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EXCLUSIVE AOMAR SURVEY

Staffing & Human Resources Are Still Top MAP Issues for CPA Firms

Although some firms expect the recession to ease the need for midlevel staff, human resources and staffing issues remain crucial for the continued success of CPA firms. Those firms that can attract and retain the best talent are the ones that can keep their quality and client service high, as well as continue to build future leadership.

Getting and keeping top talent remains a goal that firms are continuing to work toward, accord-

ing to respondents to AOMAR's 2009 CPA Firm Practice Management Survey.

Staffing challenges continue. The most recent fiscal year has not brought clear solutions to the ongoing challenges of staffing, although more than a third (35.2 percent) of this year's survey respondents indicated that they have no staff shortages at this time (see Exhibits 1 and 2).

Exhibit 1. Staffing Shortages, by Gross Fees

	Overall	Less than \$500K	\$500K to \$1M	\$1M to \$1.99M	\$2M to \$2.99M	\$3M to \$3.99M	\$4M to \$9.99M	\$10M or more
No staff shortages now	35.2%	60.0%	28.6%	35.7%	75.0%	18.2%	16.7%	11.1%
Shortage of entry-level staff	18.7	20.0	42.9	21.4	8.3	18.2	8.3	16.7
Shortage of midlevel (3-5 years) staff	45.1	20.0	57.1	42.9	16.7	45.5	66.7	66.7
Shortage of senior-level (6+ years) staff	44.0	26.7	71.4	28.6	8.3	36.4	75.0	72.2
Shortage of administration/support staff	5.5	6.7	14.3	7.1	8.3	0.0	8.3	0.0

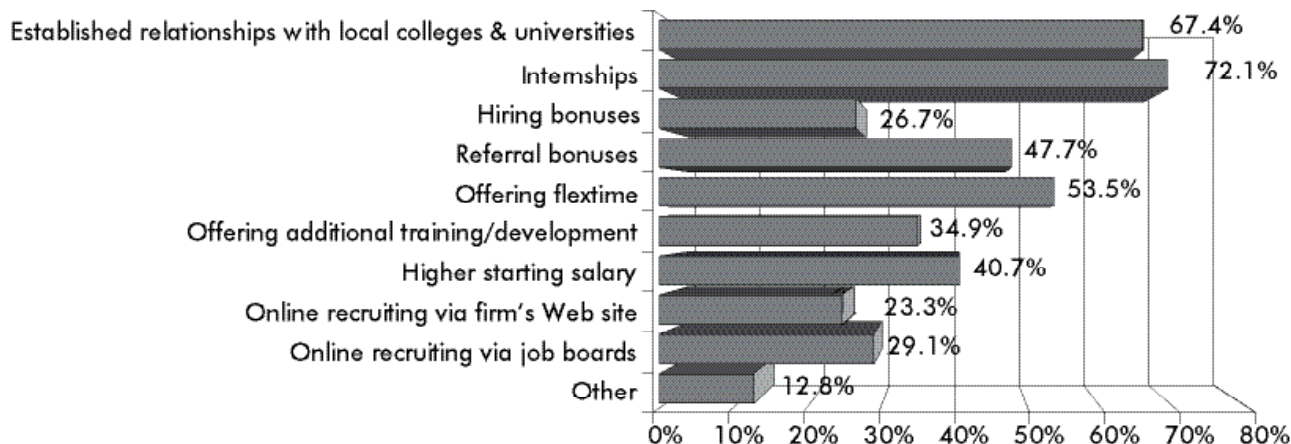
(Source: AOMAR's 2009 CPA Firm Practice Management Survey)

Exhibit 2. Staffing Shortages, by Number of Personnel

	Overall	1 to 5	6 to 10	11 to 15	16 to 25	26 to 50	More than 50
No staff shortages now	35.2%	64.3%	35.7%	33.3%	42.9%	30.8%	11.1%
Shortage of entry-level staff	18.7	7.1	50.0	11.1	19.0	7.7	11.1
Shortage of midlevel (3-5 years) staff	45.1	14.3	35.7	66.7	38.1	46.2	72.2
Shortage of senior-level (6+ years) staff	44.0	28.6	42.9	33.3	19.0	61.5	72.2
Shortage of administration/support staff	5.5	7.1	14.3	0.0	4.8	7.7	0.0

