ACKNOWLEDGEMENTS:

Many organizations and individuals provided their expertise to make this year’s AICPA PCPS/TSCPA National MAP Survey possible. The commitment of the PCPS Executive Committee and the Texas Society of CPAs once again provided us the support to build on past success and create the most dynamic survey platform and reporting options in the industry. We are proud of the continued firm participation in all 50 state CPA societies.

Additionally, we’re grateful for our partnership with the Association for Accounting Administration. Aon Insurance Services, the broker and administrator for the AICPA Member Insurance Programs, continues to be our valued, premier sponsor.

The Private Companies Practice Section (PCPS) is a voluntary add-on firm membership section of the AICPA that brings together CPAs managing their own practice.

PCPS partners with nearly 6,400 CPA firms of all sizes nationwide and provides targeted and customizable practice management tools in the areas of technical resources, business development, human resources, benchmarking and succession planning.

This section is overseen by the PCPS Executive Committee, made up of CPA volunteer practitioners, which steers programs to help improve the quality of services and operating success of PCPS member firms. The PCPS Executive Committee promotes the importance of firm practice management by endorsing this biennial survey.

DISCLAIMER:

The AICPA offers this information as a service. Dynamic Benchmarking LLC, the survey administrator, has taken reasonable steps to compile the data volunteered by survey respondents and to accurately calculate values based on the compiled data. AICPA makes no claims with regard to the accuracy of the data or the results produced in reports. The AICPA takes no responsibility for any use, interpretation or application of data or results derived from the information provided from the survey results reports.
TABLE OF CONTENTS

2014 AICPA/TSCPA National Map Survey Summary ........................................ 2
A New Platform Adds Value to the Survey ..................................................... 4
Growth, Income and Owner Compensation ............................................... 5
Staff Compensation, Turnover and Benefits ........................................... 8
Expenses .................................................................................................. 10
Billing ...................................................................................................... 11
Utilization and Realization ....................................................................... 13
Technology Priorities ............................................................................... 15
Succession Planning .................................................................................. 16
Putting the Numbers to Work .................................................................. 17
About the Survey ...................................................................................... 20
PCPS — Private Companies Practice Section ........................................ 21
CPA firms are standing on solid ground and building for the future. That’s one key finding of the 2014 AICPA PCPS/TSCPA National Management of an Accounting Practice (MAP) Survey, sponsored by the AICPA Private Companies Practice Section (PCPS) in association with the Texas Society of CPAs (TSCPA). The latest results of this comprehensive study of CPA firms of all sizes from across the country show that firms are maintaining the growth that followed the economic recession of 2008 and are also experiencing modest increases. At the same time, many appear to be reinvesting a portion of their profits back into their businesses to ensure ongoing success, particularly as baby boomers transition into retirement.

“We’re seeing many firms take conservative steps to ensure the sustainability of their organizations,” said Mark Koziel, CPA, CGMA, the AICPA’s Vice President of Firm Services and Global Alliances. “They’re plowing money back into the firm or reserving it for future use rather than doling out every penny in profit to owners and partners. Succession planning, budgeting for new hires, merger strategy and hedging against uncertainty all play a factor in this kind of decision-making.” This year’s results indicate firms have maintained modest growth in revenues while keeping an eye on future challenges and opportunities.

The MAP Survey, the profession’s largest benchmarking poll on practice management topics, is conducted every two years. The survey gathers information on the financial results and practice management approaches of firms. The national results are reported as medians and broken into seven size segments, from those with less than $200,000 in annual revenue to those with $10 million or more as well as by geographic regions and sub-regions. Responses were gathered from May through August of 2014 and reflect firms’ financial results for 2013.

Firm owners and administrators are among the many interested readers who can use the survey results to analyze how their firms compare with others throughout the country as well as in their own size segments and geographic areas. They can also diagnose their firms’ areas of strength and weakness and identify alternative approaches to the challenges they face. The survey is a great reality check that spotlights where a firm
stands in relation to other similar practices and which issues it may want to address. It’s easy to identify the significant differences between an individual practice and others in the same size segment or region. Reviewing the survey forces firm leaders to dig deep to understand variances from the median and to line up their metrics with their desired results, identifying solutions as needed. This commentary will spotlight some of the key aspects of the survey results and ways to put them to use.

