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Strategic planning : a step-by-step guide to building a successful CPA firm

Sheryl L. Barbich

American Institute of Certified Public Accountants. Management of an Accounting Practice Committee

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AICPA

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Foreword

Planning is an essential ingredient in the development of your CPA firm. By planning today, you are building and ensuring your success for tomorrow. Sound easy? MAP Committee members understand the frustrations and obstacles you may encounter when planning. This book was written to guide you, step-by-step, through the process of determining where you want your firm to go and how you are going to get it there.

Whether you are starting a strategic planning effort for the first time or evaluating your current planning process, every firm can benefit from the tips and techniques presented in *Strategic Planning*. You can usually tell a good book by the wear and tear of its cover and pages. Once you make the decision to control your firm's future, *Strategic Planning* is sure to become a guide with many dog-eared pages. We hope you will keep it within arm's reach of your desk, add highlights, and make notes in the margins as you refer to it regularly in pursuit of your goals.

It's time to roll up your sleeves, perfect your planning process, and watch your firm grow.

W. Thomas Cooper, Jr.
Chairman, AICPA Management of an Accounting Practice Committee

Nancy Myers, Director
Practice Management Division

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Chapter 1: Understanding the Strategic Planning Process

Introduction

Strategic planning is the critical management process of envisioning the future that enables a firm to position itself competitively in the marketplace in order to maximize its opportunities for growth, profits, and ultimately, survival.

In today's highly competitive, rapidly changing environment, few would argue that a firm needs to plan "strategically" for its future. Unfortunately, a firm is so often consumed by client service demands, pressing personnel issues, and bottom-line concerns that strategic planning is not given a high priority. This is a mistake, since the lack of a strategic plan could jeopardize a firm's future success. Therefore, it is important for a firm's management to make a commitment to strategic planning and to begin the planning process today.

This book provides a detailed, step-by-step approach to the strategic planning process for CPA firms. The approach outlined is valid for both small and large firms, because it is the process of developing the plan that provides the most value in successful strategic planning. Ninety percent of the benefit will be derived from the exchange of ideas and concepts, and the building of consensus. The process will produce action plans and a documented strategic plan; the document itself, however, will not create the synergy, focus, and commitment that interaction will.

The Relationship Between Strategic Planning and Operational Planning

Sometimes there is confusion about the relationship between strategic and operational planning. The difference between these types of planning is related to function and time frame. The strategic plan defines where the firm needs to go to obtain a position of competitive advantage in the future. Operational plans define specific actions that contribute to the attainment of the firm's strategic plan, as well as provide for the smooth day-to-day operation of the firm. Planning for both is essential in making the firm competitive and strong.

STRATEGIC PLANNING

Strategic planning is the first step in the integral development of planning for the firm's success. From the standpoint of the firm as a whole, strategic planning addresses four key questions:

1. Who are we?
2. Where are we today?
3. What do we want to become?
4. How do we get there?

Strategic planning is the process by which the owners and management of the firm evaluate the organization's purpose and values ("Who are we?"), assess and document the internal and external environment in which the firm finds itself ("Where are we today?"), envision the desired future of the firm ("What do we want to become?"), and develop the goals, objectives, strategies, and tactics to achieve that future ("How do we get there?"). Successful strategic plans are characterized by a common understanding among the members of an organization (from top to bottom) of the purpose of that organization and by a common commitment to achieving the objectives established by discussion, debate, and consensus.

OPERATIONAL PLANNING

Operational plans are generally short term in nature—usually not longer than one year—and provide direction for the day-to-day functioning of the firm. Examples of operational plans include the firm's annual budget or business plan, marketing plan, personnel plan, and departmental plans. Operational plans are effective tools for achieving the goals of the firm, especially when used to implement the firm's overall strategic plan.

The Benefits of Strategic Planning

Planning does not guarantee success for the future; however, those who plan will have a greater probability of success than will those who only respond to *crises du jour.* This increased probability of success is attributable not only to the plan itself, but also to the benefits that result from strategic planning.

ESTABLISHES DIRECTION

A significant benefit of strategic planning is that it establishes direction by taking the long view, by looking ahead to the desired future of the firm, and by focusing on specific opportunities. Often, maintaining operations in firms takes precedence over looking ahead, and decisions are made without closely scrutinizing the long-range consequences. Most firms eventually lag behind the changing environment in which they operate. Their partners often do not perceive the need for change until it is upon them. A firm may see itself as successful because it appears to be making progress year after year, only to discover too late that (*a*) it has been making progress in a direction that no longer has relevance, (*b*) it needs to make severe adjustments in the income levels and lifestyles of its partners, or (*c*) it is out of business. With an established direction, a firm has the cornerstone needed to guide all the other types of planning it may do.

FOCUSES ACTION

When actions are focused, the energy of the firm is focused on those activities that contribute most to the attainment of the goals established by the plan. Because people generally act in their own best interest (as they perceive it), it is likely that members of the firm will expend their energy on actions that they believe will contribute directly to the success of the firm. It is crucial, therefore, that they understand what the firm's goals are so that they do not expend their energy on noncritical activities. By helping employees focus their actions on areas of importance to the firm, motivation is increased.

IMPROVES COMMUNICATION

The strategic planning process improves communication in the firm in two ways. First, the planning process itself necessitates improved communication among the participants. Therefore, for maximum benefit, it is extremely important that as many members of the firm as possible have input into the plan. Second, as the results are explained and implemented throughout the firm, communications improve firmwide.

FOSTERS CREATIVITY

Finally, strategic planning fosters creativity. The process of envisioning the future provides the opportunity for the mind to be open to new ideas. In addition, the airing of diverse opinions and views that is a part of the strategic planning process stimulates creative thinking.

The Elements for Optimum Strategic Planning

There are a number of approaches that a firm can take in developing a strategic plan. The essential difference between the various approaches to strategic planning is the number of people involved in the process and thus the number committed to its results.

Participative Planning

The optimum planning process for obtaining commitment to the eventual success of the plan is a participative process, whereby the "stakeholders" of the firm (those who have a stake in its success) actively participate in developing the strategic plan. This is best accomplished by a two- to three-day strategic planning meeting held off site. This allows sufficient time for discussion of all the important long-term issues affecting the firm and for development of an action plan. The off-site location minimizes interruptions and provides an opportunity for more open-minded futuristic thinking, without the intrusion of day-to-day operations.

The firm should encourage as many stakeholders as possible to attend the off-site meeting, for the following reasons:

1. Participation in the discussion process develops consensus. All participants must have the opportunity to air their views until a consensus is reached.
2. The participation of as many stakeholders as possible provides the opportunity for discussion of many views from many perspectives. This not only provides breadth, but also ensures that major obstacles are addressed.
3. The participative process results in giving credibility to the plan and promoting commitment to it. Commitment is enhanced by the participation and consensus of the stakeholders; credibility is enhanced by the removal of all major objections during the planning meeting process.