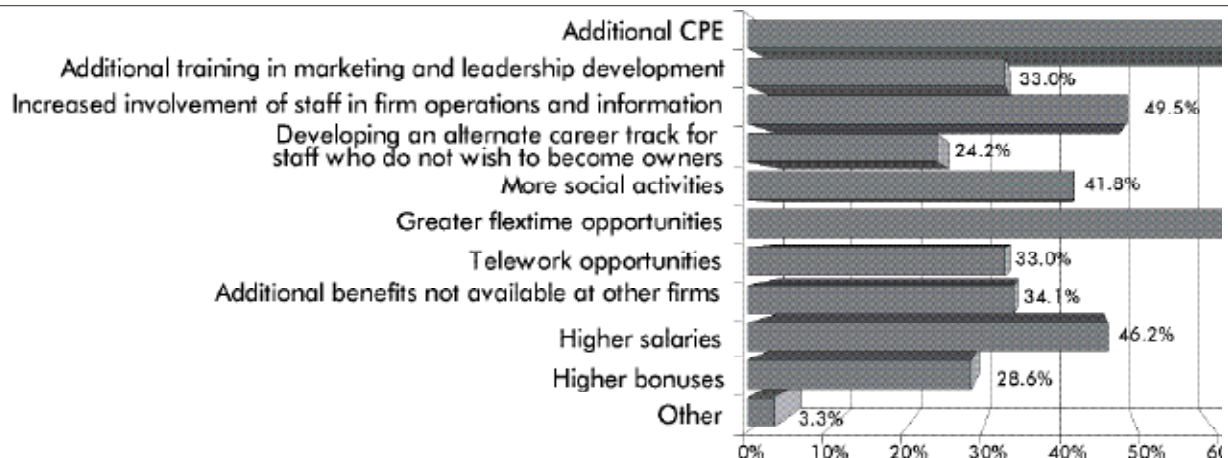
(Source: AOMAR's 2009 CPA Firm Practice Management Survey)

Exhibit 3. Hiring Tactics That Work



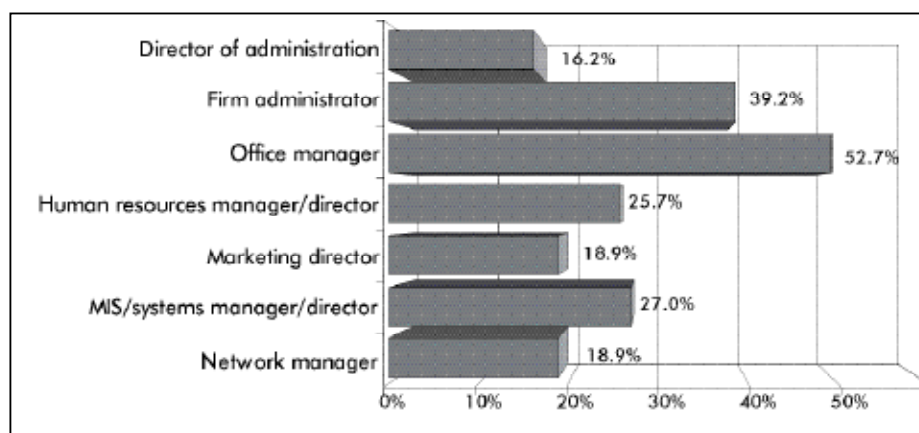
(Source: AOMAR's 2009 CPA Firm Practice Management Survey)

Exhibit 4. Retention Tactics That Work



(Source: AOMAR's 2009 CPA Firm Practice Management Survey)

Exhibit 5. Key Administration Staff Employed at CPA Firms



(Source: AOMAR's 2009 CPA Firm Practice Management Survey)

The greatest need continues to be for mid-level (three to five years' experience) staff, with 45.1 percent of respondents indicating shortages here, followed by shortages of senior-level (six-plus years of experience) staff, indicated by 44.0 percent.

