Attributes of High Value CPA Firms
Accountants Advisory Group
www.AccountantsAdvisory.com

- Strategic consulting firm to CPAs
- Leadership, management and strategic direction
- Marketing, new business development and public relations strategies
- Human capital and recruiting programs
- Merger and acquisition consulting
- Partner retreat facilitation
- Recruiting partners and managers
- Objective and independent advice
- Practical experience from industry specialists
- Network of resources
The “Perfect Storm”

- Consolidation
- Retiring CPAs
- Quality CPAs
- Gender
- Unfunded Retirements
- Increased Competition
- Leadership
Driving Value & Profitability

**Primary Activities**
- Purpose Driven Leadership
- HR & Management Comprehensive Succession Planning
- State of The Art Technology
- Target Marketing, PR & Practice Development

**Support Activities**
- Recruiting the best talent possible at all levels either directly or through M&A
- Training, Career Development, Succession Planning, Partner & Staff Performance Management
- Leading edge services, industry specialization and niches
- Efficient and timely delivery of service
- Practice & Engagement Management
Attributes of High Value Firms

Purpose Driven Leadership

- Strong purpose driven leadership with effective management that doesn’t procrastinate when there is a need for tough decisions.
10 Qualities of a Purpose Driven Leader

- Are highly respected by the partners and staff
  - They are leaders should be visionaries and have a strategic plan to take the firm forward. Leading day to day without a strategic plan or vision is not leadership, it's more like gambling.
  - Are followed not because of their title, but because of what they represent.
10 Qualities of a Purpose Driven Leader

- Have a compelling vision
  - They practice what they preach and are good role models to their partners and staff. "A leader" is one who knows the way, goes the way, and shows the way—John Maxwell
  - Regularly communicates the firm’s vision with great clarity and passion.
  - Able to clearly and effectively communicate their plans and how they will be implemented.
  - Inspire and motivate the team.
10 Qualities of a Purpose Driven Leader

- Client and staff centered
  - It’s all about positively moving the firm forward using great people serving quality clients.
  - Creates an environment to have all stakeholders thrive (clients, partners & personnel).
  - They adapt the firm to the changing marketplace in an urgent manner.
STOP making Excuses—
The Time to Change is NOW

“It is not the strongest of the species that survive, not the most intelligent, but the ones most responsive to change.”

—Charles Darwin
Pay Attention to the Play Clock

Urgency is necessary for change to take place, otherwise comfort zoners will remain a significant obstacle
10 Qualities of a Purpose Driven Leader

- People and Process Driven
  - Leads people and manages processes
  - Both are vital in creating a culture of service, performance, and operational excellence.
  - Leaders should expect accountability from their partners only if they are also willing to be accountable. Accountability by firm leaders establishes trust that is necessary for them to gain the support of their partners.
  - Leaders should not command trust, they should earn it.
10 Qualities of a Purpose Driven Leader

- Principle and value centered
  - Honesty, integrity, and respect for all.
  - Passion and excellence in anything they do.

- A strong sense of humility
  - Not about them
  - Put aside their egos
10 Qualities of a Purpose Driven Leader

 Open-minded and lifelong learners
   Don’t pretend to know it all
   More to learn to be more effective
   Willing to take advice

 Not afraid to admit failure
   Readily regroup and continue in a positive manner.
   Don’t blame others.
10 Qualities of a Purpose Driven Leader

❖ Are happy people
  ▪ Positive outlook
  ▪ Approachable by all, even if they are having a bad day.
  ▪ Don’t carry bad attitudes on their sleeves.

❖ They never give up
  ▪ Tenacious and always pursue success no matter how difficult the path is.
  ▪ They are willing to take collateral risks and invest in the firm.
Attributes of High Value Firms

- A marketing and practice development culture that continuously adds to the growth of the firm each year.

- Clients are a significant referral source of new business.

- The Firm is well positioned in its marketplace and continuously maintains its competitive edge through well-developed and executed marketing and public relations strategies.
Attributes of High Value Firms

- The Firm has strong niches and/or industry expertise that is highly respected and branded in the marketplace.

- The firm researches and monitors the competition and adapts services to client’s wants and needs.

