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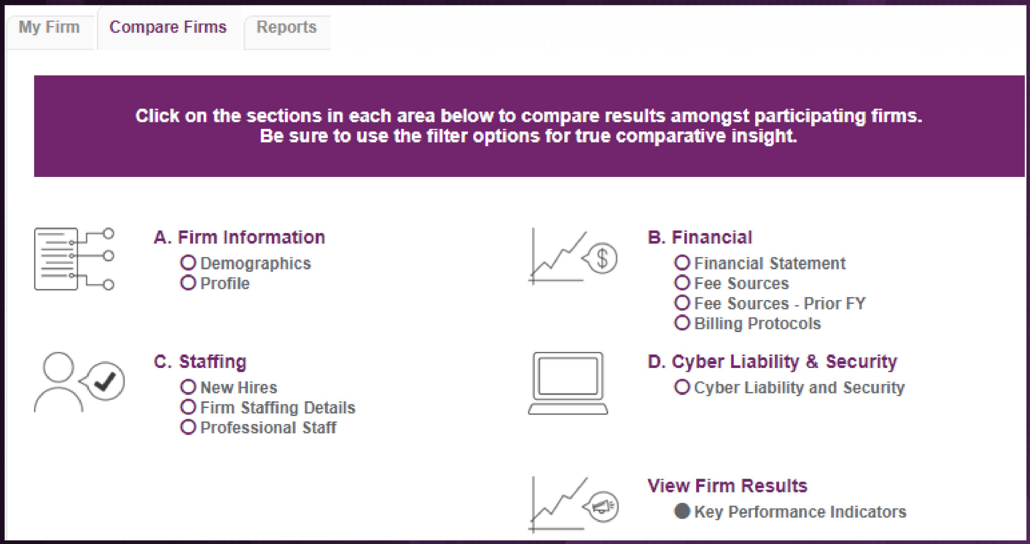
The 2023 National Management of an Accounting Practice (MAP) Survey Executive Summary

Contents

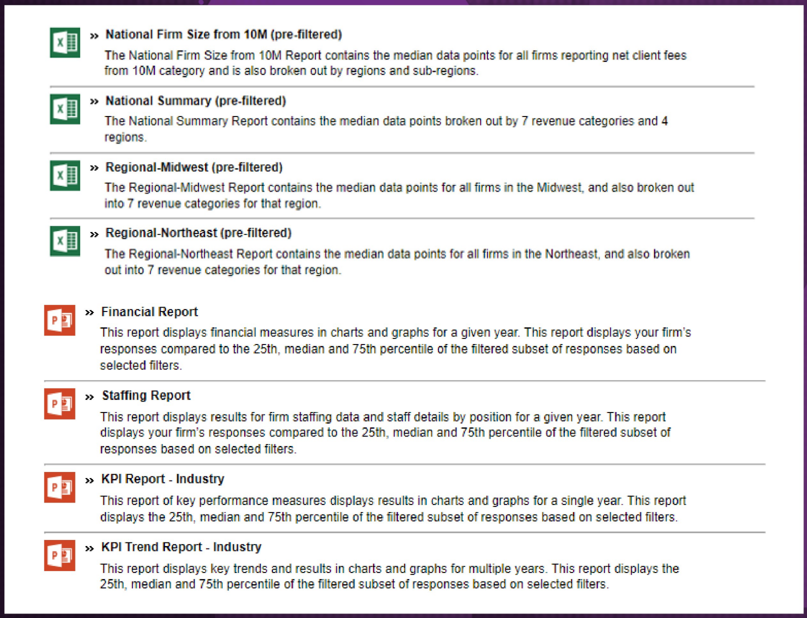
Introduction: Power of the platform

Welcome to the *2023 National Management of an Accounting Practice (MAP) Survey Executive Summary* from AICPA & CIMA's Private Companies Practice Section (PCPS) and CPA.com, the business subsidiary of the AICPA.

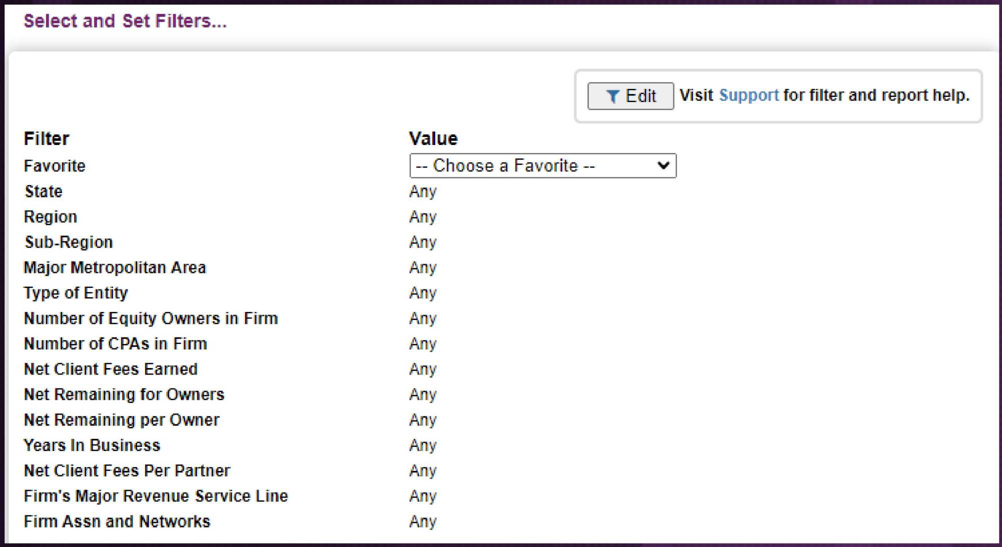
PCPS conducted the 2023 MAP Survey from May 15, 2023, through July 14, 2023. Firms were asked to provide information from their 2022 fiscal year in 10 areas divided into four categories, as shown in the following screenshot from the online [MAP survey platform]() powered by Dynamic Benchmarking LLC.



