



What Recession?

A recent report lists the industries that actually did well in 2008.

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While many American business owners are aching from excruciating losses in 2008, dentists across the country are pain-free when it comes to profits. Dentist offices had the highest net profit margins (16.96 percent) of all privately held companies over the last 12 months, according to research by financial analysis firm Sageworks, Inc.

"Toothaches don't wait for the economy to be good or bad," says Clif Presinger, controller at Neibauer Dental Care, which currently operated 18 offices in Maryland and Virginia. While he says that patients may be skipping the elective procedures, like whitening or veneers, they're still streaming in for fillings, crowns, and tooth repairs.

After dentists offices, rounding out the top five spots on the list were accounting firms, legal services, health practitioners and mining related businesses.

"Despite the fact that economy is slowing, you can see that the companies that provide products and services in 'needed' professions—those products and services that are not discretionary—they are doing well," says Brian Hamilton, CEO of Sageworks. "They provide stuff that people just need," he says.

Those non-discretionary purchases could be things like dentures or, for Cronan Connell's customer base, a product that makes another business more efficient. His Falkville, Ala. based company, Valley Rubber, manufactures wear-resistant rubber products for the mining and construction industries. "It is cost effective for them because it reduces the user's cost per ton," he says, and, especially in tight times, people will pay a premium for efficiency.

While financial worries are a burden for most companies, they're a boon for those in the accounting business. "We've had an outstanding year," Jim Bourdon, president of Massachusetts-based Accounting Management Solutions.

His company, which provides outsourced accounting and financial services to small and large companies, has been aggressively hiring to keep up with 30 percent growth over the past year. Bourdon has no trouble finding clients, but admits it can be tough when the companies he works with can't foot their bills. "They just might not have the resources to pay us," he says, "so things are not all hunky dory."

But they're not so bad, either. On average, businesses related to accounting, tax preparation, bookkeeping and payroll services had an average net profit margin of 15.55 percent in 2008, according to the report.

When the economy does begin to improve, Sageworks predicts that, among those industries that performed the worst this past year, real estate will have the slowest turnaround, while retail will make the fastest recovery.

Is your company more or less profitable than industry averages? Check out the [Inc.-Sageworks profitability report](#) to find out.