- The firm has an infrastructure (administration, HR, Marketing, IT) that supports the partners and staff to provide them the opportunity to succeed and eventually take the firm to higher levels of success.
Attributes of High Value Firms

- Talented partners and staff that provide world-class service to “delighted clients”. The firm has a partner-staff pyramid structure with adequate quality professionals for partners to delegate work to.
Attributes of High Value Firms

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Attract, Retain and Develop Quality Professional Staff
<table>
<thead>
<tr>
<th>Rank</th>
<th>Top Attraction Factors</th>
<th>2011</th>
<th>2006</th>
<th>Percentage-Point Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Career growth opportunities</td>
<td>91%</td>
<td>80%</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>Salary</td>
<td>88%</td>
<td>78%</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Paid personal/vacation time</td>
<td>86%</td>
<td>79%</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Open-door/accessible management</td>
<td>83%</td>
<td>68%</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Comfortable office atmosphere</td>
<td>81%</td>
<td>69%</td>
<td>12</td>
</tr>
<tr>
<td>6</td>
<td>Interesting, challenging client projects*</td>
<td>81%</td>
<td>71%</td>
<td>N/A</td>
</tr>
<tr>
<td>7</td>
<td>Medical benefits</td>
<td>73%</td>
<td>70%</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>Firm’s reputation or prestige</td>
<td>73%</td>
<td>59%</td>
<td>14</td>
</tr>
<tr>
<td>9</td>
<td>Retirement savings plan</td>
<td>72%</td>
<td>67%</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>CPE credit reimbursement</td>
<td>65%</td>
<td>50%</td>
<td>15</td>
</tr>
</tbody>
</table>

## Top 20 Attraction Factors: 2011 vs. 2006

<table>
<thead>
<tr>
<th>Rank</th>
<th>Top Attraction Factors</th>
<th>2011</th>
<th>2006</th>
<th>Percentage-Point Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Team-orientation of firm</td>
<td>65%</td>
<td>56%</td>
<td>9</td>
</tr>
<tr>
<td>12</td>
<td>Frequent client contact</td>
<td>61%</td>
<td>48%</td>
<td>13</td>
</tr>
<tr>
<td>13</td>
<td>Paid sick days</td>
<td>60%</td>
<td>55%</td>
<td>5</td>
</tr>
<tr>
<td>14</td>
<td>Flexible work schedule</td>
<td>59%</td>
<td>65%</td>
<td>-6</td>
</tr>
<tr>
<td>15</td>
<td>Bonus incentives</td>
<td>58%</td>
<td>52%</td>
<td>6</td>
</tr>
<tr>
<td>16</td>
<td>Access to the latest, cutting-edge technology</td>
<td>57%</td>
<td>52%</td>
<td>5</td>
</tr>
<tr>
<td>17</td>
<td>Size of firm</td>
<td>57%</td>
<td>44%</td>
<td>13</td>
</tr>
<tr>
<td>18</td>
<td>Dependent medical benefits</td>
<td>50%</td>
<td>37%</td>
<td>13</td>
</tr>
<tr>
<td>19</td>
<td>Regular performance reviews/feedback</td>
<td>50%</td>
<td>40%</td>
<td>10</td>
</tr>
<tr>
<td>20</td>
<td>Interesting, challenging internal projects*</td>
<td>49%</td>
<td>71%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Using Talent and Leverage to Build a Firm of the Future
Build a Quality Staff Pyramid …
the Clients Will Come
Historical Pyramid Structure

- Staff
- Supervisors
- Managers
- Partners

Work Flowing Down

Work Flowing Up
Inverted Pyramid Structure

Managing Partners / Senior Partners
Junior Partners
Managers
Staff

Work Flowing Down
Work Flowing Up
The Pyramid & Leverage

- Many accounting firms have become over-partnered and under-leveraged.

- The “over-partnered” syndrome has been fueling merger mania over the last 5 years.

- There is a direct connection between the “partner-to-staff ratio” and the ability of firms to be successful in the long-term and develop succession planning.

