

Play of the Month

DECEMBER 2007

RedZone
Practice Management

Taking Successful CPA
Firms To The Next Level

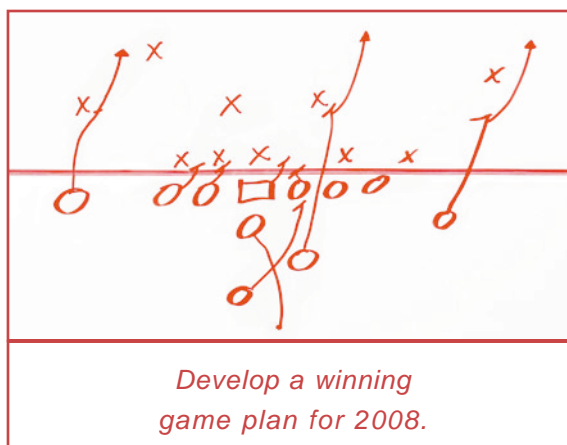
Looking Ahead to 2008

As 2007 comes to a close and 2008 is upon us, Accountants Advisory Group would like to share some of our predictions for 2008:

- Large firms will continue to recruit significant numbers of entry-level staff. The disparity in entry-level compensation between large and small firms will increase substantially, even as much as 25%. This will further inhibit the ability for small firms to obtain the talent necessary for future growth and will increase the outsourcing of compliance work and hirings of foreign accounting professionals.
- Profitability will be more of a concern than in previous years, as staff compensation, training, and benefit costs become a greater percentage of revenue. Client engagement profitability will be more scrutinized, and firms will make partners more accountable for efficiency and financial management of engagements. Marketing resources will be used to obtain more profitable work, not more work.
- Firm leadership issues will become more of a factor in determining whether firms will seek upward mergers, as more founding and senior partners are at or near retirement age.
- Compensation issues at the partner level will be more prevalent, as client fees start to come under pressure, and operating expenses increase. Partnership compensation structures will continue to change to recognize total partner contributions in managing and leading the firm.
- Merger transactions and the consolidation of the profession will continue to pick up steam. Large firms with corporate-type infrastruc-

tures will benefit greatly and will become more like franchises offering professional HR, marketing, technology, and administrative management to smaller firms. A greater number of smaller firms will determine that the benefits of operating under this type of structure will outweigh those of remaining an independent firm.

- Staff compensation and benefit programs will be restructured to motivate and retain staff. As more overachievers defect to private industry, firms will offer more corporate types of compensation and benefit programs. Firms will increase their investment in career development training and mentoring programs.



- Progressive firms will continue to market themselves as specialists in certain services and niches and hire experts from outside the accounting profession.

We hope that 2007 was a successful year for you and your partners, and we wish you all the best in 2008.

Accountants Advisory Group, LLC (www.accountantsadvisory.com), is a strategic consulting firm that incorporates state of the art practice management, marketing, and human capital strategies to assist CPA firms in achieving long-term success and profitability. To learn more about Accountants Advisory Group and RedZone Practice Management, please contact Joseph A. Tarasco, CPA, at 845-265-9046 or Joe@AccountantsAdvisory.com.


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