Hiring approaches that work best, according to respondents, include internships (cited by 72.1 percent of respondents), followed by established relationships with local colleges and universities

(67.4 percent), and offering flextime (53.5 percent) (see Exhibit 3).

Flextime is the leading successful retention method cited by respondents, with 71.4 percent indicating this works for their firms (see Exhibit 4). Other leading methods include offering additional CPE (64.8 percent) and increased involvement of staff in firm operations and information (49.5 percent).

When it comes to flexible schedules, more than

Controlling Health Care Costs: How Firms Are Coping

Among the respondents to the 2009 CPA Firm Practice Management Survey, almost a third (32.3 percent) report health care costs are up 6 percent to 10 percent in the current fiscal year. Another 18.3 percent report costs have risen 11 percent to 15 percent (see Exhibit 6).

How firms are coping. The most popular strategies to address rising health care costs include higher deductibles (cited by 37.8 percent of respondents) and shopping for a new health care provider (34.4 percent). Almost a quarter (23.3 percent) of respondents have not yet addressed the issue (see Exhibit 7).

Exhibit 6. Change in Health Care Costs in Most Recent Fiscal Year

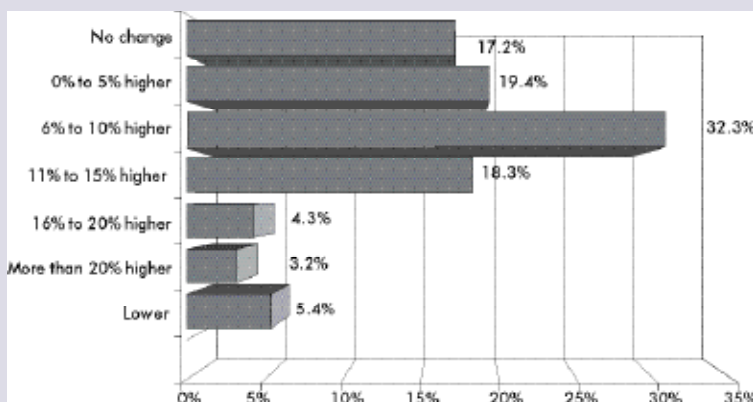
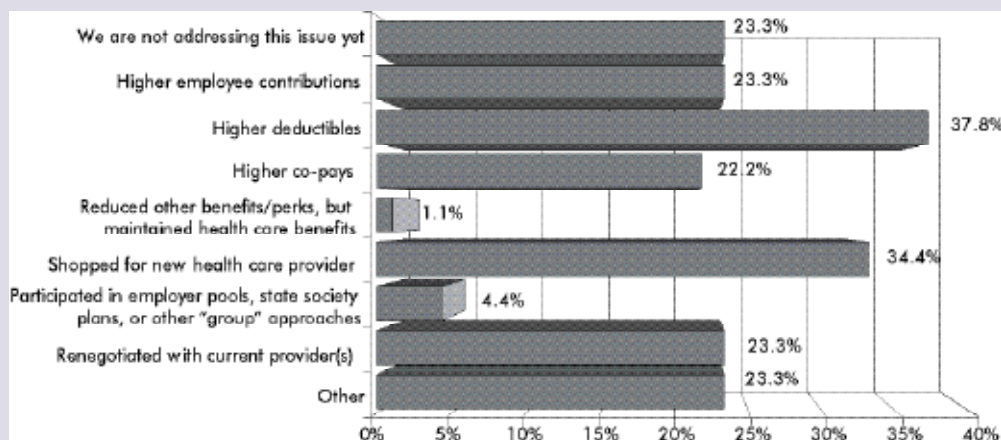


Exhibit 7. How Firms Are Addressing Higher Health Care Costs



(Source: AOMAR's 2009 CPA Firm Practice Management Survey)

half (58.1 percent) of respondents offer them to all at the firms; another third (32.3 percent) provide flexibility to professional staff and partners (in other words, no flex schedules for administration staff). Only 6.5 percent do not offer flex schedules to anyone now.

Telework—a subset of flexibility that permits work off site at locations other than a client site—is also becoming more accepted. It is permitted for professional staff and partners at 48.4 percent of responding firms, and another 23.1 percent said it is permitted for anyone at the firm.

