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EXCLUSIVE AOMAR RESEARCH

Chargeable & Total Hours Rise in FY08 for Specific Work Areas

CPA firms have been hard at work this fiscal year, as data from AOMAR's 2009 CPA Firm Practice Management Survey demonstrate.

Though overall firm chargeable and total hours seem to be lower than a year ago, the chargeable and total hours of various specific categories indicate that CPAs have been kept active serving clients and dealing with the growth that so many firms have continued to enjoy over the past year.

Chargeable and total hours. Among the firms that responded to the survey, the chargeable hours by firm averaged 55,709, and total hours averaged 81,384. These numbers are lower than last year's 67,510 and 138,756 of chargeable and total hours, respectively. Note, however, that different firms participated in the survey this year, which may account for changes.

It is also possible that changes in how firms bill may be having an impact: Just 63.7 percent of billings are via an hourly rate now, this year's respondents told us. That means more than a third (36.3 percent) of billings are being done in nonhourly ways, such as set fees for individual services or full engagements, value billing, or other means. Thus, though the hourly data continue to be important, CPA firms should be sure to consider the alternative billing formats in their benchmarks and metrics.

Tables 1 and 2 provide the data on hourly billed time and total time tracked by responding firms for the firm and for billing owner and staff categories.

Note: Some firms still do not track any time other than billed; others are tracking certain nonbilled time (such as administration, marketing, and other investments of time), but may or may not be doing all-inclusive tracking of time for all categories. Consider these factors as you compare your firm's hours with those represented in Tables 1 and 2.

Owners' hours. The average chargeable hours for CPA firm owners among survey respondents was 1,253, up slightly from last year's 1,217. Total hours among owners were 2,466, up significantly from last year's 2,324 and lend support to the nonchargeable time allotments discussed above (despite the fact that different firms participate in the survey year to year).

Non-CPA owners billed an average of 1,194 hours, with total hours at 1,880.

Staff hours. CPA firm staff continue to be hard-working, a function of the growth that firms have experienced and the continued struggle to obtain and keep quality staff, particularly at the senior, supervisor, and manager levels.

Seniors among responding firms billed an average of 1,702 hours, with total hours of 2,523. This

is an increase from last year's results of 1,535 and 2,206, respectively.

Supervisors and managers are working hard too. They averaged 1,542 chargeable hours and 2,133 total hours this year, compared to last year's 1382 and 2,215, respectively.

Chargeability. Chargeability is chargeable hours divided by total hours. This year's results indicate that chargeability by firm hours averaged 58.8 percent among all respondents (see the breakouts

by gross fees and number of personnel in Tables 3 and 4). For owners, chargeability averaged 53.3 percent; among professionals, it averaged 68.9 percent, and among paraprofessionals (non-CPA billers such as non-CPA juniors, accountants, and bookkeepers), it averaged 69.2 percent.

A year ago, chargeability varied somewhat: By firm hours, it was 52.8 percent; among owners, 49.1 percent; professionals, 66.3 percent; and paraprofessionals, 68.1 percent. □

Table 1. Chargeable & Total Hours, Overall & by Gross Fees

	Overall	<\$500K	\$500K to \$1M	\$1M to \$1.99M	\$2M to \$2.99M	\$3M to \$3.99M	\$4M to \$9.99M	\$10M or more
Chargeable hours for firm	55,709	4,885	6,655	16,362	18,983	28,336	41,905	149,686
Total hours for firm	81,384	6,766	11,661	25,294	34,564	48,914	73,674	251,244
Chargeable hours for CPA owners	1,253	1,291	1,363	1,579	1,232	1,218	1,120	1,150
Total hours for CPA owners	2,466	2,330	2,404	2,522	2,307	2,367	2,336	2,794
Chargeable hours for non-CPA owners	1,194	1,400	N/A	N/A	N/A	N/A	960	1,201
Total hours for non-CPA owners	1,880	2,600	N/A	N/A	N/A	341	1,000	2,730
Chargeable hours for nonequity owners	1,532	1,185	N/A	1,484	1,835	982	1,308	1,864
Total hours for nonequity owners	2,189	1,978	N/A	1,958	2,390	2,062	2,342	2,271
Chargeable hours for supervisors/managers	1,542	704	1,273	1,479	1,527	1,371	1,447	1,927
Total hours for supervisors/managers	2,133	1,242	1,990	2,095	2,125	2,099	2,351	2,202
Chargeable hours for seniors	1,702	1,475	1,711	1,903	1,492	1,543	1,531	1,998
Total hours for seniors	2,523	2,195	2,016	2,396	2,119	2,196	3,014	2,763
Chargeable hours for juniors	1,535	1,000	1,650	1,526	1,528	1,461	1,398	1,666
Total hours for juniors	2,173	N/A	3,100	2,099	2,171	1,857	2,073	2,344
Chargeable hours for non-CPA juniors	1,556	1,456	1,185	1,735	1,945	1,392	1,625	1,528
Total hours for non-CPA juniors	2,196	2,179	1,868	2,377	2,186	2,075	2,292	2,253
Chargeable hours for consultants	1,097	N/A	N/A	N/A	N/A	600	585	1,323
Total hours for consultants	2,203	N/A	N/A	N/A	N/A	770	2,191	2,386
Chargeable hours for paraprofessionals	1,343	1,474	1,055	1,116	1,260	966	1,103	1,738
Total hours for paraprofessionals	2,010	2,366	2,213	1,789	1,805	1,664	2,059	2,073
Chargeable hours for firm administrators	333	1,200	773	423	620	88	62	38
Total hours for firm administrators	2,195	2,390	1,715	2,087	2,177	2,307	2,176	2,237
Chargeable hours for marketing directors	300	N/A	N/A	N/A	N/A	N/A	N/A	300
Total hours for marketing directors	2,228	N/A	N/A	N/A	N/A	N/A	N/A	2,228