Effective participation, however, is affected by the size of the group. Therefore, firms may wish to limit participation in the actual off-site planning meeting to fifteen.

The Three Steps

Successful strategic planning is a three-step process, which is summarized in exhibit 1.1.

Step 1 involves the preparations for the planning meeting, including deciding whether to use an outside facilitator; selecting the planning meeting date, site, and the individual within the firm to be responsible for the entire process; and gathering the information that will provide the basis for discussion at the meeting.

Step 2 is the strategic planning meeting itself, including development of a firm mission statement; analysis and discussion of the firm's current situation; envisioning the future desired for the firm; and determining the goals, objectives, strategies, and tactics that will be embodied in the strategic plan.

Step 3 is the implementation of the strategic decisions reached at the meeting. This is accomplished by developing a written plan, communicating the plan to the employees, and monitoring the firm's progress toward achievement of the goals and objectives established.

Each of these steps is discussed in detail in the chapters that follow. Examples are included, as appropriate, to illustrate the points discussed in the text.

Exhibit 1.1 **Strategic Planning Three-Step Process**

Step 1:

Preparing for the strategic planning meeting

a. Decide whether to use an outside facilitator

b. Select the meeting date and site, and assign responsibilities

c. Research data for meeting packets

   1. Internal firm information for strength and weakness analysis
      (a) Client input
      (b) Staff input
      (c) Participant input
      (d) Financial information
      (e) Client-base information

   2. External impact information
      (a) Participant input
      (b) Industry trends from outside sources

d. Organize agenda and meeting packets

Step 2:

Conducting the strategic planning meeting

a. Mission statement (Who are we?)

b. Situation analysis (Where are we today?)

c. Envision the future (What do we want to become?)

d. Goals, objectives, strategies, tactics (How do we get there?)

Step 3:

Implementing the plan

a. Write the plan

b. Communicate the plan

c. Monitor performance

Chapter 2: Preparing for the Strategic Planning Meeting

Decide Whether to Use an Outside Facilitator

Whenever possible, a firm should attempt to involve an outside facilitator for its strategic planning meeting.

ADVANTAGES IN USING AN OUTSIDE FACILITATOR

The main benefit of using an outside facilitator is that it encourages maximum participation; all participants will feel less inhibited about expressing their views. For example, when the managing partner assumes the role of discussion leader, he or she may knowingly or unknowingly impose his or her own views on the outcome. This not only inhibits consensus, but also may result in the other participants withholding their commitment to the plan, since they might view it as the "managing partner's plan." On the other hand, the managing partner may decide to take a more passive role in the process and not put forth a personal viewpoint at all. This deprives the firm of valuable input from an important member. In addition, an outside facilitator can encourage junior firm members to participate in the discussions, ensure that all viewpoints are heard, and diplomatically curtail repetitious discussion. It would be more difficult for a participating member of the firm to fulfill these responsibilities.

The second important benefit of using an outside facilitator is that he or she offers a fresh perspective and can challenge long-held traditions in a nonthreatening manner, since he or she is presumably ignorant of "the way things are done around here." Throughout the process, the facilitator's responsibility is to keep the meeting on track and promote resolution of the issues. It is the outside facilitator's objectivity that helps open the door to different approaches and new ideas.

The outside facilitator can also provide an independent analysis of the financial data of the firm, which is important in identifying the firm's financial trends and comparing its performance with that of similar-sized firms. The facilitator can objectively analyze the elements of fee structure and firm profitability, which is sometimes a difficult job for long-term members of the firm to perform. This analysis sets the stage for discussion.

One disadvantage of using an outside facilitator is the additional cost to the firm. This cost depends on how much of the pre-meeting work can be performed in-house by staff versus how much is delegated to the facilitator. Additionally, if an outside facilitator is insufficiently prepared, the planning process may be hindered by his or her lack of understanding of the organization. Therefore, it is important that care be taken in selecting a facilitator appropriate to the firm, and that he or she be thoroughly briefed (or knowledgeable) about the firm's goals, historical and current status, and idiosyncrasies.

WHAT TO LOOK FOR IN AN OUTSIDE FACILITATOR

It is beneficial if the prospective facilitator understands not only the personal service but also the financial service industries, particularly the accounting and consulting businesses. Whenever possible, select a facilitator who is experienced in these businesses, has a global perspective on the current environment, and is capable of assessing potential environments in which the firm may be conducting business in the future. To identify potential candidates for this role, the firm may wish to contact other CPA firms for recommendations, either through regional CPA firm associations or state societies. Another source of referrals is firm clients who have used facilitators in the past.

The facilitator should be a good communicator who does not impose his or her personal opinions on the process. The managing partner should interview prospective facilitators to obtain some understanding of their style and approach to discussion facilitation. References from previous facilitations should be available.

Select the Meeting Date and Site, and Assign Responsibilities

The first step in preparing for the strategic planning meeting is selecting a planning meeting date that accommodates the participants' schedules and provides adequate preparation time. Information must be gathered, analyzed, and presented in a concise manner in order for the discussion to be based on facts rather than on perceptions. Because this is a critical element in the success of the meeting, the meeting date should be selected at least three to four months in advance.

It is recommended that, in order to accommodate the tax and accounting portion of the business, the strategic planning meeting be held in September, October, or November. This not only avoids the firm's busiest times, but also provides the lead time needed to gather data and make the appropriate analysis.

An off-site location is very important to a successful planning meeting because interruptions are minimized and all the participants can focus their thoughts on the strategic planning process. The selection of a particular hotel, resort, or other meeting facility as the location for the meeting is dependent on the cost that the firm is willing to incur. If the firm has offices in several geographical locations, it is highly recommended that a meeting site be selected that requires all participants to stay overnight in the same facility. This not only encourages informal conversation between members of the firm, but also eliminates any perception of unfairness by those who might otherwise be the only ones who have to travel.

Selection of the off-site meeting location, meeting dates, and the information to be gathered is the responsibility of the managing partner. The managing partner should, however, delegate the responsibility for implementing these decisions to someone else within the firm.

The individual selected for overall responsibility for the planning meeting depends primarily on the size of the firm. Because gathering some of the data suggested for the meeting requires access to the financial information of the firm, a firm administrator, controller, or administrative partner would be the logical choice for this responsibility. The outside facilitator can also be assigned this task if time constraints limit the in-house choices.

To begin the commitment building process, the managing partner should announce the commencement of the strategic planning process, the designation of the individual with implementation responsibilities, and the determination to include as many members of the firm as possible in the process. A suggested time line for planning-meeting preparation is shown in exhibit 2.1.