**Note to Survey Users:** This year’s statistics have been prepared using medians. The median value represents the majority of data values (or middle value) in a data range. In 2012, data was reported using both “common sized” and average approaches. While the average and median can be nearly the same, medians are considered a more accurate measure because they are not significantly influenced by a few extreme values (outliers).
A NEW PLATFORM ADDS VALUE TO THE SURVEY

In 2014, the shift to a dynamic platform makes it possible for users to get the added value of the comprehensive benchmarking data in this year's National MAP Survey. Instead of accessing the survey through emailed reports, MAP Survey participants can return to the dedicated site (aicpapcsmapsurvey.com), making it convenient to analyze and compare the data that is of greatest interest to them. Content categories include firm profile information, financial, compensation, staffing, benefits, technology, owner-partner and international services. Users can immediately access their own data on the platform and compare them against results for firm segments, including not only firm size by revenue and number of CPAs, but also region of the country, state, the top performers and others (see filter options below). Participating firms can also access their pre-filtered personalized reports and a supplemental report on the number of professional and non-professional FTE positions by firm size. With the filtering options, it’s possible to microslice the data many ways, giving you a 360 degree vision of your firm and how it relates to other practices. The platform also makes it possible to compare your results against the 25th and 75th percentiles, which adds value to your benchmarking. In addition, with future surveys on the platform, firms will be able to compare their own and collective data relative to prior survey information gathered on the platform.

FROM THE SURVEY PLATFORM: FILTERING OPTIONS
GROWTH, INCOME AND OWNER COMPENSATION

Firms in every size category reported an increase in net client fees over the prior year (2012 to 2013), with the growth ranging from 8% (at firms with less than $200,000 in revenues) to 4% (firms with $500,000 to $750,000 and from $1.5 million to $5 million in revenues). Top performing firms saw a 6% rise in net client fees over the previous year, putting them right in the middle of the growth spectrum. Although they have not returned to the pre-2008 recession growth rates, firms have seen improvement during the subsequent years.

Firms of nearly all sizes have seen increases in net client fees per owner between 2010 and 2014, but some have experienced a few ups and downs along the way. Looking at trends over time, there were indications in 2012 that drops in fees per partner for firms with more than $500,000 in revenues meant firms might be adding new partners to take over for retiring baby boomers (with fees down in larger firms as new partners were admitted before older ones retired). In 2014, fees were up for all firms but the smallest. For firms with over $500,000 in revenues, it appears that the younger partners may now be taking on more responsibility and that partners are retiring (thus firms are doing more with less). Among the smallest firms, the spike in 2012 may have been attributable to newly opened shops that were benefiting from new earning potential. Those new firms may now be adding partners, which could explain their declines in fees per partner.

<table>
<thead>
<tr>
<th>Firm Revenue</th>
<th>2014</th>
<th>2012</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200K</td>
<td>$116,134</td>
<td>$139,072</td>
<td>$104,886</td>
</tr>
<tr>
<td>$200K&lt;$500K</td>
<td>$280,323</td>
<td>$273,014</td>
<td>$273,298</td>
</tr>
<tr>
<td>$500K&lt;$750K</td>
<td>$505,503</td>
<td>$394,032</td>
<td>$400,421</td>
</tr>
<tr>
<td>$750K&lt;$1.5M</td>
<td>$558,039</td>
<td>$483,573</td>
<td>$512,674</td>
</tr>
<tr>
<td>$1.5M&lt;$5M</td>
<td>$772,171</td>
<td>$661,736</td>
<td>$715,453</td>
</tr>
<tr>
<td>$5M&lt;$10M</td>
<td>$1,111,728</td>
<td>$887,865</td>
<td>$1,043,617</td>
</tr>
<tr>
<td>$10M+</td>
<td>$1,443,166</td>
<td>$1,310,505</td>
<td>$1,476,836</td>
</tr>
</tbody>
</table>