Through the MAP platform, PCPS members and firms that completed the survey have access to **more than 70** reports. Prefiltered Excel files include the national summary, national results by firm size or region, and results for each state. Also available are PowerPoint reports for national and industry-specific financial and staffing results, in addition to key performance indicator (KPI) and KPI trend reports by industry. A few of the reports are shown in the following screenshot from the MAP platform.



PCPS firms that completed the survey can also create personalized reports by mixing and matching their results through up to 15 filters, as shown in the next screenshot. New this year is the ability to filter results by firm associations that had enough responses to qualify. The platform's database provides access to MAP Survey results all the way back to the 2014 survey, which tracked fiscal 2013 results.



Select and Set Filters...

Edit Visit Support for filter and report help.

Filter	Value
Favorite	-- Choose a Favorite --
State	Any
Region	Any
Sub-Region	Any
Major Metropolitan Area	Any
Type of Entity	Any
Number of Equity Owners in Firm	Any
Number of CPAs in Firm	Any
Net Client Fees Earned	Any
Net Remaining for Owners	Any
Net Remaining per Owner	Any
Years In Business	Any
Net Client Fees Per Partner	Any
Firm's Major Revenue Service Line	Any
Firm Assn and Networks	Any

The happy median

The National MAP Survey reports median values for the vast majority of its results. Because the median represents a midpoint in a data set, it is less likely to be skewed by outlier data than results reported using averages.

About the survey and its participants

The National MAP Survey, which dates back to the 1990s, is the largest benchmarking survey on the financial results and practice management approaches of accounting firms. The survey is fielded every two years, though there were three years between the 2018 and 2021 surveys due to the COVID-19 pandemic.

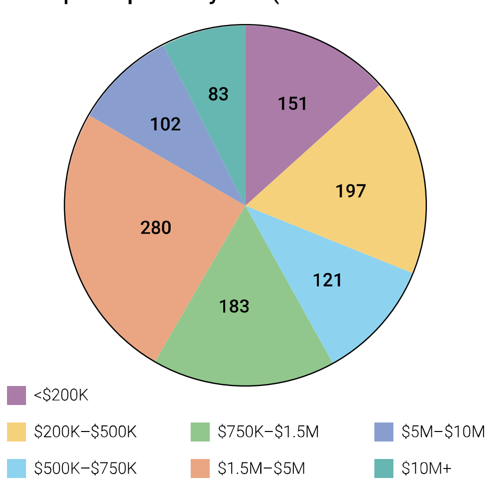
Firm leaders can use the data from the MAP Survey to compare their practice's performance to that of other, similarly sized firms. This executive summary provides an in-depth look at the survey results and offers ideas on how firms can leverage the results to better their operations.

2023: The who and the where

The 2023 MAP Survey recorded 1,117 participants, up from 1,065 in the 2021 survey. About 200 additional firms entered data for at least one metric, and that information is included in the results, but those firms did not provide enough data to qualify as full participants.

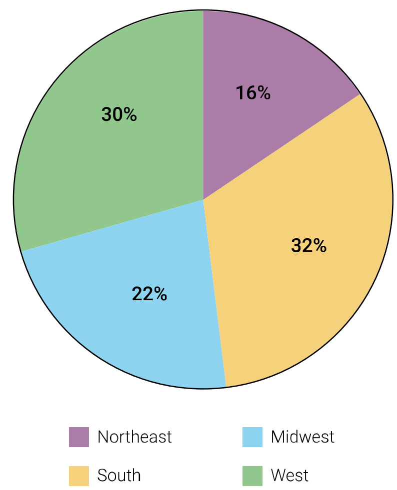
Among the seven size categories tracked in the survey, the one with easily the most participation was the group of 280 firms with between $1.5 million and $5 million in annual net client fees. The segment with the second highest number of participating firms was the $750,000 to $1.5 million range, with 183 accounting practices providing results. A full breakdown by firm sizes is shown in exhibit 1.

Exhibit 1: Firm participation by size



A ranking of the participation by region shows the South at the top, with 427 responding firms, 41 more than the West region.