Exhibit 2.1

Strategic Planning Meeting Checklist and Time Line

Four Months in Advance:

1. Select an outside facilitator (if desired).
2. Select the meeting date and confirm attendance of participants selected.
3. Reserve the off-site location.
4. Designate the individual responsible for implementing the planning process.
5. Contact the AICPA and state society for copies of current trends impacting the industry.
6. Contact the AICPA, the state society, or accounting groups to which the firm belongs for comparative financial information.
7. Begin the collection and analysis of prior-period internal financial information (see p. 20) and client-base information (see p. 26).
   a. Prior-period financial information (three to five years)
   b. Percentage breakdown of fees by service
   c. Percentage breakdown of fees by industry
   d. New client analysis for the previous twelve months

Three-and-One-Half Months in Advance:

1. Conduct the Client Satisfaction Survey (see p. 13).

Two Months in Advance:

1. Conduct employee focus groups/surveys (see p. 17).

One-and-One-Half Months in Advance:

1. Conduct participant survey of issues. Require a one-week deadline for return (see p. 19).
2. Complete financial analysis, including the most recent year-to-date information and forecast to year end. Prepare charts and graphs for meeting packets.

Two Weeks in Advance:

1. Review all material with managing partner and finalize agenda.
2. Prepare meeting packets.
3. Make final preparations for the off-site facility (for example, room set-up, overheads, refreshments).

Research Data for Meeting Packets

An important part of the strategic planning process is an analysis and discussion of the firm's current situation. This situation analysis includes both an internal analysis of the firm's business and an external analysis of the firm's position. This section discusses the information that needs to be gathered before the meeting that can subsequently be used to determine the strengths and weaknesses of the firm (the internal analysis) and the opportunities and threats facing the firm (the external analysis).

Some of the insights to be obtained from this information require more lead time than others, and can serve more than one purpose (for example, client and staff input). Other information, such as the firm's financial trend information, may take more time the first year, depending on how much information the firm is currently maintaining and how it varies from year to year.

This material should be organized and included in the meeting packets in condensed form and should be graphically displayed as much as possible, so that time is not lost in analyzing numbers but instead is used in analyzing trends. The material should include notations on the source and time frame of all financial information presented, in order to minimize discussion of the accuracy of the information. Suggested survey or presentation formats appear as exhibits at the end of each section.

Client Input

Client views about the firm's strengths and weaknesses provide a significant amount of valuable information. This information is best obtained through client or prospect focus groups or through client satisfaction surveys. The best results from either of these vehicles may be obtained by using an outside consulting group. However, the cost of using a consultant may be very high; thus, the firm may elect to conduct a client satisfaction survey on its own. It is important to note that a survey conducted improperly could damage the firm's reputation and client base. Therefore, if the firm elects to conduct its own survey, it is critical that it be conducted in a very professional manner, and with a genuine interest in clients' opinions. Generally speaking, a client survey can be a very positive experience while serving a number of purposes. A client survey not only helps identify the firm's strengths and weaknesses, but it also tells clients that the firm values their opinions and is interested in providing quality service and improving that service. One important caveat is that the firm must thank clients for their participation and must respond to important recommendations for improvements in service. An example of a client satisfaction survey is shown in exhibit 2.2.

The questions on the survey relating to why a client does business with the firm will identify strengths of the firm and policies that should be continually reinforced. The questions requesting recommendations for improvements in the firm's services will identify weaknesses that need to be addressed in future plans that consider improving or eliminating the services critiqued. Specific strengths and weaknesses can be identified by asking clients to rate particular services, as well as the firm's overall performance. Clients may be willing to offer the additional benefit of their comments on performance. If the firm has multiple offices, the survey should be coded to identify the location being evaluated. The numerical results of the survey for overall performance and performance in each service may be presented in a graph. The specific comments relating to firm strengths and weaknesses can be compiled and presented in a consolidated format for discussion.

Exhibit 2.2

Client Survey

1. What are the three principal reasons you/your company does business with this firm?

____

____

____

For questions 2 and 3, rate the firm's services by number: 10 = very satisfied, 1 = very dissatisfied.

2. Please rate your *overall* satisfaction with the firm.

   10 9 8 7 6 5 4 3 2 1

   Comments: ______________________________

   ____

   ____

3. Listed below are some of the services our firm provides. Please rate your satisfaction with the specific services you currently obtain from the firm.

   Tax planning

   10 9 8 7 6 5 4 3 2 1

   Comments: ______________________________

   ____

   ____

   Financial statement preparation (audit, review, compilation)

   10 9 8 7 6 5 4 3 2 1

   Comments: ______________________________

   ____

   ____

   Management consulting/litigation support (please specify)

   10 9 8 7 6 5 4 3 2 1

   Comments: ______________________________

   ____

   ____

(continued on next page)

Exhibit 2.2 ***Client Survey (continued)***

Employee benefits administration

10 9 8 7 6 5 4 3 2 1

Comments: ______________________________

____

____

Computer consulting

10 9 8 7 6 5 4 3 2 1

Comments: ______________________________

____

____

Bookkeeping services

10 9 8 7 6 5 4 3 2 1

Comments: ______________________________

____

____

Medical practice management consulting

10 9 8 7 6 5 4 3 2 1

Comments: ______________________________

____

____

4. What recommendations would you make for improving our services?

____

____

____

____

5. Would you/have you refer(red) business to this firm? YES NO

Comments: ______________________________

____

6. Describe the reputation of this firm in two or three words.

____

____

Primary contact with this firm: ______________________________

Name of person completing this survey: ______________________________

STAFF INPUT

Staff input can be obtained through focus groups or surveys. Here again, an outside consultant provides the best vehicle for obtaining objective results. A second option is using focus groups run by a "safe" or relatively neutral or impartial member of the firm. If focus groups are not possible, a staff survey should be used. As in the case of the client survey, conducting a staff survey or focus groups can be a very positive experience for the firm. Not only does it assist in identifying the firm's strengths and weaknesses, it also fosters commitment on the part of employees by letting them know that their opinions are valued. An example of a staff questionnaire is shown in exhibit 2.3. Questions such as, "What do you like most about your job?" and "Describe the firm" will identify firm strengths. Questions such as, "What are the primary obstacles to carrying out your job?" and "What would you do to strengthen the firm if you were the boss?" will identify firm weaknesses. Those who will participate in the actual strategic planning meeting need not complete this input questionnaire, since they will be completing the participant questionnaire discussed later.

If the firm decides to use focus groups, it should schedule one- to two-hour sessions with groups of 15 people or fewer, if possible. All employees should be included in these focus groups to allow everyone an opportunity for input. In larger firms, focus groups may be determined along departmental lines; however, it may be beneficial to mix the departments for two reasons. First, interdepartmental communication about job obstacles and opportunities for improvement will foster improved teamwork and consideration for others. Second, the expression of diverse viewpoints often generates creativity that may result in improved efficiencies for the firm. For the most part, it is impractical, from a logistics standpoint, to mix office staffs in multioffice firms.