INSIGHTS INTO TOP PERFORMERS
One key category for benchmarking is the Top Performers, which include the top 25% of firms nationally with regard to net income per owner. Top Performers are based only on earnings. Not every firm wants to be a Top Performer, but firms can use this result as a useful benchmark.
When compared, two significant key performance indicators — net remaining per owner (NRPO) and owner compensation — appear to reveal that firm leaders are building for their future, rather than taking money out of the practice. Because net remaining per owner measures revenue minus expenses before owner-related compensation, one might surmise that the two would be pretty much equal. However, through the years, the relationship between these two data points has shifted back and forth. The 2010 survey, which reported on 2009 financials, reflected owner compensation was significantly lower than net remaining per owner, suggesting that firms were holding back on payouts in light of economic uncertainties. 2012 shifted as owner compensation rose to levels higher than NRPO. One explanation is that firm owners were paying themselves out profits that had been held back in the preceding years. In 2014, net remaining per owner is once again outpacing owners’ compensation, reinforcing the idea that firms are putting investment ahead of compensation.

“Many firms held on to cash as they worked through the recent recession to ensure that they had it for the future,” notes Carl Peterson, CPA, AICPA Vice President, Small Firm Interests, in a recent PCPS News & Views column. “Now it’s important for firms to invest in key areas, such as people and technology, to capitalize on the positive market opportunities many firms are experiencing.”

While fluctuations over the years may be attributable to a variety of factors in addition to the economy, a majority of indications in 2014 reinforce the conclusion that firms are focusing on sustainability. Liquidity and cash flow were likely considerations among the many smaller firms involved in mergers and acquisitions. Firms may also be increasing their liquidity and retaining their earnings and cash amid current or anticipated partner retirements. Buying out retiring partners is a consideration for the largest firms, and PCPS analysis also found that they may have been making significant investments in technology in recent years. These are positive steps that will benefit firms in the short and long-term.

NET REMAINING PER OWNER COMPARED WITH OWNER COMPENSATION
Owners’ Compensation as a Percentage of Net Client Fees

Compensation can be used to promote adherence to a firm’s strategic goals, but the survey showed that many firms were not taking advantage of this opportunity. For example, only 30% or fewer of all firms with less than $10 million in revenues used compliance with the firm’s business plan as a component of owner/partner compensation. Similarly, 30% or fewer of firms with less than $5 million in revenues tied compensation to gaining new business from current clients. In addition, 35% or fewer of firms with less than $10 million in revenues linked compensation to training or mentoring responsibilities. Many firms may be well advised to consider opportunities to use compensation to achieve their long-term objectives.

Related PCPS resources available in the PCPS Human Capital Center (aicpa.org/PCPS/HCC):
- Compensation System Action Plan
- Sample Compensation System Philosophy
- Sample Partner Win-Win Agreement.
STAFF COMPENSATION, TURNOVER AND BENEFITS

The survey offered extensive details on the medians for professional salaries at firms of all sizes. There have been no notable changes in the levels of compensation since the previous survey. The chart below provides a summary of the national data. PCPS members can access regional figures for free at aicpa.org/mapsurvey. And survey participants can use the platform to drill down even further to state and local compensation statistics.

The most prevalent benefit, continuing education courses, was offered by 58% of the smallest firms and nearly 100% of firms with over $1.5 million in revenues. Professional dues and professional licenses were the second- and third-most popular benefits in virtually every firm size category, although almost all firms with over $1.5 million in revenues also offered health insurance. More than half of firms with over $200,000 in revenues had retirement plans. Although their percentages are low in comparison with other size categories, firms under $200,000 are clearly adding to their range of benefits. Twenty-four percent of the smallest firms offered none of these or other common employee benefits in 2014, but that was down from 39% in 2012 and 46% in 2010.

Studies have shown that the millennial generation — those born between roughly 1980 and 2000 — seek flexibility in their workplaces, and firms seem to be responding. At least 74% of firms in all size categories offered flexible workday options, and 93% of the largest firms did. Forty-five percent of the smallest firms had embraced telecommuting, but the use of this approach dipped slightly for medium-size firms and then edged up until hitting 80% at the largest firms. The use of the flexible work week (involving, for example, four 10-hour days) ranged from 45% at some firms to 58% at firms with $5 million to under $10 million in revenues.