- Need at least a 1:5 partner to staff ratio.
## Accounting Today 100 Firms
### Statistical Analysis—2013

<table>
<thead>
<tr>
<th>Category</th>
<th># of Firms</th>
<th>Leverage</th>
<th>Revenue Per Partner ($ millions)</th>
<th>Revenue per Professional ($000’s)</th>
<th>Revenue per Total Employee ($000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big 4</td>
<td>4</td>
<td>11.09</td>
<td>3.82</td>
<td>344.40</td>
<td>249.20</td>
</tr>
<tr>
<td>$500 Mil –BIG 4</td>
<td>6</td>
<td>6.97</td>
<td>2.05</td>
<td>294.23</td>
<td>195.50</td>
</tr>
<tr>
<td>$200 Mil to 499 Mil</td>
<td>8</td>
<td>5.66</td>
<td>1.72</td>
<td>303.66</td>
<td>210.13</td>
</tr>
<tr>
<td>$100 Mil to 199 Mil</td>
<td>11</td>
<td>5.71</td>
<td>1.44</td>
<td>252.63</td>
<td>173.37</td>
</tr>
<tr>
<td>$70 Mil to 99 Mil</td>
<td>14</td>
<td>6.65</td>
<td>1.81</td>
<td>271.62</td>
<td>195.23</td>
</tr>
<tr>
<td>$50 Mil to 69 Mil</td>
<td>17</td>
<td>7.24</td>
<td>1.73</td>
<td>239.42</td>
<td>170.61</td>
</tr>
<tr>
<td>$40 Mil to 49 Mil</td>
<td>15</td>
<td>6.54</td>
<td>1.73</td>
<td>264.79</td>
<td>188.32</td>
</tr>
<tr>
<td>$31 Mil to 39 Mil</td>
<td>25</td>
<td>5.27</td>
<td>1.31</td>
<td>249.30</td>
<td>161.32</td>
</tr>
</tbody>
</table>
### Staff Model

#### Staff Model – $2,000,000 Per Partner

<table>
<thead>
<tr>
<th>TITLE</th>
<th>BILLABLE HOURS</th>
<th>BILLING RATE</th>
<th># PROFESSIONALS</th>
<th>REVENUE STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>1,000</td>
<td>$350</td>
<td>1</td>
<td>$350,000</td>
</tr>
<tr>
<td>Manager</td>
<td>1,600</td>
<td>$275</td>
<td>1</td>
<td>$440,000</td>
</tr>
<tr>
<td>Supervisor</td>
<td>1,700</td>
<td>$200</td>
<td>1</td>
<td>$340,000</td>
</tr>
<tr>
<td>Senior</td>
<td>1,800</td>
<td>$180</td>
<td>1</td>
<td>$324,000</td>
</tr>
<tr>
<td>Associate</td>
<td>1,800</td>
<td>$150</td>
<td>2</td>
<td>$540,000</td>
</tr>
<tr>
<td>Totals</td>
<td>7,900</td>
<td></td>
<td></td>
<td>$1,994,000</td>
</tr>
</tbody>
</table>

**Average gross revenue per hour = $253**
Attributes of High Value Firms

- Staff is provided the opportunity to advance within the firm and they are supported by career development programs that guide and manage performance. They have at least 1:5 partner to staff ratio.

- Promotions to equity partner are carefully evaluated with specific criteria. New partners buy-in to the firm. They have “skin in the game.”
Attributes of High Value Firms

- Over achievers are rewarded handsomely and underachievers are not tolerated whether a partner, professional, staff person, or administrative personnel.

- The Firm embraces and trains their professionals to use leading-edge technology.
Leverage

- Are partners being held accountable for delegating work and increasing profitability on their engagements?
- Do we have enough “quality” staff in the appropriate positions to have a successful delegation process?
- Are we properly developing our staff?
- Is the firm’s scheduling process taking into account the proper matching of work and talent and career development?
- Is the current partner compensation program demotivating partners to delegate to junior partners or managers?
Succession Planning is a Daily Process Not a Periodic Event
3 years
5 years
7 years
10 years
Attracting Talented Staff
Advertising

SEE BEYOND THE NUMBERS

JOIN
one of the nation’s Top Accounting Firms,
awarded Best Place to Work three years in a row
by The South Florida Business Journal.
305.859.9600
www.kaufmanrossin.com/careers
MIAMI PT LAUDERDALE BOCA RATON NAPLES PT MYERS GRAND CAYMAN

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Advertising

Is Tax Season Bringing Out the Worst In You?