One method of conducting a focus group discussion is to identify the strengths of the firm, from the employees' viewpoint by asking questions such as Why do you work for this firm? The facilitator asks each person to identify one reason they work for this firm rather than another. Employee responses are recorded on a flip chart, which gathers all ideas together. It is advisable to consolidate the reasons listed to a manageable number. The facilitator works with the participants to reduce overlap and identify the most important three to five reasons suggested. This can be done by giving each participant one to three votes with which to rank the issues. At the conclusion of this process, the major strengths of the firm will have been identified from the perspective of the employees.

The facilitator next moves to discussion questions that will identify the weaknesses of the firm from the employees' perspective, such as, "What are the most important obstacles you encounter in fulfilling your job responsibilities?" Repeat the process used to identify strengths.

Again, consolidate the responses to three to five identified weaknesses. This method focuses attention on needed improvements rather than on minor complaints of a particular individual. In general, staff focus groups are a very positive experience for employees and the firm in terms of reinforcing common beliefs and recognizing the strengths and abilities of the firm.

To encourage full participation, the group facilitator should announce at the beginning of each session that the results of the focus group will be reported to management in summary form, and that no comments will be attributed to individuals. In addition to this assurance of confidentiality, participants should be advised that positive recommendations for change will be conveyed to management; however, not all recommendations will necessarily be implemented. Management, on the other hand, must be sensitive to staff input and follow up with some positive changes if suggestions for improvements are reasonable. The results of staff input sessions or surveys are compiled and consolidated and included in the meeting packets.

Exhibit 2.3

Staff Pre-Meeting Questionnaire

1. Please list the three most important reasons you work for the firm.

2. Please identify the most important obstacles you encounter (no more than three) to the efficient fulfillment of your job responsibilities.

3. If you were your immediate supervisor, what goals would you have for the coming six to twelve months (no more than three). What recommendations would you make to assist him or her in accomplishing these goals?

4. If you were your department head, how would you answer question 3 above?

5. If you were the managing partner of the firm, how would you answer question 3 above?

6. Give your suggestions for how the firm could develop more fees from existing clients and from new clients.

Participant Input

In addition to clients and staff, the strategic planning meeting participants should also contribute to the information that will be provided at the meeting. A pre-meeting questionnaire should be sent to all participants with a response date well in advance of the meeting to allow time to consider the responses. Some of the questions for the participants should be similar to the client and staff surveys, identifying the firm's internal strengths and weaknesses. Additional questions should be used to identify potential environmental or external factors that may affect the firm in the future. Questions for participants will change each year, depending on the current concerns of the firm. This questionnaire also provides the opportunity for the participants to raise additional issues that they believe are important to discuss at the meeting. An example of a participant pre-meeting questionnaire is shown in exhibit 2.4.

The gathering of information from the participants serves multiple purposes, as does the client and staff information gathering process. The input leading to the identification of firm strengths and weaknesses is important; however, input questions regarding potential external factors are also a tool for encouraging participants to begin thinking in terms of the longer term. The open-ended questions about what needs to be addressed at the meeting provide the opportunity for additional issues to be raised.

The responses should be consolidated as much as possible and included in the meeting packets. Where there is agreement among the participants, a general statement that encompasses the consensus comments and an indication of how many people made similar statements should be included. The list of external factors cited by the participants will be included in the *Situation Analysis: External* section of the packets, described in the following sections. Any additional issues raised should be reviewed with the managing partner before finalizing the agenda of the meeting to determine whether they are of strategic importance or would best be handled outside the meeting.

Exhibit 2.4 **Participant Pre-Meeting Questionnaire**

1. In your opinion, what are the principal reasons clients do business with this firm (no more than three)?

___

___

___

2. Who, in your opinion, are the firm's principal competitors, and how strong will they be in the future?

___

___

___

3. What are the foremost obstacles you encounter in achieving your professional goals (no more than three)?

___

___

___

4. What are the major external forces that, in your opinion, will most impact the firm in the next three to five years?

___

___

___

5. On what three areas do you think the firm should focus in the coming year?

___

___

___

6. Please outline any suggestions you have or topics that you feel should be addressed at the strategic planning meeting.

___

___

___

Financial Information

In theory, the partners in an accounting firm should be very conscientious about analyzing the financial performance of their own firm. In practice, however, firms often do no more than review monthly or quarterly financial statements. During the internal environment portion of a strategic planning meeting, it is appropriate to review the financial performance of the firm. For an effective review, the following information should be summarized for participants: the financial trends within the firm, comparisons of financial trends with those of similar size firms or with industry averages, and profitability trends within the firm. There are, of course, many other types of analysis that can be included, depending on the firm's situation. These three types, which are described below, should be considered the minimum and should not preclude any additional financial analysis.