<table>
<thead>
<tr>
<th>2014 MEDIAN COMPENSATION</th>
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<tbody>
<tr>
<td>&lt;$200K</td>
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<tr>
<td>Owner/Partner</td>
</tr>
<tr>
<td>Director</td>
</tr>
<tr>
<td>Senior Manager</td>
</tr>
<tr>
<td>Manager</td>
</tr>
<tr>
<td>Senior Associate</td>
</tr>
<tr>
<td>Associate</td>
</tr>
<tr>
<td>New professionals</td>
</tr>
<tr>
<td>Subcontractors</td>
</tr>
</tbody>
</table>
Smaller firms don’t likely have a need to track turnover, but at larger firms, the median ranged from 7% at firms with $750,000 to under $1.5 million in revenues to 13% at the largest firms.

The survey asked firms to identify the top three reasons for turnover. The survey found that business and industry is clearly a strong draw for many professionals at the largest firms, and that option and a change of firm are the top reasons at all firms. Family obligations, however, seem to be a higher priority for staff at some smaller firms.

The PCPS Top Talent Study shows that respect for a firm’s mission, career growth expectations and salary were the top three reasons that the most promising professionals stay with a firm. Other studies have found that employers of choice share certain employment practices:

- Giving employees the responsibility and authority to get things done
- Treating them with respect and trust
- Providing feedback on performance and recognizing achievement
- Dedicating thought and resources to promoting high morale
- Hiring the right people

Related PCPS resources available in the PCPS Human Capital Center (aicpa.org/PCPS/HCC):
- PCPS Sample Manager Win-Win Agreement (Reward & Compensation & Incentives)
- PCPS Human Capital Center Section on Flexibility (Employee Retention and Work/Life)

From the benefits section of the survey, the snapshot above shows selections by all firms for the related question. A participating firm’s chosen answers would be reflected in blue. The information can also be viewed via a pop-up chart by selecting the red, blue and green icon in the upper right hand corner. The chart can then be downloaded into Adobe or as a Microsoft PowerPoint slide.
EXPENSES

As would be expected, professional salaries (not including owners), represented the largest expense item for firms, ranging in the 16% to 17% range (as a percentage of net client fees) for the smallest firms to around 30% for the largest. Paraprofessional and other salaries together added up to the second-highest expense item for all but the smallest firms, and rent and other occupancy costs were also a significant cost at all firms. Technology expenses and payroll taxes were also notable expense items at most firm sizes.

FROM THE PLATFORM: ON DEMAND CHARTING

The chart above, created on the platform, displays the Professional Salary expense for all firms. Note the firm specific data are highlighted in bold and distinguished by a blue dot on the chart. The icons in the upper-right-hand corner of the pop-up can be selected in order to download the chart as an Adobe Acrobat or Microsoft PowerPoint file.
It is interesting to see what portion of their expenses firms invested in various key areas. At the smallest firms, continuing professional education costs represented 1% of net client fees. At other firms, the percentage was smaller, down to a low of 0.4% at firms with $500,000 to $750,000 in revenues. When it came to information technology costs, the total percentage ranged from 6.9% for the smallest firms to around 2.5% at the largest. (This may be due to the fact that the largest firms have in-house IT staff and training, so many of their costs would be reflected in salaries for those firms.) Marketing was another story, with the largest firms devoting 1.6% of their fees while some smaller firm categories spent as little as 0.6%.

The median partner billing rate remained flat, ranging from $125 per hour at the smallest firms to $312 at the largest. As Carl Peterson notes in his PCPS Views column, “Firms have not been raising fees. Most firms have room to raise fees and should be evaluating how and where they can do so — starting with new clients first and then raising them with existing clients.” Firms should consider the value they provide and increase their rates accordingly. Along the way, be sure to remind clients about that value by, for example, pointing out areas when the firm’s work has saved the client money or helped them make more prudent financial decisions.

The percentage of firms that billed clients hourly ranged from 86% of the smallest firms to roughly 100% of firms with over $750,000 in revenues. The percentage of their fees that were based on hourly billing ranged from 60% at the smallest firms to 90% of firms with between $750,000 and $5 million in revenues. A total of 30% of the smallest firms use value pricing, the highest percentage of any firm size segment.