CAREERS.MKLLP.COM
Attracting Quality Staff
Marketing ↔ HR Cross Over

- Traditional HR-type recruiting efforts alone are not adequate in this highly competitive marketplace.
- This marketplace demands a professional marketing and sales approach.
- Talented accounting professionals have numerous employment options and compensation is typically not an issue.
- The firm that does the best job “selling” the candidate normally “wins.”
Marketing Approach For Talented Accounting Professionals

- Increase the awareness of the career benefits of the firm.
- Identify and cultivate qualified candidates.
- Develop a network of capable referral sources.
- Create opportunities for face-to-face contact with candidates.
- Develop a dialog with key candidates.
- Make proposals and “close” qualified candidates.
Retention Plan

- A documented plan that includes policies, programs and procedures to retain staff.
- Assigns roles, responsibilities and accountability.
Performance Management
Competency Model Skills

- Technical Skills
- Practice Development & Marketing Skills
- Client Service & Relations
- Engagement Profitability
- Managerial & Supervisory Abilities
- Professionalism & Business Acumen
- Staff Relationships & Teamwork
- Communication Skills
- Technology Skills
Competency Models

- Support a more specific and objective assessment of strengths and areas for development.

- Provide a basis for more objective dialogue regarding performance, development and career related issues.

- Establish a systematic approach to feedback and professional development.
Competency Model Implementation

- Traditional Training
- Non-Traditional Training
- Partner Development
- Reward & Compensation
- Performance Management

Competency Model
Highly Profitable

- A highly profitable firm that continuously upgrades the client base and carefully manages client practice management statistics.
Profitability Tactics

Revenue

- Invest in highly profitable non-traditional businesses.
- Earn higher fees through specialization, innovation, adding more value to services. Retain only highly profitable compliance work.
- Use marketing to get higher quality and more profitable clients not just more work. Avoid the “factory” mentality and making money on volume.
- Develop specialists and experts within the partner group and staff and bundle services and value bill.
- Merge in firms with high demand niches and specialties.
- Increase the % of consulting revenues.
Profitability Tactics

- Lower Delivery Cost for Each Engagement
  - Maximize the use of technology in delivery of services.
  - Improve engagement management performance.
  - Increase leverage—1:6 partner to staff ratio
  - Make greater use of paraprofessionals.
  - Avoid duplication of effort and unnecessary steps in the delivery of services.
  - Outsource as much compliance work as possible.
  - Discontinue low profitability services and niches
  - Disengage low profitability clients
  - Improve speed of billing and collections
  - Monitor budgets and profitability on engagements
Upgrade to More Profitable Clients

Continuous Upgrade the Client Base and Disengage Low Realization Clients

- Match the staff capacity with the right-size client base.

- Disengage at least 3% (based on fees) of your client base each year.

- Terminate unprofitable clients.

- Terminate clients who drive staff out the door.

- Raise billing rates (and collect) at least 10% per year.
Client Acceptance Guidelines

- Minimum fees for various services
- Realization limits for the first 3 years
- Type of industry and services
- Financial stability
- Risk assessment
- Quality of client personnel
- Ability to generate quality referrals
- Timing of services
- Approved by MP
<table>
<thead>
<tr>
<th>Firm Name</th>
<th>Revenue per Partner ($million)</th>
<th>Fee Split (in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>AA</td>
</tr>
<tr>
<td>Crowe Horwath</td>
<td>2.27</td>
<td>31</td>
</tr>
<tr>
<td>Armanino</td>
<td>2.43</td>
<td>24</td>
</tr>
<tr>
<td>Rubin Brown</td>
<td>2.36</td>
<td>46</td>
</tr>
<tr>
<td>Watkins Meegan</td>
<td>2.94</td>
<td>21</td>
</tr>
<tr>
<td>Kahn, Litwin, Renza</td>
<td>3.00</td>
<td>33</td>
</tr>
</tbody>
</table>
The Firm is Managed Like a Business

- The firm is run like a business with each business decision adding more value to the firm.
The Choices

1. Invest in the Firm to remain independent
   - Develop the Franchise
   - Retire with Capital and Goodwill payout

2. Invest minimally for short-term merger or sale

3. Day-to-Day—wait and see—milk it

4. Hybrid—some combination of the above depending on the year.
   - Where will partner's get their best return on their investment of time and profits?
Firm Life Cycle