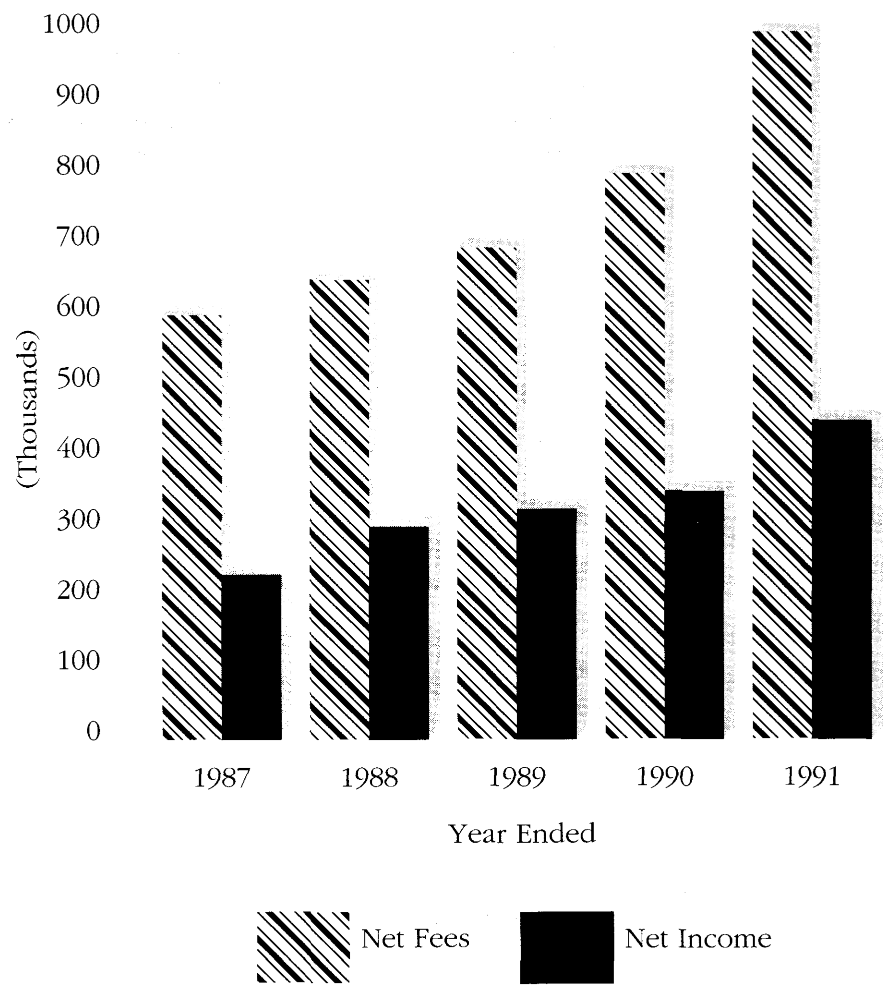
Financial Trends

Financial information should be presented for the past three to five years, including the current year to date or the forecast for the year, whichever is most appropriate at the time of year in which the planning meeting occurs. The following are the key statistics that should be included:

- Gross fees
- Billing adjustments
- Fees net of write-off
- Overhead costs
- Net income
- Number of partners
- Net income per partner
- Total hours
- Chargeable hours
- Full-time equivalent employees (FTE)
- Total hours per employee
- Chargeable hours per employee
- Efficiency
- Gross fees per hour
- Billings per professional

A chart reflecting actual dollars, or percentages, or both is an effective tool for comparing performance in key statistics from year to year. A sample chart, exhibit 2.6A, "Financial Trends and Comparisons With Benchmark Firms," appears in the following section. A bar chart depicting net fees and net income for the past three to five years, and current year-to-date or year-end forecast, is a dramatic way to introduce a discussion of the firm's financial performance trends. Exhibit 2.5 is an example.

Exhibit 2.5 ***Financial Trends—Profile Firm B***[1]



[1] American Institute of Certified Public Accountants, *1993 MAP Handbook* (New York, NY: AICPA, 1993), Chapter 504, pp. 6–22.

Financial Comparisons

For an unbiased perspective, it is always helpful to compare a firm's performance with that of other, similar size firms. Often, the obstacle to this analysis is obtaining the financial statements of other firms. However, firms frequently share financial information through firm associations and conference surveys. State society surveys also provide firm averages.

It is effective to combine the chart used to present financial comparisons with other firms with the chart demonstrating the financial trends of the firm. An example of such a combined chart is shown in exhibit 2.6A. The operating statistics of the profile firms, taken from the AICPA's *1993 Management of an Accounting Practice Handbook,* are given in exhibit 2.6B as sample benchmarks.

Exhibit 2.6A *Financial Trends and Comparisons With Benchmark Firms*

To complete the chart, fill in the first four columns with actual dollar amounts, percentages, or both from your firm's financial statements. Fill in the fifth column with any reliable performance statistics you may have on a comparable firm, or select the profile firm closest in size to your firm. (A listing of profile firms' statistics follows in exhibit 2.6B.)

	FYE 1990	*FYE 1991*	*FYE 1992*	*FYE 1993*	*Profile Firm*
Gross fees					
Billing adjustments					
Fees net/write-off					
Overhead costs					
Net income					
Number of partners					
Net income/partner					
Total hours					
Chargeable hours					
FTE employees					
Total hours/employee					
Chargeable hours/employee					
Efficiency					
Gross fees/hour					
Billings/professional					

Exhibit 2.6B *Profile Firms[1]—Firm Statistics*

These profile firm statistics were developed by the Management of an Accounting Practice (MAP) Committee, and appear in the *1993 MAP Handbook*. The profile firms are based on the results of the Texas Society of Certified Public Accountants Practice Management Survey, combined with historical data supplied by other selected firms. The personnel and fee characteristics of the four firm profiles are as follows:

Profile A — 6 people; annual net fees of $ 380,000
Profile B — 13 people; annual net fees of $1,000,000
Profile C — 24 people; annual net fees of $1,820,000
Profile D — 32 people; annual net fees of $2,580,000

	Profile A	*Profile B*	*Profile C*	*Profile D*
Gross fees	424,125	1,098,500	2,065,750	2,884,550
Billing adjustments	44,125	98,500	245,750	304,550
Fees net/write-off	380,000	1,000,000	1,820,000	2,580,000
Overhead costs	103,300	303,000	569,000	813,000
Net income	176,350	403,000	613,800	898,760
Number of partners	2	3	4	6
Net income/partner	88,175	134,333	153,450	149,793
Total hours	12,600	28,700	52,800	70,450
Chargeable hours	7,725	17,400	32,200	41,450
FTE employees	6	13	24	32
Total hours/employee	2,100	2,208	2,200	2,202
Chargeable hours/employee	1,288	1,339	1,342	1,295
Efficiency	61%	61%	61%	59%
Gross fees/hour	54.9	63.1	64.2	69.6
Billings/professional	94,250	109,850	114,764	120,190

[1] American Institute of Certified Public Accountants, *1993 MAP Handbook* (New York, NY: AICPA, 1993), Chapter 504, pp. 6–22.

Profitability Trends

The review of the firm's financial performance should include an analysis of the firm's trends with regard to the five keys to profitability developed by David H. Maister, Ph.D., a former Harvard Business School professor who specializes in working with professional service firms around the world. The five keys to profitability are as follows:

Leverage (L)	=	Ratio of total personnel to partners
Utilization (U)	=	Average chargeable hours per person
Billing rates (B)	=	Gross fees divided by chargeable hours
Realization (R)	=	Percent of gross fees billed and collected
Margin (M)	=	Ratio of net income to fees net of write-offs
Net income per partner (NIPP)	=	$L \times U \times B \times R \times M$

Positive trends can indicate firm strengths, and negative trends can identify opportunities for improvement in the firm's net profit position. It is also valuable to compare the firm's performance in these key areas with that of similar size firms. In addition to providing a straight review of the trends, this type of analysis lends itself to "what if" discussions during the strategic planning meeting (for example, "What if we improved our realization percentage by 10 percent? How would that affect our net income per partner?"). A sample presentation format follows in exhibit 2.7A. The profitability keys of profile from the AICPA's *1993 Management of an Accounting Practice Handbook* are given in exhibit 2.7B as sample benchmarks.

Exhibit 2.7A

Keys to Profitability Trends

To complete the chart, fill in the first four columns with actual statistics from your firm. Fill in the fifth column with any reliable performance statistics you may have on a comparable firm, or select the profile firm closest in size to your firm. (A listing entitled "Profile Firms—Keys to Profitability," follows in exhibit 2.7B.)