Exhibit 2: Percentages of participants by region



The MAP Survey responses reflect results from a seasoned group of firms — 62% of whom have been in business for more than 21 years, with an additional 29% having been in operation for more than five years.

Other demographic and location information collected shows that 72% of firms have no plans to change their real estate footprint in the next two to five years. Among those planning to change their footprint, nearly twice as many firms plan to increase their space (13%) as plan to decrease their space (7%). Perhaps one reason for that is that office rent and occupancy costs are decreasing as a percentage of net client fees, which grew across the board in fiscal 2022.

Financial results: Top and bottom lines looking up

Accounting firms showed resiliency and resolve during the COVID-19 pandemic. Like other businesses, many firms dealt with sudden shifts to all-remote work and had to adjust to a new reality of safety concerns and economic shocks. CPAs also helped millions of businesses, most of them small or midsize, navigate a labyrinth of hastily constructed, deeply complex federal, state, and local programs to land essential funding in the form of forgivable loans, grants, and tax credits.

With work on Paycheck Protection Program forgiveness applications and other federal paperwork winding toward a close in 2022, accounting practices posted positive financial results in the pandemic's final full year.

For all firms, median net client fees in fiscal 2022 jumped to almost $1.1 million, 9.1% higher than in fiscal 2021. That leap was more than twice as large as the year-over-year gain of 4.2% from fiscal 2019 to fiscal 2020, as reported in the 2021 survey.

Net client fees (also known as net revenue and defined as gross fees from clients with writeups added and write-downs subtracted) are a key top-line metric for accounting practices and the only metric for which the MAP Survey provides prior-year results. For comparisons on all other MAP metrics, one must compare the fiscal 2022 results from the 2023 survey with the fiscal 2020 results from the 2021 survey. Those comparisons are not exact because the survey participants may vary from year to year, but with more than 1,000 respondents in both surveys, the size of the respondent pools confer validity on the results.

With that in mind, the median firm in the 2023 survey posted bottom-line growth as well as top-line gains. Net remaining per partner (defined as net client fees minus expenses before partner compensation or draws) climbed almost 10%, to $225,725, in fiscal 2022 from the corresponding number in fiscal 2020, as shown in exhibit 3.

Exhibit 3: Net client fees and net remaining

Net client fees	2023 median all respondents	2021 median all respondents	Change
Total net client fees	$1,088,840	$876,614	24%
Net client fees earned — prior fiscal year	$993,953	$867,000	15%
Net client fees per partner/owner	$638,470	$556,654	15%
Net client fees per FTE professional	$189,695	$164,000	16%
Percent change in net client fees from prior year	9.11%	4.17%	119%
Net remaining			
Net remaining per partner/owner	$225,725	$207,604	9%

Upward revenue movement was seen across all seven size ranges tracked by the MAP Survey. The year-over-year percentage change in median total net client fees at least doubled in all but one of the categories between the 2023 survey and the 2021 survey (compare rows 2 and 3 under "Net client fees" in exhibit 4). For more results by firm size, go to the section "Sizing up the competition."

Exhibit 4: Net client fees and net remaining per partner by firm size

	Results by median annual net client fees						
	<$200K	$200K–$500K	$500K–$750K	$750K–$1.5M	$1.5M–$5M	$5M–$10M	$10M+
Net client fees (NCF)							
FY 2022 median NCF	$108,000	$338,388	$615,565	$1,098,000	$2,459,221	$7,036,570	$17,614,200
% change FY 2022 from FY 2021	8.97%	6.15%	7.54%	9.56%	9.73%	10.16%	11.88%
% change FY 2020 from FY 2019	2.88%	2.40%	3.67%	4.21%	4.30%	6.52%	5.77%
Net remaining per partner owner							
FY 2022	$49,679	$134,046	$206,009	$220,414	$348,386	$473,761	$599,034

What accounted for the bounce seen on the top and bottom lines in fiscal 2022? As one might expect, a key factor was higher fees — which are covered in the next section.

Service fees: Billing rates rise 16%, could go higher

Firms have been encouraged for years to ensure billing rates reflect the value of the services provided. A tight talent market and increased demand for CPA firm services over the past few years prompted many accounting practices to increase their billing rates.

The 2023 MAP Survey results, as detailed in the section "[Staffing: Comp and circumstance,]" indicate that firms used their increased billing rates in part to increase compensation.

The median net hourly billing rate for all firms rose to $159 in fiscal 2022 from $137 in fiscal 2020. That 16% increase was more than enough to cover the 6.1% rise in average annual base salary for professionals recorded by all firms in 2022 — as evidenced by salary expenses (excluding owners) as a percentage of net client fees essentially staying flat at 32.6% after coming in at 32.3% in the 2021 survey.

That's not all. The survey also found evidence that firms could potentially raise rates further. For all firms, the median realization rate jumped to 99% from 97% in the 2021 survey. As realization is calculated by dividing net client fees by gross client fees, the 99% rate may point to billing rates being lower than they should be. In fact, the rise in realization likely reflects a resistance to rate increases, perhaps due to concern that realization rates would drop.

