Accounting for rapid Florida growth

Tony Argiz, managing partner of Morrison, Brown, Argiz & Farra, pushed the accounting firm to No. 1 in revenue among Florida-based firms last year. But he’s not stopping to catch his breath.

Argiz, who came to the United States from Cuba at age 9 through the Catholic Church’s Pedro Pan program, is a hardworking, serious man with an understated manner. He sat down to talk about his firm and profession after returning from a grueling business trip to Minneapolis to see a hedge-fund client that left him getting by on only three and a half hours of sleep.

Q: What big challenges do you face as an accounting firm?
A: Today you have to be so careful to maintain independence. They want you to be free of all influence. You have to wear the hat of an umpire and call it as you see it. It’s difficult, because they’re paying you.

It goes beyond separating auditing and consulting. If you have a client who is constantly asking you information and on top of that their CFO and people are not competent enough to carry on their accounting as they should be, it gets to the point under the new rules, you — the CPA — can’t do an audit anymore.

If the tax planning is such that the client is wholly dependent on you, it’s difficult to turn around and audit your own tax advice.

Another issue is cost. There hasn’t been an adequate number of graduates in accounting. Starting salaries and raises have increased. This has to be passed on to the client. That’s spiraling audit costs.

It’s twofold. There’s a lack of supply of accountants and the amount of auditing required has gone up with Enron and Worldcom. Audit costs have easily gone up 15 percent to 20 percent a year.

Q: But the image of the accounting profession suddenly has become cool. Isn’t that helping?
A: Definitely. Worldcom and Enron are reasons that colleges are getting a lot more students interested in accounting. If you look at accounting students, the numbers of students — freshman, sophomores and juniors — are greater. But there’s such a gap in supply, it will take years to catch up with demand.

You can’t make accounting really exciting unless you really like numbers and problem solving. But accounting has become the go-to profession for college students. We still need a CPA involved on the show Desperate Housewives.

Now at least people have a better idea of what we do. This is an excellent profession with an amazing future. I’m still hoping my 14-year-old will get into it.

Recruitment and retention are critical. I try to call or e-mail every employee on their birthday. They’re our number one asset. It’s very different than when I got started. Today the employee controls the situation.

Q: Morrison Brown has an office with employees in Gujarat, India. How is that venture working out, and how does it fit in with your overall growth?
A: It’s working well. We started in October 2005 and the first tax season was 2006 for the 2005 returns. This year, we’ve really improved a lot. We do a lot of forensic type of work and audits, and it’s very time consuming. We’re trying to do that work through our India office.

We have 15 people there. Five of those people deal with our computer-information services. We’re handling all the support for the software out of India. Ten people deal with tax and accounting and audit. We’ll probably triple the number of people in the next two years. Maybe go to 30 next year and then 45 the year after that.

Q: What is your strategy for the office going forward? Will niche growth still be the key?
A: We have 245 people altogether. My goal is to exceed $50 million in revenue, probably within the next 12 months, and eventually to take it to $100 million and cover Florida. We had $37.5 million for 2006, and we’ll exceed $43 million or $44 million for the fiscal year ending in June. Of all the firms headed in Florida, we’re the largest.

We’ve focused on specialties — auto dealerships, community banks, broker dealers. Also, litigation support services and computer consulting services. We’re also grown by hiring lateral partners from other firms and geographically. We’re opening a new office in Orlando. We’ve had West Palm Beach targeted. We need to be in the north part of South Florida. As we grow there is amazing opportunity in southwest Florida.

Q: What prospects do you see for Cuba opening up and for U.S. investment?
A: It’s going to be a great investment opportunity, at least I hope in my lifetime. I’m not saying the next 12 to 24 months, but maybe the next five to seven years. We’ve seen all the complications. Fidel had. Obviously, it’s going to be coming.

As an exile, I don’t want to negotiate with Raúl. Raúl shot as many people as Fidel. I don’t want to say Cuba was perfect before the revolution. But I still remember — I must have been 7 years old when they confiscated my dad’s business. He had worked his whole life for it. To see that, it hurt. I was without my parents for five years [because of fleeing Cuba in the Pedro Pan program], I didn’t see my sister or brother for a period of time.

It’s tough to look at Raúl and say we’re going to negotiate with him. It does appear he wants to have a Chinese-style government with the economy free but with political repression. But Cuba is not like China. It’s less than an hour away.

People still have a lot of feeling against that regime. If Raúl should stay less than two or three years, I think the whole exile community would be open to deal with someone who hasn’t been involved with the killing and some of the things of the Cubans of the late 50s and early 60s.

If that power change comes about, I think Cuba has tremendous opportunity. As an agricultural economy there is no opportunity. Cuba still has the cigar business. It’s a population with some intelligent workers. And the tourism opportunity is big, as close as it is to Miami.