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

Table 2. Chargeable & Total Hours, Overall & by Number of Personnel

	Overall	1 to 5	6 to 10	11 to 15	16 to 25	26 to 50	> 50
Chargeable hours for firm	55,709	4,570	8,687	15,827	22,520	38,300	128,529
Total hours for firm	81,384	6,774	12,373	26,674	39,094	66,438	236,763
Chargeable hours for CPA owners	1,253	1,207	1,679	1,417	1,195	1,121	1,110
Total hours for CPA owners	2,466	2,148	2,677	2,472	2,356	2,259	2,477
Chargeable hours for non-CPA owners	1,194	N/A	1,400	N/A	N/A	960	1,302
Total hours for non-CPA owners	1,880	N/A	2,600	N/A	N/A	671	2,775
Chargeable hours for nonequity owners	1,532	1,093	1,368	1,876	1,096	1,307	1,242
Total hours for nonequity owners	2,189	1,927	2,080	2,337	1,955	2,354	2,303
Chargeable hours for supervisors/managers	1,542	900	1,311	1,827	1,409	1,395	1,392
Total hours for supervisors/managers	2,133	1,293	2,078	2,377	2,053	2,291	2,256
Chargeable hours for seniors	1,702	1,595	1,730	1,954	1,522	1,462	1,639
Total hours for seniors	2,523	2,015	2,428	2,486	2,170	2,927	2,315
Chargeable hours for juniors	1,535	1,000	1,791	1,447	1,480	1,373	1,591
Total hours for juniors	2,173	N/A	2,540	1,875	2,032	2,000	2,210
Chargeable hours for non-CPA juniors	1,556	1,553	1,401	1,759	1,660	1,508	1,524
Total hours for non-CPA juniors	2,196	2,057	2,057	2,519	2,166	2,184	2,251
Chargeable hours for consultants	1,097	N/A	N/A	N/A	N/A	732	1,069
Total hours for consultants	2,203	N/A	N/A	N/A	N/A	1,590	2,407
Chargeable hours for paraprofessionals	1,343	1,109	1,546	1,214	1,147	1,015	1,459
Total hours for paraprofessionals	2,010	1,764	2,971	1,793	1,732	1,976	2,057
Chargeable hours for firm administrators	333	N/A	915	388	432	67	38
Total hours for firm administrators	2,195	2,080	2,043	2,116	2,209	2,192	2,238
Chargeable hours for marketing directors	300	N/A	N/A	N/A	N/A	N/A	500
Total hours for marketing directors	2,228	N/A	N/A	N/A	N/A	N/A	2,238

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

Table 3. Chargeability, Overall & by Gross Fees

	Overall	<\$500K	\$500K to \$1M	\$1M to \$1.99M	\$2M to \$2.99M	\$3M to \$3.99M	\$4M to \$9.99M	\$10M or more
By firm hours	58.8%	55.8%	54.4%	64.6%	54.6%	59.7%	60.3%	58.1%
By owners	53.3	63.8	59.1	62.3	55.9	50.5	48.8	43.1
By professionals	68.9	67.8	70.8	71.2	72.1	67.6	61.7	71.9
By paraprofessionals	69.2	74.2	67.2	69.1	67.3	64.4	71.9	68.4

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

Table 4. Chargeability, Overall & by Number of Personnel

	Overall	1 to 5	6 to 10	11 to 15	16 to 25	26 to 50	> 50
By firm hours	58.8%	55.4%	62.5%	57.8%	58.2%	61.1%	57.7%
By owners	53.3	65.7	63.8	56.6	52.2	50.1	44.7
By professionals	68.9	77.8	62.0	78.4	69.4	61.6	65.7
By paraprofessionals	69.2	80.6	62.9	69.6	67.5	69.4	68.8

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

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