The theory that realization rates may have been overemphasized is further supported by the firm-wide median utilization rate slipping to 59.6% from 62.3% for all firms. Across all firms, utilization dropped for all positions except for directors and senior associates. Employees at firms that stress high realization rates may be inclined to under-record billable time.

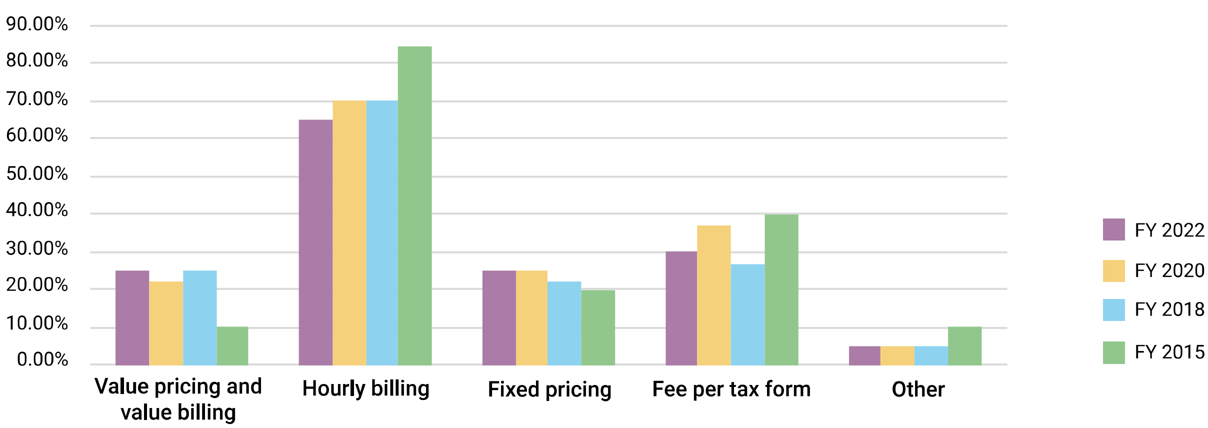
Whatever the reason, firms may be failing to fully bill their value.

The hour not yet here for value pricing

Proponents of value pricing in the profession have long hailed that billing method as superior to hourly billing. After all, many pundits argue, why should CPAs be selling their time when it's their expertise that clients really need? Also, artificial intelligence, robotic process automation, and other technologies can greatly reduce the hours needed to complete many routine accounting tasks. These technology advancements don't come for free, so firms that bill by the hour must either accept less money for the same deliverable or find a way to charge more to make up the difference.

This logic packs a punch, but hourly billing is like the Rocky Balboa of pricing methodologies. It may be in the lead role past its prime, but it's not going down without a fight. Hourly billings accounted for a median 65% of revenues for firms that provide that pricing option. That's down from 70% in fiscal 2020 (and fiscal 2018) and 84.5% in fiscal 2015, but it's still more than twice as much as any of the pricing protocols tracked in the 2023 MAP Survey, as shown in exhibit 5.

Exhibit 5: Billings as a percentage of total revenues



Totals for each year will not equal 100% due to each percentage representing the median response.

The percentage of revenues coming from fees per tax form has also fallen, declining by nearly 10 percentage points since fiscal 2015, while fixed pricing has ticked upward. Part of the reason for this is likely tied to the rise of services beyond the traditional audit and tax business lines. Exhibit 6 shows significant growth in newer consulting areas such as system and organization controls (SOC) reporting, client accounting/advisory services (CAS), business valuation, and forensic accounting. Firms also posted strong growth in audit and attest services, as well as individual and business tax compliance and planning services.

Exhibit 6: Median fees per service line

Median service fees (for firms offering the service)			
	FY 2022	FY 2020	% change
Audit and attest	$477,000	$356,732	33.71%
Review, compilation, and preparation	$120,620	$114,664	5.19%
SOC reporting	$150,000	$97,506	53.84%
Tax — Individual compliance and planning for compliance	$302,436	$274,683	10.10%
Tax — Business compliance and planning	$275,000	$222,129	23.80%
Tax — Other	$54,856	$46,242	18.63%
CAS	$179,298	$131,239	36.62%
Business valuation	$63,336	$29,718	113.12%
Cybersecurity assurance and consulting	$114,614	$185,174	−38.10%
* ESG/sustainability assurance and consulting/advisory	—	—	—
Individual planning	$25,123	$20,000	25.62%
Forensic accounting	$67,500	$39,171	72.32%
Other services	$112,000	$88,000	27.27%

* Not enough responses to record a value.

Firms were asked about billing protocols they used for each of four different service areas (tax, assurance, CAS, and other advisory services). Approximately 25% to 30% of firms are requiring deposits or retainers for all four service areas, but most are not requiring upfront payment. Not surprisingly, the highest percentage of firms requiring full payment upfront was for CAS and the smallest percentage not requiring any upfront payment was in the other advisory services area.