Determined by:

- Leadership (not management)
- Results of critical decisions or lack thereof
- Talent-technical, advisory, experts, specialists
- Entrepreneurship
- Ability to adapt to the marketplace quickly
- Marketing and promotion
- Partner teamwork
- Succession planning
- Critical balance of running the firm like a business vs. a practice
- Management-partners, staff, admin., HR, marketing
Partnership Structure

- The partnership structure will fade away and be replaced by a “franchise / corporate-type” structure in the top 300 firms in the country.
Managed Like a Business

Chairman & Executive Committee

Managing Partner

HR & Succession Planning
- Recruiting & HR
- Public Relations
- Career Development & Tech Training
- Benefits

Professional Marketing & Strategic Planning
- Client Retention, Cross-selling, Innovative Service
- Practice Development & Sales
- Advertising, Public Relations & Branding

IT & Workflow Optimization
- Work Flow Management
- Communications
- Hardware / Software
Partner Leadership Teams

- Chairman
- Managing Partner
- COO
- Strategist & Visionary
- Practice Growth
- Mergers & Acquisitions
- Goals & Objectives Oversight
- Succession Planning & Talent Management
Partners Are Held Accountable
Partner Performance

Partner Accountability for Implementing the Firm’s Short-Term and Long-Term Plans

- Annual partner goals linked to the Firm’s strategic plans
- All partners should contribute based upon what they do best
- Partner compensation program that rewards each partner fairly based upon the firm’s profitability and achieving goals
- Partner counseling and guidance
The Perfect Partner

- Is involved with staff recruiting, development and retention
- Is a good role model to staff
- Excellent financial practice management
- Contributes to succession planning
- Has professional & business acumen skills
- Works hard at partner relationship building & teamwork
The Perfect Partner

- A high level of comprehensive technical skills
- Leadership capabilities
- Practice Development & Marketing Skills (A Rainmaker)
- Client Service & Retention
- Contributes to Firm management
- Managerial & Supervisory Abilities
Defined Roles & Accountability

**Defense**
- Cornerback
- Outside Linebacker
- Middle Linebacker
- End
- Tackle

**Safety**
- Safety

**Offense**
- Wide Receiver
- Tackle
- Guard
- Center
- Quarterback
- Fullback/Running Back
- Halfback/Running Back
- Tight End
Implementing the Game Plan
Come Ready to Play Every Day
# Partner Compensation Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Goals</strong></td>
<td>50%</td>
</tr>
<tr>
<td>• Collections:</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>• Realization Rate:</td>
<td>90%</td>
</tr>
<tr>
<td>• Average Days A/R:</td>
<td>45</td>
</tr>
<tr>
<td>• Average Days W/P:</td>
<td>45</td>
</tr>
<tr>
<td>• Billable Hours:</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Marketing Goals</strong></td>
<td>15%</td>
</tr>
<tr>
<td>• Net New Business:</td>
<td>$200,000</td>
</tr>
<tr>
<td>• New Website by 9/30/12</td>
<td></td>
</tr>
<tr>
<td>• Branding Program by 10/31/13</td>
<td></td>
</tr>
<tr>
<td>• Establish Wealth Management Niche by 12/31/13</td>
<td></td>
</tr>
</tbody>
</table>
## Partner Compensation Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>15%</td>
</tr>
<tr>
<td>• Assigning clients to other partners: $400,000</td>
<td></td>
</tr>
<tr>
<td>• Adhering to firm policies</td>
<td></td>
</tr>
<tr>
<td>• Assisting younger partners and staff to advance</td>
<td></td>
</tr>
<tr>
<td>• Contribution to staff CPE training</td>
<td></td>
</tr>
<tr>
<td><strong>Management of the Firm</strong></td>
<td>20%</td>
</tr>
<tr>
<td>• Leadership and daily management</td>
<td></td>
</tr>
<tr>
<td>• Achieving action items assigned from the last retreat</td>
<td></td>
</tr>
<tr>
<td>• Recruiting of high-level talent</td>
<td></td>
</tr>
<tr>
<td>• Implement an amended partnership agreement</td>
<td></td>
</tr>
<tr>
<td>• Manage the implementation of a new Career Development Program</td>
<td></td>
</tr>
</tbody>
</table>
Goals

