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The Big Number

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By John Kester

7.3%: Percentage of companies with market caps of $700 million or more that use smaller audit firms.

It isn't just the Big Four any more. Auditors like Grant Thornton LLP and BDO USA LLP are gaining ground.

More companies with market values of $700 million or more are turning to smaller auditors, according to data from Audit Analytics.

While four firms—Ernst & Young, PricewaterhouseCoopers LLP, Deloitte & Touche LLP, and KPMG LLP—audit 92.3% of those companies, they have lost 2.4 percentage points of market share since 2008.

"Our feeling was that we didn't get the priority that some of [Ernst & Young's] larger clients got," said Philip Franklin, chief financial officer at Littelfuse Inc., an electrical-parts company that switched to Grant Thornton this year. At a smaller audit firm, he said, "We were going to be a very, very important client" and pay less.

Trent Gassaway, national managing partner of audit services for Grant Thornton, said, "As long as the economy continues to improve, then we're going to see this trend [of large companies choosing smaller firms] continue."

A spokesman for Ernst & Young declined to comment.

The trend may show that smaller companies stay loyal to their auditors even as they grow. In addition, certain auditors may have focused their marketing efforts on small-but-growing companies.

John Malone, founding partner at **MaloneBailey LLP**, the No. 7-ranked auditor, said smaller firms have also worked to bridge the quality gap.

Of firms with market capitalization under $700 million, just 4.8% used the Big Four audit firms.