Staffing: Comp and circumstance

The accounting profession is facing pipeline challenges, which the AICPA and the National Association of State Boards of Accountancy are seeking to address through the release of a Pipeline Acceleration Plan and the formation of a National Pipeline Advisory Group. So, some might find it surprising that the 2023 MAP Survey reports an official turnover rate for all firms of 0%. The reason for this is that the MAP Survey reports median results, and more than half of the survey respondents reported no turnover, which meant the midpoint in the data set was a 0.

However, more than half of the firms in the three largest groups by size reported turnover, which resulted in a median value above 0% for each group. The survey found a median turnover rate of 6% for firms with annual net client fees of between $1.5 million and $5 million. Firms in the $5 million to $10 million range reported a median turnover rate of 10%, while the largest firms ($10 million and up) saw their median turnover rate hit 14.25%.

And while not every firm with less than $1.5 million in annual net client fees avoided turnover, conversations with AICPA and PCPS member firms indicate that smaller firms did experience higher retention rates than their larger peers.

“Interacting with small firms this spring and this year, retention was truly much better than in the past,” said Carl Peterson, CPA, CGMA, vice president of Small Firm Interests at AICPA & CIMA.

Among all firms that reported voluntary turnover, 30% of them had a team member accept a position at another firm, and 28% had a team member leave the profession entirely. Those percentages were up from 19% and 20%, respectively, in the 2021 survey. The percentage of firms hit with retirements crept up to 19% from 15% two years ago.

What firms can do to boost retention — Clues from the results

What can public accounting firms do to attract more talent to the profession, convince more accountants to take the CPA Exam, and then lose less of that talent to other industries? The answers can be found in two main areas: compensation and work culture.

The U.S. Bureau of Labor Statistics’ recent *National Occupational Employment and Wage Estimates* reports have consistently found the average annual salary of accountants and auditors lagging well behind the salaries of other professionals. Computer science, data science, engineering, and financial analyst occupations average anywhere from $108,000 to $117,000 a year; in contrast, the average annual salary for accountants is in the mid-$80,000s.

Firms may want to consider closing that pay gap, and that starts with recent college graduates. The 2023 MAP Survey found that the median average compensation for new accounting professionals was $50,000 per year in fiscal 2022, up from $45,000 in fiscal 2020 (see exhibit 7). In contrast, the Winter 2023 Salary Survey from the National Association of Colleges and Employers (NACE) pegged the average starting salaries for engineers at nearly $75,000 and all business graduates at $62,000.

Exhibit 7: Pay on the rise across all in-firm positions

Position	2023 median compensation all respondents	2021 median compensation all respondents	Change
Equity partners/owners	$183,855	$166,572	10%
Directors (11+ years' experience)	$136,211	$120,000	14%
Senior managers (8–10 years' experience)	$105,000	$94,951	11%
Managers (6–7 years' experience)	$86,374	$82,600	5%
Senior associates (4–5 years' experience)	$69,472	$65,888	5%
Associates (1–3 years' experience)	$55,930	$52,639	6%
New professionals (< 1 year's experience)	$50,000	$45,000	11%
Paraprofessionals	$49,577	$48,596	2%
Interns	$28,667	$26,621	8%
Professional subcontractors	$56,590	$71,278	−21%

Although higher pay would make public accounting more attractive to talent, it's not a one-size-fits-all solution. Today's younger professionals have aspirations that differ from following the traditional career path to become partner in a firm and are less interested in working the extensive overtime often associated with such a journey, especially during busy season. College students and young professionals are more motivated by a career that meets their financial needs and provides flexibility in when, where, and how much they work.

Conversations with PCPS member firms have indicated that firms are interested in taking measures to reduce work hours — and that pattern can be seen in the MAP Survey results. The average number of chargeable hours fell for all but two of the positions tracked in the survey, with new professionals posting the biggest drop among full-time staff positions (see exhibit 8).

Exhibit 8: Average chargeable hours per position

Position	FY 2022 chargeable hours	FY 2020 chargeable hours	% change
Equity partners/owners	1,215	1,242	−2.17%
Directors (11+ years' experience)	1,279	1,257	1.75%
Senior managers (8–10 years' experience)	1,367	1,379	−0.87%
Managers (6–7 years' experience)	1,409	1,440	−2.15%
Senior associates (4–5 years' experience)	1,500	1,487	0.87%
Associates (1–3 years' experience)	1,415	1,463	−3.28%
New professionals (< 1 year's experience)	1,200	1,315	−8.75%
Paraprofessionals	1,047	1,200	−12.75%
Interns	830	1,000	−17.00%
Professional subcontractors	1,045	1,416	−26.20%

Firms can help reduce the burden of overworked staff by finding ways to lower their workload. Among the options are outsourcing work and reducing the number of clients.

Outsource work: A moderate percentage of firms has started finding success outsourcing work domestically or overseas, with locations such as India and the Philippines among those mentioned most often in conversations with PCPS firm leaders. Approximately 40% of MAP Survey respondents plan to outsource work domestically in the future, and 34% foresee using offshore talent. Although there are logistical and other challenges with outsourcing, it does represent an option for shifting work away from internal staff.

