

CCH-JOURNAL, CPA Practice Management Forum, February 2007, Benchmarking With Your Peers

Benchmarking With Your Peers

BEST PRACTICES AS DEFINED BY AN ANONYMOUS SURVEY OF
100+ FIRMS

According to current statistics, most CPA firms are enjoying a boom period. You know your firm is doing well, but how do you measure your success against that of other firms? Do you have a personal game plan? What about a well-defined business succession plan? How is partner performance evaluated? How does the turnover rate at your firm compare to that in other firms?

These, and other important benchmarking measures, are revealed in the results of an instant survey of about 100 firms, of which, most fell into the \$11-20 million range, and 63% stated that 2006 was their best year ever.

The survey, conducted by **Gary Boomer, Boomer Consulting, Inc.**, at the 2007 Winning Is Everything Conference, was anonymous. Some of the survey responses are presented here.

Written strategic plan for firm

An old adage states that if you don't know where you are headed, you may keep moving, but you won't get anywhere. That is where having a strategic plan --and using it to your advantage --comes in. The plan doesn't have to be lengthy. In fact, a concise plan that outlines specific goals might work best. The survey asked several questions about strategic planning, and these were the results:

Does your firm have a written strategic plan?

Yes 62%

No 38%

Is this plan shared with everyone in the firm?

Yes 71%

No 29%

Judging by the success of most firms surveyed, strategic planning plays a clear role in success. This is the first of several indicators showing that the old firm management model is changing. The managing partner may still call the shots, but gaining buy-in from partners and staff is becoming increasingly important. The old "do it because I said so" management style is no longer the best practices model.

Personal growth plans/performance reviews

Recruiting good staff is difficult for firms across the board. Today's employees value life-work balance and personal growth as well as salary. They want to feel they are part of a team. This is a big change from the past, when salary was perhaps the biggest factor in making job change. To keep and attract people, firms are initiating programs that show how much they value their staff.

One emerging trend is having staff review partners and supervisors -- another change from traditional top-down management. Sixty percent of firms in this survey conduct regular partner reviews, although most still do not encourage staff participation in the review. Another trend is that 54% of firms use an electronic personal evaluation system.

Does everyone in the firm have a personal growth plan that is supported by their manager or supervisor?

Yes 62%

No 38%

How often do you review employee progress?

Annually 35%

Semi-annually 45%

Quarterly 10%

Other 10%

If your firm conducts regular partner reviews, does staff participate in the review?

Yes 28%

No 72%

Recruiting/New hire benefits

The survey showed 58% of respondents said their biggest challenge was the recruitment and retention of staff. Not unexpected, but some firms are responding with higher salaries, bonuses and other incentives.

The surprise in this part of the survey was how firms view their staff. Most (59%) consider them employees; the rest think they are free agents (33%) or volunteers (8%). Since statistics show most employees currently aged 32 already have had 9 jobs, perhaps the 41% have a more realistic perspective on how staff views themselves and why recruiting and retention are such a problem.

Do you encourage alternative career paths?

Yes 66%

No 34%

What is your starting salary for entry level staff, including overtime and bonuses?

< \$40K 44%

\$40-45K 21%

\$46-50K 46%

\$51-55K 13%

> \$55K 7%

Do you offer a sign-on bonus to entry-level staff?

Yes 33%

No 67%

Do you offer a sign-on bonus to experienced staff?

Yes 33%

No 67%

How much is the bonus you offer?

< \$2,500 15%

\$2,500-5,000 48%

> \$5,000 37%

Merger and acquisition

Mergers and acquisitions continue to be a prevalent trend in our industry. The survey asked several questions regarding merger.

Do you plan to acquire or merge with a firm in 2007?

Yes 42%

No 29%

Maybe 28%

Do you plan to merge upstream in 2007?

Yes 33%

No 67%

Information Technology (IT)

The explosion in use of IT has changed the way people work in a profound way, as those with a Blackberry, Trio or the like can attest. The line between work and play has blurred in many ways, and this is likely to continue. In addition, new law, such as the new EDD rules, is the inevitable result. The way firms manage their electronic records, the systems they institute for employee usage of firm equipment and technology all need to

be monitored on an ongoing basis so the firm remains compliant. Yet, at the results of this survey shows, many firms treat their IT policies too casually.

Have you updated your Internet policies in the last year?

Yes 52%

No 32%

Don't have 16%

Do you have employees and partners sign your Internet usage policy?

Yes 30%

No 59%

Not the partners 11%

Does your firm control the use of PDAs and cell phones through standards and firm purchasing policies?

Yes 45%

No 55%

Do you allow Instant Messaging in your firm?

Yes 48%

No 52%

Who does your top IT person report to?

MP/CEO 50%

COO 30%

CFO 4%

Other 15%

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