Battling turnover. Both hiring and retention will continue to be important concerns, no matter what happens with the economy. Controlling turnover is still a major staffing goal. According to respondents, the average turnover among all firms is 11.6 percent among professional staff (CPAs and consultants) and 9.4 percent among administration and support staff.

Addressing staffing issues is a theme that emerged in response to our question about the

most useful changes that firms have made this year in staff management. Some strategies that respondents shared with us include:

- “The human resources manager position (started two years ago) performs round tables with the different levels of personnel and by department. The feedback is important for us to address specific issues/concerns presented by personnel. The tax department held a retreat for tax partners and tax managers, and the feedback has been positive. This type of activity opens communication channels and provides networking among peers, focusing on problem solving and initiating new strategies.” —Managing partner, \$13.4 million in gross fees, 105 FTEs (full-time employees)

- “More regular contact (bimonthly) with employee’s advisor and predefined agendas for those contacts give staff more feedback.” —Partner, \$3.7 million in gross fees, 25 FTEs

- “Increased emphasis in one-on-one staff mentoring has helped with consistency in work product.” —President, \$2.3 million, 17 FTEs

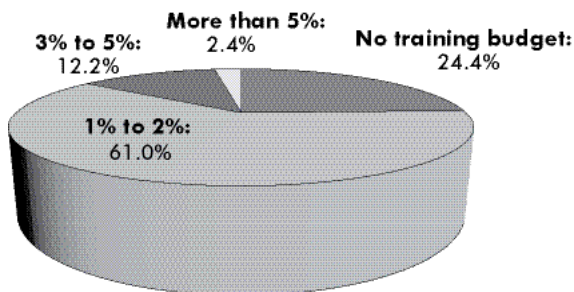
Training: Not Center Stage Yet, but Gaining in Importance

The emphasis that young staff put on training, the need to maximize each and every staff person, the quest for greater efficiencies in a short-staffed world—these are key factors driving an interest in and commitment to training at CPA firms.

Once “just” CPE, training may now encompass in-house “universities” and courses that range far beyond traditional A&A. AOMAR’s 2009 CPA Firm Practice Management Survey explored details about training for the first time in this year’s survey.

Training budgets. Despite the fact that almost a quarter (24.4 percent) of respondents indicated that their firms do not have a budget for training, 61.0 percent of respondents said they are budgeting 1 to 2 percent of net fees for training; another 12.2 percent are spending 3 to 5 percent of net fees, and 2.4 percent are spending more than 5 percent on training (see Exhibit 8).

Exhibit 8. Training Budgets, by Percentage of Net Fees Budgeted



Expenditures are going into CPE (80.4 percent of respondents budget for this), as well as computer/software training (51.1 percent), and marketing and business development (26.1 percent). Only 8.7 percent of responding firms said that training is budgeted only for CPE.

Training methods. Along with training variety comes a range of ways to teach and to learn. Training outside the firm and self-study or online training tied for the most common training methods in use, both cited by 81.7 percent of respondents. A close second: in-house training conducted by partners and/or staff. Distant third and fourth places in the ratings: in-house training by instructors brought in from outside (44.1 percent) and classroom training (43.0 percent).

(Source: AOMAR’s 2009 CPA Firm Practice Management Survey)

- "Hiring an individual whose focus is on scheduling and staff development has improved the results in this area and has created more time for the HR manager and firm administrator to work on other projects." —Firm administrator, \$13.8 million, 88 FTEs

Key administration staff employed at CPA firms. Among this year's respondents, 39.2 percent have a firm administrator, 16.2 percent have a director of administration, and 52.7 percent have an office manager (note that some firms have more than one of these titles so the totals in Exhibit 5 exceed 100 percent).

A quarter (25.7 percent) of this year's respondents now have a human resources manager or director, and 27.0 percent have a MIS/systems manager or director. Only 18.9 percent of respondents have a marketing director.

The director of administration and/or firm administrator are on the executive committee at 57.9 percent of the firms that have these positions staffed.

Other issues. Addressing the ongoing challenge of health care costs and investing in proper training are two other key issues that are discussed in the sidebars. □

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