FROM THE PLATFORM: COMPARING NUMERIC RESPONSES

Using the Comparison Chart Legend, survey participants can compare the answer provided by their firm with the 25th and 75th percentiles as well as the median for that data point. The snapshot above demonstrates the sample firm’s billing rate as compared with all responding firms. And again, the data can also be viewed as a pop-up chart (downloadable) by selecting the icon to right of the figure representing the 75th percentile.
There may be several reasons for this shift toward value pricing, especially among smaller firms. Transitions of any kind are often easier at smaller practices because of the potential for a more streamlined decision-making process. Many of these firms may also be new practices that are willing to try novel approaches. Switching to any new pricing model requires advance planning that will encompass:

- Gaining a sense of the firm’s time and other commitments required in an engagement.
- Understanding the value of the firm’s work for the client and the value they perceive.
- Introducing the model to current and prospective clients. Focusing on the benefits to the client should be a key element of this conversation.
- Anticipating potential problems — and acknowledging pitfalls when they occur — so that the firm can revise plans as needed.

Related PCPS Resources from the Practice Growth & Client Service Center (aicpa.org/PCPS/ClientService):

- PCPS Pricing and Profitability Strategies Learning Guide (PCPS Practice Growth & Client Service Center)
- PCPS Trusted Client Advisor Pricing Tool (PCPS Trusted Client Advisor Toolbox)
- YOU Are the Value Workshop (PCPS Practice Growth & Client Service Center)

Transitions of any kind are often easier at smaller practices because of the potential for a more streamlined decision-making process.
Utilization is the chargeable percentage of firm members’ compensated hours. At the partner level, the ratios were 51% at both the smallest and the largest firms this year. The rate went as high as 67% at firms with $200,000 to under $500,000 in revenues and was 64% at firms with $750,000 to under $1.5 million in revenues. For Top Performers, the utilization rate was 62%. Compared with 2012, the rates were higher for firms in all categories except the smallest firms and those with $500,000 to under $750,000 in revenues possibly reflecting the fact that firms have increased staff expectations as they relate to the billable hour.

<table>
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<tr>
<th>FIRM UTILIZATION RATES</th>
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<tr>
<td>&lt;$200K</td>
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<tr>
<td>2014</td>
</tr>
<tr>
<td>2012</td>
</tr>
</tbody>
</table>

When the results are examined by position, most firms generally seem to achieve their greatest utilization (rates of roughly 70% or higher) from the associate through senior manager level. Among new professionals, the rates ranged from 51% in firms with revenues from $500,000 to under $750,000 up to 77% at firms with $200,000 to under $500,000.

Firms whose utilization is lower than the median may ask themselves questions such as:

- Are we overstaffed for the volume of work?
- Are people really being given assignments that match their skills?
- Should the low utilization numbers indicate a need to rebalance the workload or evaluate our processes
Realization rates (net client fees divided by gross fees) appear to be more frequently tracked at firms with revenues of $750,000 or more. They ranged from 94% at firms with $750,000 to under $1.5 million in revenues to 87% at firms with over $10 million in revenues. Realization numbers can be misleading, so firms should be careful to consider their own realization figures in conjunction with their billing rates. For example, firms that find their realization is noticeably higher than average may actually be charging too little, and vice versa. In addition, too great an emphasis on realization could prevent staff members from taking the time to undertake further training or engage in leadership opportunities.

If realization is a concern, there are a number of steps that firms can consider:

- Bill timely and discuss the value delivered with the client.
- Consider using retainers, which are becoming popular with an increasing number of firms.
- Discuss pricing before the engagement. Consider using specific fee language in the engagement letter, saying, for example, “The fee will not exceed $XXX” or “The service will cost a minimum of $XXX.”
- Have difficult conversations with clients about the importance of timely payment.
- Evaluate clients and firm, those with persistent payment problems or that don’t fit the firm’s long-term strategy.

Related PCPS Resources:

To determine optimum staffing levels:

- Firm Competency Model (PCPS Human Capital Center Performance Management Section)

To address client issues:

- Client Evaluation Tool (PCPS Strategy & Planning Section)
Firms in all size segments, and notably some smaller ones, appear to be expanding their use of technology solutions. If your firm is considering any number of technology-related steps — from switching tax software to creating a client portal — you can use the survey’s platform to get details on what your peers are doing.

