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Building A Super Niche From The Ground Up At CapinCrouse

Accounting firm mission statements often sound the same. They contain words like timely, proactive, innovative and independent. They reflect a commitment to excellent client service. They can be so similar that they're interchangeable.

By contrast, **CapinCrouse** exists to serve organizations whose “outcomes are measured in lives changed.” Period. That means churches, international outreach organizations, Christian schools, seminaries and more.

The firm's purpose was born from the passion of **Richard Capin**, who started the firm in 1972 after 10 years of missionary work in Korea. Observing seminary-trained missionary leaders burdened by finance and accounting duties, Capin saw a need.

He planned to close his accounting business after five years and return to the field, but the demand was too great. The firm has evolved and expanded its scope, but its mission is unchanged. Greenwood, Ind.-based **CapinCrouse** (FY17 net revenue of \$21.4 million) is now an IPA 200 firm with 15 offices, 24 partners, 160 associates, serving more than 1,500 nonprofits.

CapinCrouse offers a striking example of specialization and differentiation. The firm, started by a man with a single mission, is an object lesson in how to develop a successful niche from the ground up.



Richard Capin

When the firm began, Christian ministries and other nonprofits had zero guidance on how to comply with government regulations, maintain internal controls or ensure proper financial reporting to satisfy donors. In the late 1970s, the firm got involved in a national conversation on how to provide greater transparency and accountability. At that time, cases of financial wrongdoing among nonprofits drew congressional attention, proposals to regulate nonprofits and a challenge for church organizations to police themselves.

That's when Capin helped start the Evangelical Council for Financial Accountability to provide established standards and accreditation for Christian nonprofits. He and partner **C.E. Crouse** helped develop the first written guidelines and financial best practices for this group.

When Capin’s son Gregg joined the firm in 1979, many CPA firms viewed serving nonprofits as pro bono work. It wasn’t until the late ’80s and early ’90s that regional firms and the Big 4 saw nonprofits as a viable service line, **Gregg Capin** says.

Growth has been primarily organic, Gregg Capin says, but the firm acquired **Traina & Associates** in 2017 to bring in expertise in IT security risk management. The firm is also undergoing a transition in leadership.

Gregg Capin, chairman and interim CEO, retired as a partner Dec. 31, and attest partner **Fran Brown** took over as MP. Brown, a Boston native who led Grant Thornton’s New England nonprofit/higher education practice, moved

to the firm four years ago to do more hands-on work helping nonprofits improve. The fact that CapinCrouse has only one focus was a major draw. “It’s not one part of the firm, this is all we do.” There’s no lack in variety at the same time. “The population of organizations out there we can serve by staying in our niche is a lot bigger than any of us can imagine,” Brown says.

The firm has built its leadership and reputation through heavy involvement in the associations that serve nonprofits, multiple AICPA committees, associations for Christian schools and colleges, and task forces of the Financial Accounting Standards Board.



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Brown has some advice for traditional firms interested in developing a specialized practice area. It's much easier, he says, if the firm already has its own experts, the firm is committed to dedicating resources to the practice and the firm is selective about accepting clients. "The hard part is saying no to other opportunities." He says accountants tend to say yes to new work "without always thinking it through." He adds that revenue from other firm practices can be used to invest in niche growth. "At that point, you can sell off the remaining portions to really focus on that one area."

Gregg Capin continues, "I would add that ultimately it's not about marketing or the funding of it, but making the investment in quality, reputation and knowledge of that sector." Word spreads quickly if the firm's reputation is strong. Hiring top-notch, experienced talent builds the reputation further. At the same time, the firm recruits young professionals who are looking for meaningful work that supports their personal views.

Capin says the firm's mission once was a disadvantage on college campuses. He says he would advise graduates to work for a large firm to see if it's a good fit. Some would return after a few years to work at CapinCrouse. Now, many more recruits are initially motivated by their belief in making what Capin calls "a valuable investment in life."

Dick Capin viewed his firm as "ministry through accounting." Now the firm's recruiters flip the script somewhat. They come to campus with this message, says Brown: "Come for the profession, stay for the mission." ■IPA