	FYE 1990	*FYE 1991*	*FYE 1992*	*FYE 1993*	*Profile Firm*
Leverage					
Utilization					
Billing rate					
Realization					
Margin					
Net income/partner					

Exhibit 2.7B

Profile Firms[1]—Keys to Profitability

	Profile A	*Profile B*	*Profile C*	*Profile D*
Leverage (*L*)	3	4.33	6	5.33
Utilization (*U*)	1,288	1,339	1,342	1,295
Billing rate (*B*)	54.9	63.1	64.2	69.60
Realization (*R*)	90%	91%	88%	89%
Margin (*M*)	46%	40%	34%	35%
Net income/partner (NIPP)	88,175	134,333	153,450	149,793

For example, profile firm B is calculated as follows:

$$\begin{aligned}
L &= 13/3 &&= 4.33\\
U &= 17{,}400/13 &&= 1{,}339\\
B &= 1{,}098{,}500/17{,}400 &&= 63.1\\
R &= 1{,}000{,}000/1{,}098{,}500 &&= 91\%\\
M &= 403{,}000/1{,}000{,}000 &&= 40\%
\end{aligned}$$

Net income/partner = $4.33 \times 1{,}339 \times 63.1 \times 91\% \times 40\% = \$134{,}333$

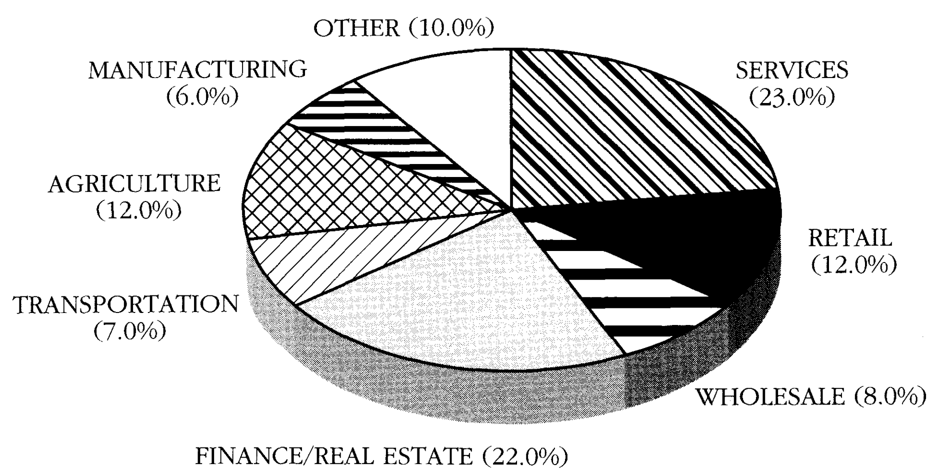
[1] American Institute of Certified Public Accountants, *1993 MAP Handbook* (New York, NY: AICPA, 1993), Chapter 504, pp. 6–22.

CLIENT-BASE INFORMATION

Other information critical to understanding the firm's current position ("Where are we today?") includes the composition of the firm's current client base. What industries are served by the firm, and what is the concentration of industries in the firm's total fee picture? Does the firm currently have a specialty industry niche? If the firm currently classifies clients by the standard industrial classification (SIC) code, this process may be fairly simple. If the SIC is not used, clients should be analyzed on a partner-by-partner basis by industry. A pie chart showing industries served, by percentage of fees, is useful in demonstrating where the firm may already be seen as an industry specialist and where there may be opportunities for expanding or creating a new niche. Exhibit 2.8, an example, follows.

Exhibit 2.8

Fees by Industry—Profile Firm B[1]

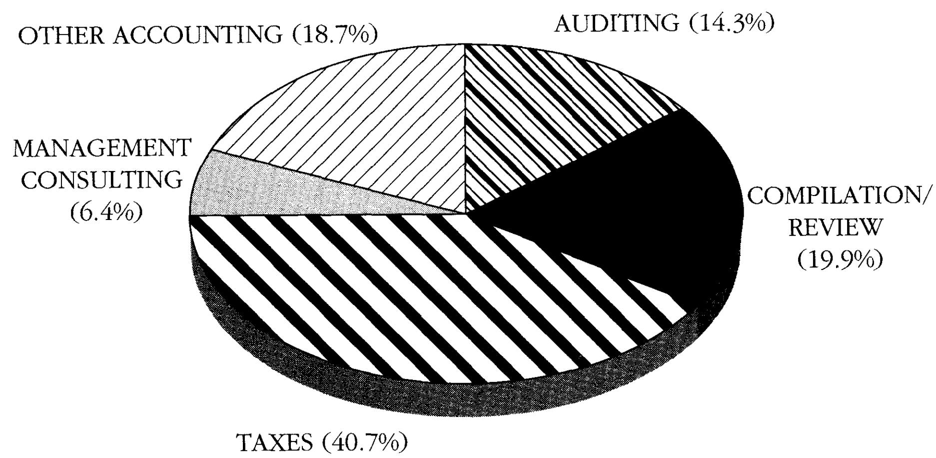


[1] American Institute of Certified Public Accountants, *1993 MAP Handbook* (New York, NY: AICPA, 1993), Chapter 504, pp. 6–22.

If the firm provides multiple services, it is important to know not only what percentage of fees comes from each service, but also what percentage of growth or decline has occurred in each service over the past year. Even if the firm's fees are solely from tax services, this analysis could show the breakdown in fees among corporate tax, individual tax, tax planning, and so forth. Both the fee distribution by industry and the fee distribution by service are important to the current situation analysis as discussion starting points. A sample presentation of a pie chart showing fees by service follows in exhibit 2.9.

Exhibit 2.9

Fees by Service—Profile Firm B [1]



[1] American Institute of Certified Public Accountants, *1993 MAP Handbook* (New York, NY: AICPA, 1993), Chapter 504, pp. 6–22.

Besides analyzing the firm's fee structure by service and industry, it is also important to review fee distribution by client size and new client growth by fee distribution. A distribution analysis will show what percentage of the firm's clients are in what fee range. The fee ranges selected depend on the size of the firm and the predominant size of the fees in the firm. In general, the firm will wish to analyze client fees by the number of clients in each fee range, the percentage of clients in each fee range, and the percentage of total fees in each fee range. For this analysis, it is important that the information be organized by the principal client relationship. For example, all work done for entities and individuals that is related to a principal client relationship should be considered work done for the principal client. Organizing the information this way will prevent the analysis from being skewed by factors such as fees for preparing a tax return for a child of a major client, which inflate the amount of the firm's work performed for smaller entities. A sample presentation format appears in exhibit 2.10.