Taking a quick overview of the findings, it’s possible to see some interesting details. About 60% of the smallest firms — and virtually all firms with over $5 million in revenues — have a website. The smallest firms appear to be in the vanguard in embracing cloud-based options, with one-half or more using cloud-based remote backup or cloud-based software and about one-quarter putting cloud-based servers to work. Larger firms also embraced these options, but in smaller percentages. The smallest firms are also more likely to use Skype or a similar service than other local or regional firms (30% versus 17% to 21% of other firms with under $1.5 million in revenues). Blogging remains relatively uncommon among firms with under $5 million in revenues, but it is being used by about one-third of the largest firms. Finally, 39% of the smallest firms and 53% or more of firms with $200,000 or more in revenues provide remote access to their website, rising to nearly 100% of the largest firms. Taking advantage of advanced technology provides benefits for all firms in terms of marketing, improved workflow and client convenience, just to name a few.
Based on the survey results, it would appear that many medium-sized and even some larger firms have not taken prudent steps to ensure an orderly transition to new leadership down the road. As an increasing number of baby boomers head into retirement — and in the midst of a hot CPA firm M&A market — firms would be well advised to position themselves for changes in ownership, whether internal or external, in the coming years.

Many owners in firms with under $200,000 in revenues may plan to sell or merge into another firm when they’re ready for retirement, so it’s not surprising that very few reported having formal partner training programs or partnership agreements. However, while a practice continuation agreement — which determines who will run or buy the firm in case of an owner’s death or disability — would seem crucial for these firms, only 3% had one and only 6% of firms with up to $500,000 in revenues. That statistic actually is down from previous national MAP surveys and PCPS succession surveys. Most firms — of any size — did not have a written and approved succession plan, leaving them without a roadmap to future leadership or ownership.

Six percent or fewer of firms with up to $5 million in revenues — and only 47% of those with over $10 million in revenues — had formal partner training programs. As a result, many of these firms may face challenges in shifting leadership roles and responsibilities to younger professionals. And while a written partnership agreement can be an important element in an internal succession — as well as in strategic planning and decision-making — they were not in place at many firms. For example, 38% or fewer firms with under $1.5 million in revenues had them, even though they would benefit from formal guidelines on how the partnership works. Among firms in this size range that did have partnership agreements, as many as 10% had not updated them in more than 10 years and as high as 21% hadn’t done so in 5 or more years. Firms are likely to get the greatest benefits from a current and robust document that addresses issues such as partner compensation, owner equity, retirement provisions, death and disability, governance and restrictive covenants.

Related PCPS Resources:
- PCPS Succession Planning Resource Center (aicpa.org/PCPS/Sucession)
- CPA Firm Mergers & Acquisitions: How to Buy a Firm, How to Sell a Firm, and How to Make the Best Deal, by Joel L. Sinkin and Terrence E. Putney, CPA (available on cpa.com)

<table>
<thead>
<tr>
<th>FIRMS WITH A WRITTEN AND APPROVED SUCCESSION PLAN</th>
<th>&lt;$200K</th>
<th>$200K–&lt;$500K</th>
<th>$500K–&lt;$750K</th>
<th>$750K–&lt;$1.5M</th>
<th>$1.5M–&lt;$5M</th>
<th>$5M–&lt;$10M</th>
<th>$10M+</th>
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</thead>
<tbody>
<tr>
<td>2014</td>
<td>2%</td>
<td>6%</td>
<td>10%</td>
<td>12%</td>
<td>27%</td>
<td>25%</td>
<td>47%</td>
</tr>
<tr>
<td>2012</td>
<td>1%</td>
<td>4%</td>
<td>11%</td>
<td>19%</td>
<td>31%</td>
<td>33%</td>
<td>42%</td>
</tr>
</tbody>
</table>
PUTTING THE NUMBERS TO WORK

The AICPA PCPS/TSCPA National MAP Survey is a valuable resource that firms can use in short- and long-term strategic planning. Owners, firm administrators and others involved in strategic and financial firm planning can use this unique tool to track trends within the profession as a whole as well as the various segments of it to benchmark their progress, policies and plans. Use it to answer your most pressing questions. Not sure if your firm is ready to grow? Examine the practices of firms in larger revenue segments to get a sense of what’s possible and identify areas where change may be needed. Worried about whether you’re prepared to compete in a tough hiring market? Find out about the staffing policies and procedures at other firms in your peer group or larger ones to see how you stack up.