- Develop “SMART” Goals
  - Specific
  - Measurable
  - Attainable
  - Realistic
  - Time-Framed

- Align individual goals with firm objectives

- Include a self-evaluation in the process

- Utilize weightings and ratings to evaluate actual performance
Compensation

- Base 50%
- Performance Bonus Pool 20%
- Profit Sharing 30%

Total: 100%
Setting and Achieving Goals

Long-Term Vision and Goals

3-year Goals

1-Year Goals

6-Month Goals

90 Days

Daily To Do’s
Strategic Positioning
Strategic Positioning

- Firm Size
- Geographic Territory
- Niches & Specialty Area
- Marketing & Practice Development
- Marketplace
- Attracting and Developing Staff
- Technical Abilities of Partners and Staff
- Succession Planning

Strategic Positioning
Strategic Approach vs. Shotgun Approach to Positioning
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Stop Counting Beans

I thought you meant you were an accountant!
Cobb Value Curve

HIGH

VALUE SERVICES

RELATIVE

VALUE ADDED SERVICES

LOW

PRICE SENSITIVE

COMMODITY SERVICES

Volume of Client Service
2013 Top Niche Services

- State and local taxes
- International tax
- Estate/trust/gift tax planning
- Business valuations
- Litigation support
- Attest services
- Forensics/fraud
- Industry specializations
- Nonprofit organizations
- M&A
- Succession planning/family office
- Biz mgmt. for wealthy individuals
- Employee benefits
- Retirement plans
- Strategic planning/business plans
- SOX compliance/risk management
- Technology consulting
- Cost segregation
- Personal Financial Planning
- Biz mgmt. for small biz
2013 Top Client Categories

- Midsized businesses
- Nonprofit organizations
- Technology
- Real estate
- Professional services
- Health care facilities
- Construction
- Individuals
- Pension plans
- Wholesale distributors
- State and local government
- Hotels and restaurants
- Large businesses
- Banking & thrift companies
- Retail trade
- Small business
- Colleges and universities
- Real estate
- Construction
- Individuals
- Pension plans
- Wholesale distributors
- State and local government
- Hotels and restaurants
- Large businesses
- Banking & thrift companies
- Retail trade
- Small business
- Colleges and universities
- Entertainment
- Brokers/dealers in securities & commodities
## New Services and Businesses

<table>
<thead>
<tr>
<th>Firm</th>
<th>Newly Created Service or Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berkowitz Dick Pollack &amp; Brant</td>
<td>Bay Bridge Real Estate Group—consulting</td>
</tr>
<tr>
<td>Grant Thornton</td>
<td>Japan Business Group--consulting</td>
</tr>
<tr>
<td>Hein &amp; Associates</td>
<td>Risk Management consulting group</td>
</tr>
<tr>
<td>Hill Barth &amp; King</td>
<td>HRK Energy—consulting to suppliers of oil &amp; gas companies</td>
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<tr>
<td>Warren Averett</td>
<td>Opened a Korean Business Services office in Alabama in the Korean Automotive corridor, which specializes in serving U.S.-based subsidiaries of Korean entities.</td>
</tr>
<tr>
<td>Reinsel Kuntz Lesher (PA)</td>
<td>Acquired Senior Living Consulting Group</td>
</tr>
<tr>
<td>Armanino &amp; McKenna</td>
<td>Merged in Factory Information Management Solutions</td>
</tr>
<tr>
<td>Cohen&amp; Co</td>
<td>Acquired Cleveland based family office practice, The Lipon Group</td>
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<td>Clark, Schaefer, Hackett &amp; Co. (Ohio)</td>
<td><strong>Launched a private equity group</strong> due to increased client interest in mergers as a non-bank option for financing</td>
</tr>
<tr>
<td>Holtz Rubenstein (NY)</td>
<td>Added five new service groups: debt consolidation, food &amp; beverage, <strong>early stage technology</strong>, real estate advisory and freight forwarders.</td>
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<tr>
<td>Berdon (NY)</td>
<td>Expanded its <strong>family office practice</strong> service to entertainers and athletes.</td>
</tr>
<tr>
<td>Aronson (MD)</td>
<td>Formalized a new technology practice line to meet the needs of <strong>high tech and biotech firms</strong></td>
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# Marketing and Niche/Specialty Trends