Exhibit 2.10

Fee Distribution by Fee Range

Total fees	*<$500*	*$500–$999*	*$1000–$2499*	*$2500–$4999*	*>$5000*
Number of clients					
Percentage by number					
Total dollars					
Percentage by dollars					

As with a fee distribution analysis, it is important to see a breakdown of the firm's new clients in order to discern the current direction of the firm's growth. Compile the following information, as appropriate to the firm:

1. Number of new clients by partner
2. Number of new clients by service (tax, etc.)
3. Number of new clients by anticipated fee level
4. Number of new clients/fees by industry

INDUSTRY INPUT

An important aspect of the strategic planning meeting is a discussion of the external issues facing the firm, issues over which the firm has little control. This discussion might address changes in competition, governmental regulations, technology, demographics, and the globalization of business. The importance of this discussion cannot be overemphasized.

The AICPA, state CPA societies, and current business publications, particularly those focusing on the accounting profession, are sources of information about potential opportunities and threats. In addition, input from strategic planning meeting participants is particularly important in evaluating the specific environment in which the firm may find itself. In identifying those factors that could have an impact on the industry and the firm, it is important not to focus too narrowly on the accounting profession. In its current stage of development, the profession also includes the financial services industry, which should be considered, as well.

A list of the potential "impacts and implications" identified during this research may be included in the meeting packets for reference during the discussion of external factors, forwarded to participants in advance, or both. It is important to note that researching this material is only the first step; discussion of these potential impacts and their implications to the firm is a critical element in the development of the firm's strategic plan. Some examples of potential impacts and their implications for a firm are provided in exhibit 2.11. However, these examples should not be considered exhaustive. Participants in a strategic planning meeting should be encouraged to develop their own list of factors and their specific implications for their firm.

Exhibit 2.11 ***Potential External Impacts and Implications—Sample***

Competition

Competition will continue to increase from the proliferation of financial services providers. If larger prospective clients are targeted, competition would be expected to increase as a result of infringement on national accounting firm territory. As accountants venture into nontraditional services, such as employee benefits and computer consulting, they can expect to encounter strong competition from other firms that are focused strictly in those niches.

Implications

1. A downward pressure on fees will continue, especially in traditional services, as accounting firms participate in "bidding wars" and non-CPA firms provide low-cost tax preparation and other services.
2. It will become critical for the firm to retain experienced staff as competition for its services increases. Staff retention will also be much more costly.
3. Marketing will become increasingly important as the need to differentiate the firm from other financial services providers increases. Specialization and the firm's reputation as expert in certain industries, as well as in specific services, will allow higher fees and value billing to offset the pressure noted in item 1.

Complexity

The complexity of the financial services business will continue to increase. The frequency and volume of regulatory changes increase the time required for research and the chance for error. The increase in demands on the audit function has the same effect.

Implications

1. Client selection will become even more important in balancing potential risk with cost and compensation.
2. There will be an increased need for training to keep staff current on regulatory changes. In addition, staff will need to be trained to document communications with owners and to provide paper trails to protect against future liability. This, in turn, will increase the cost of providing client services.
3. Opportunities for joint ventures will increase as firms seek access to a joint-venture partner's expertise or market.

Technology

The accelerated development of information and communications technologies will increasingly affect the work and environment of the CPA firm. The quality and volume of information will escalate, as will the speed with which information is available. New technologies will allow clients to do work that in the past required the expertise of a CPA.

Exhibit 2.11 **Potential External Impacts and Implications—Sample (continued)**

Implications

1. Practice units will become more capital-intensive in order to purchase and maintain technologies. Firm and employee organizations may change as technologies alter the workplace and affect job mobility.
2. More technology-related skills will be required, in turn altering the type of staff needed (for example, more lower-level personnel supported by expert systems and more technology-literate individuals).
3. Productivity may increase as the costs of overcollection and overdocumentation are reduced. Improvements in the delivery of accounting services and products will enable CPAs to respond to different client demands more easily.
4. Fee structures may be altered as new technologies are applied in the provision of services and products. Verification may become a major new fee source.
5. New audit procedures may be necessary to identify fraud.

Human Resources

The demographics of the work force are changing. By the mid-1990s, women will constitute two-thirds of all new entrants into the labor force and one-half of all U.S. workers. About one-half of all U.S. employees will have one or more minor children at home. In addition, there will be fewer new entrants into the job market due to declining birthrates.

Implications

1. Firms may need to make flexible working hours available in order to retain employees with children or elders at home.
2. An increase in the use of part-time employees and paraprofessionals may be necessary to get the work done, especially during periods of high volume. It may be cost-effective for the firm to develop a pool of employees who would work only during the busy season.
3. On-site child care should be considered.

Globalization

The globalization of business will continue. To take advantage of sales opportunities or lower production costs in other countries, clients will have international needs. With the new technology that will be available, more clients will be able to access the international marketplace.

Implications

1. Networking with an international firm or group may be critical, as clients will need access to specialized information.
2. Opportunities may exist for joint-venture projects with international firms.
3. New language and other skills may be needed to communicate and to understand different cultures and business practices.

Organize Agenda and Meeting Packets

Once the data have been gathered, the facilitator, or whoever will be conducting the strategic planning meeting, should meet with the managing partner to agree on the agenda and to obtain input on any specific management direction desired. At this time, the managing partner may bring up topics that should be discussed in the formal meeting (a latent firm weakness, for example). It is important that individual partner issues, such as compensation, not become part of the meeting discussions. Such issues can limit the long-range thinking required for effective strategic planning and, therefore, should be resolved in a different forum.

The agenda should provide for an informal continental breakfast and fruit in the morning, breaks during the day, group lunches, afternoon refreshments, at least one group dinner, and some group recreation if time permits. This allows for continued discussion on a more relaxed, casual basis. There should be a break between the situation analysis and the "envision the future" portion of the meeting to allow participants to shift their focus.

Confirm the facilities arrangements. Request that the room be set up in a U-shape. This allows everyone to be seen and heard. At least two flip charts are required: one to write down the points made, and the other to note consensus as it occurs. Make sure that markers and tape are available as well.

Meeting packets (preferably three-ring binders to provide for additional material throughout the following year) must be made up in advance so that all participants will have available to them the information that forms the basis for the situation analysis discussions. The organization of the packets should follow the agreed-upon agenda with the actual agenda as the first item. One way to organize the materials would be as follows:

Agenda

Tab: *External Impacts*

1. Summary of participant input
2. Summary of trade organization information

Tab: *Financial Information*

1. Operating trends—Bar chart
2. Operating trends—Five-year numerical listing
3. Profitability analysis

Tab: *Client Analysis*

1. Concentration of fees by industry
2. Concentration of fees by service
3. Fee distribution by fee range
4. New-client analysis

Tab: *Strengths and Weaknesses*

1. Client survey summary
2. Staff focus group/survey summary
3. Participant questionnaire Summary

Tab: *Reference and Note Paper*

The agenda should not indicate the time to be spent on each item, since this might inhibit the discussion. A sample agenda appears in exhibit 2.12.

