

HOW CPA FIRMS WORK

The Business of Public Accounting



MARC ROSENBERG, CPA

**HOW CPA FIRMS WORK:
THE BUSINESS OF
PUBLIC ACCOUNTING**

Marc Rosenberg, CPA

MONOGRAPHS BY MARC ROSENBERG

CPA Firm Management & Governance

CPA Firm Succession Planning: A Perfect Storm

How to Bring In New Partners

How to Negotiate a CPA Firm Merger

Strategic Planning & Goal Setting for Results

How to Operate a Compensation Committee

What Really Makes CPA Firms Profitable?

Guide to Planning the Firm Retreat

Effective Partner Relations and Communications

For more information or to purchase additional titles visit:

www.rosenbergassoc.com + click on
“Monographs by Marc Rosenberg”

Connect with Marc:
marc@rosenbergassoc.com
blog.rosenbergassoc.com

HOW CPA FIRMS WORK: THE BUSINESS OF PUBLIC ACCOUNTING

Marc Rosenberg, CPA

All rights reserved. These materials may not be reproduced or distributed to any other person without written permission from The Rosenberg Associates LTD. This publication is intended to provide general information in regard to the subject matter covered. Although prepared by a professional, this publication should not be used as a substitute for professional services in specific situations. If expert assistance is required, the services of a professional should be sought.

Copyright ©2019
The Rosenberg Associates Ltd.
1000 Skokie Boulevard, Suite 450-C
Wilmette, IL 6009

TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION	1
CHAPTER 2: POP QUIZ	5
Staff Quiz	6
Partner Quiz	7
CHAPTER 3: WHAT EXACTLY IS A CPA?	9
CHAPTER 4: WHY IT'S GREAT TO WORK AT A CPA FIRM	27
CHAPTER 5: FACTS ABOUT THE CPA PROFESSION.....	35
Primary Services – Niche Practice Areas	36
Common Position Titles at CPA Firms	39
CPA Firm Market Demographics	41
CHAPTER 6: CPA FIRM ECONOMICS 101	49
Key Definitions	53
4 Most Important Profit Metrics	55
CPA Firm Profitability Illustrations	56
CHAPTER 7: HOW CPA FIRMS GET CLIENTS	71
Marketing	76
Rainmaking	80
CHAPTER 8: HOW CPA FIRMS ARE MANAGED	87
What Needs to be Managed?	90
Organization Charts	91

TABLE OF CONTENTS

CHAPTER 9: HOW STAFF CAN HAVE A GREAT CAREER IN PUBLIC ACCOUNTING	93
Primary Staff Positions: What it Takes to Advance	97
CHAPTER 10: HOW CPA FIRMS ATTRACT AND RETAIN STAFF	103
CHAPTER 11: 100 YEARS OF GAME-CHANGING MILESTONES AND EYE-OPENING INNOVATIONS	109
CPA Firms Lacking Innovation? Think Again	112
15 Impressive CPA Firm Innovations	113
CHAPTER 12: TRENDS IN THE CPA PROFESSION	119
AICPA Poll: Top 5 Issues in CPA Firm Managements	121
CHAPTER 13: ETHICAL ISSUES	123
CHAPTER 14: THE IMAGE OF CPAs AND CPA FIRMS	131
CHAPTER 15: ACCOUNTANTS IN THE MOVIES	139
CHAPTER 16: 20 REASONS CLIENTS LOVE THEIR CPA FIRMS	147
APPENDIX: ANSWERS TO POP QUIZZES	151

1

Introduction

“Engaging your employees -- involving them in the business -- can drive revenue growth. An educated workforce can also make better decisions, work more efficiently, and seize opportunities faster. Teaching your employees to be smart businesspeople can be a big investment, but it’s one that can have a significant return.”

Keith Lamb, Inc. Magazine

Personnel in any organization, from widget manufacturers to hospitals to baseball teams to charities, work with more enthusiasm and commitment when they genuinely feel part of the organization. When people understand how they fit in the overall scheme and grasp the essentials of how the organization operates, they produce higher quality work and are more energized. CPA firms are no exception.

Throughout over 20 years of consulting to CPA firms, I have observed hundreds of CPA firm training programs and new employee orientations. But there is one major subject that is consistently missing: staff training in the *business* of running a CPA firm.



Who will benefit from reading this monograph?

Primary group: New staff joining your firm. The primary use of this monograph is to teach staff, especially those going through the firm's new employee orientation process, about the business of public accounting.

Interns. The curriculum at university accounting programs focuses 99% on technical accounting and tax subjects. Students learn virtually nothing about how CPA firms work, how to advance their careers and what makes firms successful. Since internships are now the number one method used by firms to recruit college graduates, this monograph is a great opportunity to expose your future employees, relatively early in their accounting careers, to the CPA firm industry.

Experienced staff. Making sure that your *existing* staff understands the basics of the CPA industry and the firm itself will help reinforce what they have been exposed to throughout their tenure with the firm.

Partners. We are quite sure that partners – yes, partners - who read this monograph will learn a lot about the CPA industry and even about their own firm that they didn't know.

Administrative staff. Countless surveys and interviews of administrative staff have revealed that their biggest gripe is being made to feel like “second-class citizens.” This usually isn't intentional. It's just that CPA firms are very busy places and are very client-centric. As a result, client service personnel often don't take the time to explain to admin staff why their work is so important and how it fits in to the overall scheme of things. Their occasional rudeness to admin staff may further the problem.

This monograph will provide your admin team with a new perspective on the business of CPA firms - i.e., how their functions contribute to the firm's success and profitability.

What you will learn from reading this monograph

1. Current trends in the CPA profession.
2. Demographics of the industry.
3. What CPA firms do.
4. How CPA firms measure their performance.
5. How CPA firms are managed and organized.
6. How CPA firms get clients and keep them.
7. The tremendously impressive list of innovations that have taken place in CPA firms over the past 20 years.
8. What attracts staff to firms and what it takes to retain them.
9. What it takes to be a successful staff person at a CPA firm.
10. How staff advance at a CPA firm.
11. Reputation of CPAs compared to other professions.
12. CPA firm economics: what makes firms profitable...and what holds back the bottom line.
13. The 25 Best Practices of well-managed firms.
14. Computer software commonly used by CPA firms.

Practical, easy-to-read, actionable solutions to launch your firm into the next level of success.

Generous bulk discounts available.

Contact us with any questions at service@rosenbergassoc.com.

CLICK HERE TO ORDER NOW