

Accounting Office Management & Administration Report

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Exclusive IOMA Survey: Practice Growth Ups Hours for CPA Firm Owners and Staff

Both owners and staff at CPA firms are working long and hard, as you would expect in this year of continued growth. *AOMAR's 2007 CPA Firm Practice Management Survey* finds that chargeable hours for firms averaged 71,616 and total hours averaged 125,353 for the most recent fiscal year.

Partners' hours. Owners continue to bill but are also devoting many hours to nonbillable activities, as the data shows (see Table 1). Chargeable hours at all firms averaged 1,232 per owner, with total hours of 2,336 reported among all respondents.

The range of hours billed by owners fell within a fairly tight span when looking at the data by gross fees of the responding firms (see Table 1). For instance, the highest average chargeable hours were posted by CPA owners at firms with less than \$1 million in fees, at 1,375. The lowest was among firms in the \$6 million to \$9.99 million range, at 1,073.

Similar patterns can be seen in the breakouts by number of personnel (see Table 2), although among those groups, the highest chargeable hours by CPA owners was in the group of firms with six to 10 people, at 1,350. The lowest was 1,041, at firms with 36 to 50 people.

As you would expect at a time when owners are increasingly devoted to strategic activities, firm administration, training, and marketing, the number of total hours reported among CPA firm owners for the most recent fiscal year is high: The overall average total hours for CPA owners was 2,366. The highest average was at the largest firms: 2,472 at firms with more than \$10 million in gross fees (Table 1) and 2,540 at firms with more than 100 people. Clearly, partners at the very large firms are working quite hard to manage and grow their practices.

AOMAR also requested information on non-CPA owners and nonequity owners (those who do not hold capital in the firm, but have a senior leadership role in firm operations and management, in a specific practice area, or who are considered partners-in-training). More and more firms today have such individuals in their partnership ranks.

Non-CPA owners averaged 1,247 chargeable hours and 2,308 total hours, similar to the overall figures for CPA owners. Nonequity owners averaged 1,176 charge hours and 2,246 total hours.

Staff hours. The lack of sufficient staff has led to some firms turning away work. The data shows that the staff firms do have are working hard this year. Overall, seniors, juniors, and juniors who are not yet CPAs—those whose billed hours are expected to be the highest—are not disappointing in the hours they are delivering.

The overall chargeable hours for seniors was 1,608 (Table 1), with total hours of 2,160. For juniors, the overall chargeables were 1,524 on average, with 2,277 total hours. For juniors who have not yet passed the CPA exam, chargeables averaged 1,487 and total hours were 2,110.

For seniors, the numbers were fairly constant across all sizes of firms by gross fees. Juniors' chargeable hours, however, varied quite a bit, with a high of 1,800 at firms with less than \$1 million in gross fees; the low was 1,264, at firms with \$2 million to \$3.99 million in fees. Among the juniors who have not yet passed the CPA exam, the range tended to be tighter when looking at the data by gross fees of the firms.

The breakdowns of data by number of personnel (Table 2) show heavier hours for seniors at the smallest firms: 1,959 chargeable at firms with one to five people, although the rest of the groupings by number of personnel were all in the 1,500s and 1,600s.

Juniors had the highest chargeable hours at one to five people firms, with an average 1,700 hours billed. The low was at firms with 16 to 20 people; there juniors billed an average of 1,370. The range of hours billed for juniors who have not yet passed the CPA exam across the firms measured in number of personnel was varied. For instance, the high—1,606 chargeable hours—was at firms with 21 to 35 people, very close to the 1,598 average hours billed at firms with more than 100 people.

For more information. The complete *AOMAR 2007 CPA Firm Practice Management Survey* results are available for purchase in IOMA's brand new *CPA Firm Statistical Analysis Reference Handbook 2007*. To order, use the coupon on page 16, or call IOMA at 212-244-0360, x2 and ask for report 2048C, or e-mail subserve@ioma.com. Cost: \$329 plus \$9.95 shipping/handling.