With that in mind, to ensure they get the most benefit from the survey, CPAs can use the Questions to Consider and Action Agenda in this commentary as a roadmap to reflect on where they stand and what their conclusions mean for their current or future plans.

Questions to Consider

Use these questions in strategic planning sessions to analyze your results and benchmark against those of other firms.

1. Financial Data and Practice Management

- Which results involving key performance indicators or other financial data took us by surprise?
- How can we identify and align goals for improvement that will help us achieve our desired business results or meet the aims of our strategic plan?
- Which ones conform with our firm’s results? What can or have we done to raise ourselves about the average?
- Does our practice appear stronger or not as strong as others in our size segment or region?
- If some results are significantly different from ours, what might the reasons be?
- Are they a cause for concern or a validation of our approach?
- Based on where our firm stands compared with others, what steps can we take to improve our policies or processes?
- What can we do to reinforce or expand the things we appear to be doing right?

Continued on Page 18
2. Consider Larger/Regional Firm Results

► How do our financial or practice management findings compare with those of firms slightly larger than ours?

► If we’re interested in long-term growth, do the larger firms’ results indicate any changes we need to take in preparation for expansion?

► How do our results compare with those in our geographic area? Are we doing better or worse than firms like ours?

3. Set and Rank Priorities

► Based on our answers to the first three questions, which issues should be our priorities? Rank them in order of importance.

► Choose three to five to focus on in the next year.

4. Implement the Next Step

► What are the best ways to address our priorities?

► Who will be our internal firm champion for the process?

► What people or teams should be involved in identifying and carrying out necessary changes?

► What kind of budget may be required for each action item?

► How will we track progress in meeting our goals?

► How frequently should we revisit our priorities to monitor achievements and set new goals if necessary?
Action Agenda

Use this checklist to detail and chart your progress in putting the survey's findings to work through the priorities set for by your firm.

<table>
<thead>
<tr>
<th>Action</th>
<th>Project Champions</th>
<th>Deadline Date</th>
<th>Date Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review the results of the 2014 AICPA PCPS/TSCPA National MAP Survey.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify the key performance indicators and/or practice management issues that your practice will choose to focus on.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use the survey platform (survey participants) or the National Report(s) to compare your firm with others in your size segment and location. In addition, consider reviewing results for firms larger than your own, as appropriate, to get a sense of how they differ.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Look for trends in the data or discrepancies from your own results. Consider what they mean for your firm now and in the near and long term.</td>
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<td></td>
<td></td>
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<tr>
<td>If changes are needed, rank them in order of importance.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appoint an internal firm champion for each ranked item to follow through. Revisit progress at regular intervals to see how well your initiatives are progressing.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Participate in the 2016 National MAP Survey. Information on future surveys will be available at aicpa.org/mapsurvey.</td>
<td></td>
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</tr>
</tbody>
</table>
ABOUT THE SURVEY

The AICPA PCPS/TSCPA National Management of an Accounting Practice Survey is conducted every two years by the AICPA’s Private Companies Practice Section and the Texas Society of Certified Public Accountants. For 2014, representatives from almost 1,750 CPA firms were asked details about their latest fiscal year financial results. Responses were gathered from May through August this year. The poll’s premier sponsor is Aon.

### PARTICIPATING FIRMS BY REVENUES

<table>
<thead>
<tr>
<th>Revenues</th>
<th>All Firms</th>
<th>&lt;$200K</th>
<th>$200K–&lt;$500K</th>
<th>$500K–&lt;$750K</th>
<th>$750K–&lt;$1.5M</th>
<th>$1.5M–&lt;$5M</th>
<th>$5M–&lt;$10M</th>
<th>$10M+</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,748</td>
<td>212</td>
<td>307</td>
<td>169</td>
<td>283</td>
<td>354</td>
<td>77</td>
<td>57</td>
<td></td>
</tr>
</tbody>
</table>

### Who Responded Nationally (by Revenues)?

- <$200K: 20%
- $200K to <$500K: 4%
- $500K to <$750K: 12%
- $750K to <$1.5M: 24%
- $1.5M to <$5M: 28%
- $5M to <$10M: 18%
- $10M+: 4%

### Who Responded Regionally?

- NE: 12%
- South: 28%
- Midwest: 24%
- West: 36%
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