at least eight states, Puerto Rico and the Virgin Islands.

He predicts 2021 will bring a 20% increase in organic growth. The firm is actively looking for an IT company to acquire this year as well, which will provide yet another boost to overall growth.

OPPORTUNITIES FOR THE PROFESSION: Project management provides an opening for the profession to meet a huge need, Havens believes. Businesses and government agencies are increasingly looking to outsource work to complete their projects.

“Our profession has the people, skills, analytical ability and technology to address the changing needs in the marketplace, which is more advisory and project management,” Havens says. “CPAs can be more effective than some of these outside professional service firms that are winning this work, and I really hope our profession turns its eyes to more of these opportunities.”

Havens hopes firm leaders can create their own vision of a new kind of accounting firm to keep the profession strong. He points to author and popular TED Talk speaker **Simon Sinek**, who says if you don’t disrupt yourself, someone else will do it for you. “COVID helped push us forward, but we still favor incremental change, which is very risky,” Havens says. “There’s not enough disruption going on.” ■ **IPA**