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

			\$1M to	\$2M to	\$4M to	\$6M to	
	Overall	<\$1M	\$1.99M	\$3.99M	\$5.99M	\$9.99M	\$10M+
Chargeable hours for firm	71,616	—	14,481	23,907	34,180	50,142	187,113
Total hours for firm	125,353	13,323	23,478	40,219	63,293	92,475	357,154
Chargeable hours for CPA owners	1,232	1,375	1,115	1,313	1,350	1,073	1,148
Total hours for CPA Owners	2,336	2,370	2,226	2,271	2,357	2,287	2,472
Chargeable hours for non-CPA owners	1,247	—	—	1,192	950	1,500	1,266
Total hours for non-CPA owners	2,308	—	—	2,563	1,280	1,575	2,487
Chargeable hours for nonequity owners	1,176	—	1,282	1,273	1,042	1,120	1,199
Total hours for nonequity owners	2,246	—	2,360	1,904	2,115	1,996	2,476
Chargeable hours for supervisors/managers	1,494	1,498	1,502	1,694	1,473	1,477	1,388
Total hours for supervisors/managers	2,162	1,977	2,053	2,221	2,065	2,211	2,320
Chargeable hours for seniors	1,608	1,742	1,649	1,536	1,643	1,686	1,540
Total hours for seniors	2,160	2,143	2,161	2,086	2,097	2,229	2,231
Chargeable hours for juniors	1,524	1,800	1,488	1,264	1,552	1,632	1,573
Total hours for juniors	2,277	2,080	2,149	1,953	2,095	2,202	2,584
Chargeable hours for juniors (not yet CPAs)	1,487	1,440	1,341	1,474	1,582	1,582	1,436
Total hours for juniors (not yet CPAs)	2,110	2,215	1,859	2,131	2,097	2,171	2,247
Chargeable hours for consulting staff	1,325	—	970	899	1,125	1,508	1,527
Total hours for consulting staff	2,243	—	1,916	2,047	2,200	2,267	2,340
Chargeable hours for paraprofessionals	1,433	1,625	1,615	1,623	1,416	1,238	1,273
Total hours for paraprofessionals	2,034	1,936	2,024	1,927	2,104	2,158	2,019

(Source of tables: IOMA)

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

	1 to 5	6 to 10	11 to 15	16 to 20	21 to 35	36 to 50	51 to 100	100+
Chargeable hours for firm	51,400	13,296	14,898	22,662	31,558	49,986	89,341	258,243
Total hours for firm	41,500	18,485	27,198	39,021	58,482	87,761	163,822	521,038
Chargeable hours for CPA owners	1,247	1,350	1,077	1,303	1,284	1,041	1,163	1,112
Total hours for CPA Owners	2,250	2,359	2,265	2,251	2,352	2,451	2,415	2,540
Chargeable hours for non-CPA owners	—	—	—	1,729	1,035	1,569	892	1,274
Total hours for non-CPA owners	—	—	—	2,635	1,782	2,648	2,225	2,547
Chargeable hours for nonequity owners	—	1,100	1,373	1,563	1,100	941	1,389	935
Total hours for nonequity owners	—	2,300	2,390	2,483	1,741	2,204	2,466	2,530
Chargeable hours for supervisors/managers	1,072	1,662	1,561	1,657	1,419	1,570	1,409	1,292
Total hours for supervisors/managers	1,913	2,042	2,181	2,149	2,099	2,350	2,226	2,407
Chargeable hours for seniors	1,959	1,618	1,551	1,548	1,619	1,563	1,541	1,559
Total hours for seniors	2,063	2,228	2,161	2,095	2,118	2,241	2,158	2,351
Chargeable hours for juniors	1,700	—	1,539	1,370	1,450	1,632	1,587	1,551
Total hours for juniors	2,140	—	2,082	2,133	1,891	2,270	2,476	2,705
Chargeable hours for juniors (not yet CPAs)	1,500	1,302	1,475	1,455	1,606	1,494	1,334	1,598
Total hours for juniors (not yet CPAs)	2,213	1,826	2,017	2,135	2,093	2,097	2,224	2,274
Chargeable hours for consulting staff	1,676	—	882	36	1,475	1,125	1,732	1,374
Total hours for consulting staff	1,916	—	—	—	2,149	2,267	2,455	2,225
Chargeable hours for paraprofessionals	1,594	1,918	1,224	1,346	1,462	1,302	1,266	1,197
Total hours for paraprofessionals	1,903	2,130	1,955	1,874	2,176	2,228	1,980	2,102