Cull clients: Another way to ease the workload burden on staff is for firms to right-size their client base in line with their business model and available resources. Along those lines, more than 60% of firms culled clients in 2022, and 82% plan to do so going forward. By shedding clients that no longer serve their business model, firms can benefit from a more manageable workload and also cultivate more meaningful, longer-term relationships with the clients that are retained.

Cyber liability insurance coverage ticks upward again

The threat of cybercrime keeps growing, with bots now scouring the internet looking for software vulnerabilities hackers can exploit to gain access to computer networks without being detected for extended periods. This type of attack is particularly scary for accounting firms, which have copious amounts of their clients' personal and financial data that criminals would love to steal.

The vast majority of firms recognize the danger, with 85% of 2023 MAP Survey respondents saying they purchase cyber liability insurance and another 5% saying they didn't have cyber liability coverage but planned to secure coverage in 2023. The percentage of firms buying cyber liability insurance has soared over the past four MAP Surveys, rising from 55% in the 2016 survey to 72% in 2018 and 82% in 2021.

Exhibit 9: Firms purchasing cyber liability risk insurance by size

	Results by median annual net client fees						
Do you have cyber liability insurance?	**<$200K**	**$200K–$500K**	**$500K–$750K**	**$750K–$1.5M**	**$1.5M–$5M**	**$5M–$10M**	**$10M+**
Yes	73%	80%	86%	79%	92%	94%	97%
No	20%	15%	8%	14%	5%	4%	1%
No, but plan to in 2023	7%	6%	7%	8%	3%	2%	1%

Top of the charts: How the most profitable firms compare

The MAP Survey provides results for top-performing firms, defined as the top 25% of firms based on net remaining per partner. The 2023 survey identified 277 top performers, up from 262 in the 2021 survey.

What are the main takeaways from comparing top performers with all firms that took the survey? One of the most telling differences shows up in the firm leverage ratio, a metric added to the survey this year, which represents the number of billable professionals divided by the number of equity partners. Top-performing firms posted a median firm leverage ratio of 5.5, compared to 1.6 for all firms. As a result, top performers do a better job of delegating work, as evidenced by a higher median utilization rate for new professionals and associates.

Top performers are also more likely to:

- *Employ operations staff.* Top performers had a median of 10 full-time equivalent (FTE) operations employees, compared to 3.5 for all firms. Top performers also had more operations staff in client-facing positions. The more people in place to help with everyday tasks, the more capacity the firm will have for more value-added services.
- *Cull clients.* 73% of top performers currently do so, compared to 62% for all firms. In addition, 90% of top performers plan to shed clients going forward, compared to 82% of all firms.
- *Outsource work.* Half of top performers plan to outsource domestically in the future, and 52% plan to use offshore workers. That compares to 40% and 34% of all firms, respectively.

Exhibit 10 compares top performers and all firms in several categories.

Exhibit 10: All firms vs. top performers

Firm size	2023 median all respondents	2023 median top performers
Equity owners in firm	2	3
CPAs in firm	3	9
Number of years in business		
Less than one year	1%	—
1 to 5 years	8%	3%
6 to 10 years	10%	6%
11 to 20 years	19%	16%
21 or more years	62%	75%
Partner compensation and net remaining per partner		
Compensation — Equity partner/owner	$183,855	$450,600
Net remaining per partner/owner	$225,725	$578,278
Net remaining for partners/owners as % of net client fees	37.40%	38.50%

Exhibit 10: All firms vs. top performers (continued)

Utilization per position	2023 median all respondents	2023 median top performers
Equity partners/owners	58.40%	57.70%
Directors (11+ years' experience)	61.50%	58.10%
Senior managers (8–10 years' experience)	65.70%	65.50%
Managers (6–7 years' experience)	67.70%	69.20%
Senior associates (4–5 years' experience)	72.10%	72.10%
Associates (1–3 years' experience)	68.00%	68.30%
New professionals (< 1 year's experience)	57.70%	61.10%
Paraprofessionals	50.40%	61.60%
Interns	39.90%	53.40%
Professional subcontractors	50.20%	60.10%
Average hourly billing rate per position		
Equity partners/owners	$250.00	$343.66
Directors (11+ years' experience)	$240.00	$300.00
Senior managers (8–10 years' experience)	$200.00	$231.00
Managers (6–7 years' experience)	$180.00	$197.00
Senior associates (4–5 years' experience)	$149.71	$165.00
Associates (1–3 years' experience)	$119.00	$130.00
New professionals (< 1 year's experience)	$108.74	$115.00
Paraprofessionals	$100.00	$113.55
Interns	$85.00	$90.00
Professional subcontractors	$156.60	$180.00

Sizing up the competition

To help firm leaders more easily compare their results with peers of a similar size, the 2023 National MAP Survey Executive Summary has grouped key metrics into three exhibits covering seven size groupings based on revenue ranges, instead of including all sizes in different charts for financials, staffing, and so on. The grouping of results in this executive summary is intended to provide a one-stop chart where firms can see key details for firms in their size category and in one or two adjacent categories. If your firm participated in the MAP Survey and is a PCPS member, you can use the dynamic platform capabilities to create custom charts using the filters you select for a more tailored analysis of the results.