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<tr>
<td>CliftonLarsonAllen (Midwest)</td>
<td>Acquired a wealth advisory firm and outsourcing company</td>
</tr>
<tr>
<td>Armanino McKenna (California)</td>
<td>Developed AMF Media Group which provides clients with marketing, branding, public relations and social media strategies</td>
</tr>
<tr>
<td>Carr, Riggs &amp; Ingram</td>
<td>Created a new licensed broker-dealer unit primarily to deal in corporate M&amp;A</td>
</tr>
<tr>
<td>Weaver</td>
<td>Merged with Delong Consulting Services which offers compliance and risk management services to financial institutions</td>
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# New Services and Businesses

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<td>Baker Tilly Virchow Krause (Midwest) and</td>
<td>Became NetSuite (cloud business management/information software) resellers</td>
</tr>
<tr>
<td>Burr, Pilger &amp; Mayer (California)</td>
<td></td>
</tr>
<tr>
<td>Cohen &amp; Co (Cleveland)</td>
<td>Acquired a family office practice of the Larson Group</td>
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<tr>
<td>Deloitte</td>
<td>Acquired Canadian progress consulting firm Managerial Design, business analysis software developer</td>
</tr>
<tr>
<td></td>
<td>Oco Inc., and mobile app developer Ubermind.</td>
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# New Services and Businesses

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<td>Eide Bailey (Midwest)</td>
<td>Became an Intacct reseller (cloud accounting software)</td>
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<tr>
<td>Weaver (Texas)</td>
<td>Expanded their energy credit services</td>
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<tr>
<td>Glass Jacobson (Baltimore &amp; DC)</td>
<td>Merged in One Source Financial</td>
</tr>
<tr>
<td>BKD (Midwest)</td>
<td>Introduced a mobile app version of its website—HealthcareReformInsights.com, showcasing their healthcare consulting practice.</td>
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BKD Launches Android App for Health Care Practice

- BKD LLP has introduced a mobile app version of its Web site, HealthCareReformInsights.com, showcasing the accounting firm’s health care consulting practice for Android phone users.
- The firm launched HealthCareReformInsights.com in June 2010, and released a free mobile phone application for Android devices on Tuesday (see CPA Firm BKD Launches Health Care Reform Site).
- BKD has taken many of the most useful features of its industry-specific Web site and made them accessible for health care executives on the go. The app provides convenient access to articles authored by the advisors at the BKD National Health Care Group, categorized by industry subniche. Nearly 200 experts are accessible through the mobile app. App users can view contacts, read their biographical information and instantly email them for more information.

BY MICHAEL COHN, ACCOUNTING TODAY
Engage only new clients that will generate high realization rates (over 90%) and quality referrals.

The managing partner should approve all new clients based upon agreed-upon criteria, prior to engagement letter and / or proposal.
Staying Competitive with a Merger Growth Strategy
Mergers and Acquisitions as Part of a Marketing and Growth Strategy

- Keep pace with the CPA firm marketplace - merger activity will accelerate
- Size of the firm-perception of clients, staff and referral sources
- Acquire talent and resources
- Diversify service offerings
- Expand referral network and geographic coverage
Mergers and Acquisitions as Part of a Marketing and Growth Strategy

- Keep pace with the CPA firm marketplace growth—merger activity will accelerate
- Diversify service offerings
- Expand referral network and geographic coverage
- Obtain more technical resources to retain and attract clients
- Leverage off of internal marketing and public relations resources
Successful Mergers

- Growth Strategy
- Potential Targets
- Due Diligence
- Cultural Integration
- One Firm
Mergers will put more pressure on:

- Leadership (not management)
- Results of critical decisions or lack thereof
- Talent-technical, advisory, experts, specialists
- Entrepreneurship
- Ability to adapt to the marketplace quickly
- Marketing and promotion
- Partner teamwork
- Succession planning
- Critical balance of running the firm like a business vs. a practice
- Management-partners, staff, admin., HR, marketing