The exhibits in this section are built from excerpts of the Excel reports created for each revenue range in the MAP platform. (PCPS members and firms that participated in the survey can access full results on the survey platform.) Those Excel files include breakdowns by region for each firm size and also include many more metrics, including compensation, chargeable hours, and billing rates by position. PCPS members with access to the platform will be able to dial in on even more specific data points that they are interested in analyzing.

Exhibit 11: Small firms

	Annual net client fees	
	< $200K	$200K–$500K
Firm's major revenue service line		
Advisory/consulting services	7%	4%
Audit and assurance services	3%	7%
CAS	12%	7%
Tax services	75%	81%
Other	3%	2%
Net client fees and net remaining		
Total net client fees	$108,000	$338,388
Net client fees per partner/owner	$100,000	$320,000
Net client fees per FTE professional	$80,278	$314,100
% change in net client fees from prior year	8.97%	6.15%
Net remaining per partner/owner	$49,679	$134,046
Ratios and expenses		
Firm leverage ratio	1.00	1.50
Firm realization percentage	100.0%	100.0%
Utilization percentage — Firmwide	48.0%	57.7%
Total expenses (leverage ratio)	41.8%	55.1%
Salary expenses (excluding owners) as a percentage of net client fees	20.0%	21.9%
Office rent and other occupancy expenses as a percentage of net client fees	2.3%	5.2%
Firm turnover ratio percentage	0.00%	0.00%

Exhibit 12: Midsize firms

	Annual net client fees	
	$500K–$750K	$700K–$1.5M
Firm's major revenue service line		
Advisory/consulting services	2%	2%
Audit and assurance services	7%	5%
CAS	12%	7%
Tax services	78%	84%
Other	2%	1%
Net client fees and net remaining		
Total net client fees	$615,565	$1,098,000
Net client fees per partner/owner	$568,139	$716,500
Net client fees per FTE professional	$197,333	$182,799
% change in net client fees from prior year	7.54%	9.56%
Net remaining per partner/owner	$206,009	$220,414
Ratios and expenses		
Firm leverage ratio	2.00	2.50
Firm realization percentage	99.8%	99.0%
Utilization percentage — Firmwide	59.7%	60.7%
Total expenses (leverage ratio)	60.5%	64.9%
Salary expenses (excluding owners) as a percentage of net client fees	28.7%	31.2%
Office rent and other occupancy expenses as a percentage of net client fees	4.6%	5.0%
Firm turnover ratio percentage	0.00%	0.00%

Exhibit 13: Large firms

	Annual net client fees		
	$1.5M–$5M	$5M–$10M	$10M+
Firm's major revenue service line			
Advisory/consulting services	2%	1%	2%
Audit and assurance services	10%	22%	30%
CAS	5%	3%	—
Tax services	79%	75%	65%
Other	4%	—	2%
Net client fees and net remaining			
Total net client fees	$2,459,221	$7,036,570	$17,614,200
Net client fees per partner/owner	$2,162,000	$6,356,184	$15,978,000
Net client fees per FTE professional	$1,006,531	$1,404,793	$1,957,133
% change in net client fees from prior year	9.73%	10.16%	11.88%
Net remaining per partner/owner	$348,386	$473,761	$599,034
Ratios and expenses			
Firm leverage ratio	3.93	4.93	6.70
Firm realization percentage	96.0%	91.0%	85.2%
Utilization percentage — Firmwide	61.2%	62.7%	60.4%
Total expenses (leverage ratio)	68.1%	67.3%	69.5%
Salary expenses (excluding owners) as a percentage of net client fees	34.4%	37.1%	40.4%
Office rent and other occupancy expenses as a percentage of net client fees	4.3%	3.9%	3.7%
Firm turnover ratio percentage	6.00%	10.00%	14.25%

Seven steps to your future firm

The MAP Survey Executive Summary provides extensive information on accounting firm performance, and the MAP Survey platform gives survey participants and PCPS members access to exponentially more. But all the data in the universe won't do you any good if you don't do something with it.

One way to incorporate the key MAP Survey takeaways you'd like to focus on over the next year is by including them in the vision you cast for your firm, which you can create using the PCPS Strategic Planning Toolkit. As you plan, keep in mind that seismic shifts in technology and market dynamics are creating a whole new world for accounting firms. To survive and thrive amid all the change, firms will need to evolve their operations and offerings.

Seven action steps firms can take

Following are seven actions drawn from the survey results that can help firms modernize their business models. Choose just one or two areas to focus on and you'll realize how interwoven the areas truly are. For example, moving away from hourly billing to value billing can not only improve your margins but also have a huge impact on taking the steps you need to right-size your client base. That, in turn, can have a huge impact on your firm's culture, affecting not only retention at your firm but also the perception of the profession as a whole. The seven actions are as follows:

- *Continue to focus on fees.* As covered in the "Finances" section, net client fees and rates per position have increased, but there is room for firms to bring in more revenue. We encourage you to use the results of this survey to benchmark your firm and use the PCPS Revenue Modeling Toolkit to determine where you can make positive changes.
- *Continue to evaluate compensation.* The survey results indicate that starting salaries still need to improve to be competitive with other career opportunities. They have increased about 12% for all firms and top performers, compared to only 4% in the 2021 survey, which spanned three years instead of two. Despite this growth, the "Staffing" section showed salaries are still lagging behind those in other professions. We encourage you to use the results of this survey to benchmark your firm compared to others similar to you and use the Employee Compensation Strategy resources to determine where you still may have room to make positive changes.
- *Address billable hours across the board.* Average chargeable hours are decreasing, and at a higher rate with new professionals. This is a step in the right direction, but firms may want to make sure they are setting the same expectations for more experienced staff. We encourage you check out our Transform Your Business Model resources and this *Small Firm Philosophy* podcast episode on how a small firm cut its busy reason hours almost in half. Additionally, integrating new technologies into your practice can reduce time spent. See the resources and articles available at the Transforming Your Technology webpage.
- *Shift from hourly billing to value billing.* The survey results show an increase in value pricing versus hourly billing, but hourly billing still prevails. Over time, as automation and other technological advancements come into play, practitioners will need less time to deliver the same services to clients. Because less time means fewer billable hours, firms will need to price their services based on the value they bring clients. For ideas, check out the PCPS Pricing Tool and Overcoming Pricing Objections Tool.

- *Evaluate new lines of business.* We encourage firms to explore ways to enhance their service offerings, which can lead to updated billing practices, improved or more evenly spread cash flow, and reduced busy season hours — win-wins for your staff, partners, and clients. For more information on service lines, check out the Introduction to Client Advisory Services (CAS) Workshop, ESG/ Climate & Sustainability Resources, and the SOC for Service Organizations Toolkit. Resources are also available to help firms become trusted advisers to their clients. See the PCPS Trusted Client Adviser Toolbox for more.

- *Take a look at alternative solutions to the talent shortage.* With capacity at a premium due to the CPA talent crunch, firms are looking for other ways to get work done and reduce the workload on staff. Options include outsourcing, offshoring, right-sizing client bases, and the use of non-CPAs in client-facing roles. PCPS provides assistance with its Client Evaluation Tool (which includes a Good Fit Client Tool and a Client Selection and Tracking Worksheet). Additionally, firms can take advantage of the PCPS Right-Sizing Your Client Base Toolkit and the PCPS Client Disengagement and Termination Letter to disengage with clients that are no longer a good fit. Another key to talent retention is continuing to make hybrid and remote work the norm. Review the PCPS Talent Trend Toolkit to learn more.

- *Utilize "focused" operation staff positions to improve your bottom line.* Top performers have increased operations staff — whether it be more administrative positions or new positions in areas including recruiting, learning and development, and project management, to name a few. Staff solely dedicated to recruiting, retention, and project management may actually help the bottom line, despite the overhead burden. There seems to be a push to focus on prioritizing the firm's needs as a whole over individual partner, manager, or office preferences. Take a look at what areas your firm most needs to focus on but doesn't have the "time" and also view our Non-CPA Workstream Strategy resources designed to help you integrate non-CPAs into your firm to create efficiencies that can drive your bottom line.

For more ideas, check out Transforming Your Business Model, where you can explore the success stories of practitioners through articles, podcasts, and videos and access downloadable tools being developed to support these initiatives.

National MAP Survey team

PCPS

The Private Companies Practice Section is a voluntary add-on firm membership section of the AICPA that supports CPA firms in the everyday intricacies of running a practice. PCPS provides targeted and customizable practice management resources in the areas of business model transformation, business development, human resources, benchmarking, and succession planning to more than 6,000 firms of all sizes nationwide. The PCPS Executive Committee, made up of CPA volunteer practitioners, steers the development of resources and 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 regularly endorsing this survey.

It pays to be a member. The price of membership ($50 per CPA, up to $850 per year per firm) is more than matched by the thousands of dollars in member benefits and discounts. If you have questions about membership, call us at 800.CPA.FIRM or email PCPS@aicpa.org.

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Dynamic Benchmarking, LLC

Dynamic Benchmarking, survey administrator for the National MAP Survey, builds web-based solutions that are flexible, scalable, and allow for meaningful comparison of financial and operational performance in a dynamic and interactive manner. A North Carolina–based startup founded by a team of women entrepreneurs, Dynamic Benchmarking combines powerful, web-based technology with unparalleled industry expertise and customer care to deliver real-time, best-in-class, peer-to-peer data comparison for small businesses, associations, large enterprises, and any organization looking to tap into the knowledge of the crowd for the collection of best practices, salary comparison, financial and operational data, and more. For more information, please visit www.dynamicbenchmarking.com.

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