Exhibit 2.12 *Sample Strategic Planning Meeting Agenda*

Day 1

7:30 A.M. Continental Breakfast and Fruit

8:00 A.M. Introduction: Managing Partner

1. Planning overview and objectives
2. Importance of participation
3. Participant expectations

Mission Statement

1. Personal objectives and values
2. What business our firm is in, what services it offers, to whom, and how, and what makes the firm unique
3. The written statement

Break

Situation Analysis: External

1. Forces that may have impact on the firm
2. Implications of external impacts
3. Opportunities for and threats to the firm

Noon Group Lunch

Situation Analysis: Internal

1. Financial information
   a. Financial trends
   b. Comparison to benchmark firms
   c. Profitability trends
2. Client-base analysis
   a. Concentration of fees by industry
   b. Concentration of fees by services
   c. Fee distribution by fee ranges
   d. Distribution of new clients
3. Strengths and weaknesses
   a. Client input (survey results)
   b. Employee input (focus group results)
   c. Participant input (questionnaire results)

Recreation

Group Dinner

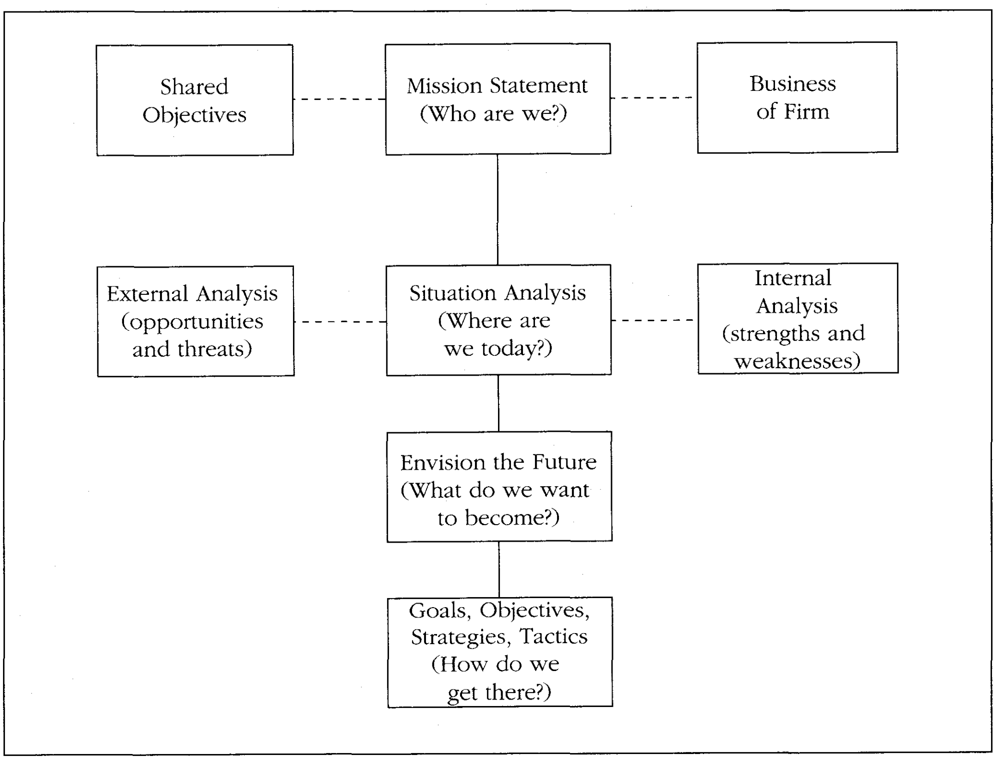
Exhibit 2.12 *Sample Strategic Planning Meeting Agenda (continued)*

Day 2	(Schedule lunch and breaks as appropriate)
7:30 A.M.	Continental Breakfast and Fruit
8:00 A.M.	Envisioning the Future: A Planning Exercise ("How the firm will be recognized as the most successful firm of its size")
	Break
	Determination of the firm's goals General statements of long-term direction
	Determination of the firm's objectives Specific, measurable short-term performance targets
	Development of the firm's strategies Methods for achieving each objective listed (this may require several strategies for each objective)
	Development of the firm's tactics 1. Each strategy must have tactics (specific action plans) 2. Someone must be assigned responsibility for each tactic, with a deadline for completion
	Adjourn

Chapter 3: Conducting the Strategic Planning Meeting

The strategic planning meeting is the most critical element in the success of the firm's strategic planning because it is here that interaction takes place. It is this interaction that not only builds consensus among participants as to the short- and long-term goals of the firm but, more important, builds the commitment necessary to reach these goals. The diagram in exhibit 3.1 outlines the various stages of the planning meeting process, and the subsequent discussion focuses on the specifics of each stage.

Exhibit 3.1 ***Strategic Planning Meeting Process***



Meeting Introduction

The managing partner should open the strategic planning meeting with a brief comment on the importance of strategic planning to the future of the firm. The introduction should also address the importance of full participation by everyone in order to obtain maximum benefit. An excellent way to start this process is to go around the room and ask each participant to list his or her expectations for the outcome of the meeting. Record every expectation mentioned on a flip chart to ensure that additional issues that need to be addressed are raised during the meeting. At the conclusion of the meeting, the list should be revisited to ensure that everything expected has been accomplished or at least addressed.

Mission Statement

It is important to begin the strategic planning meeting with the development of the mission statement, since it is the foundation on which all else rests. A mission statement should be a clear definition of what the firm is, as developed by discussion and consensus among the participants. In defining the mission statement, the participants begin by discussing the questions, "Who are we?" and "Why do we exist?" Answering these questions is a two-step process. Step one addresses the personal objectives of the participants, particularly the partners/owners. Using a flip chart, the facilitator asks each participant to identify his or her personal objectives, both financial (not specific compensation amounts) and nonfinancial (for example, flexible hours worked, fewer hours worked, professional respect, and community recognition). In order to develop shared personal objectives among the participants, it is important that a discussion take place whenever there is lack of agreement about the relative importance of these objectives. The facilitator might also ask participants to identify their personal views of the relative importance of specific issues such as ethics and relations with clients, employees, partners, and the community. Prioritizing these issues helps develop consensus.

Step two of the process addresses the business of the firm. What type of services does the firm offer? For whom does it serve this function (client/market segmentation)? How does the firm fulfill this function (distinctive competency)? Building on the shared personal objectives of the stakeholders, the participants identify the core competencies and competitive advantages of the firm. Again, the use of the flip chart will facilitate prioritizing the issues and then formulating a concise statement that reflects the vision of the firm. The result should be a mission statement that describes what sets the firm apart from everyone else.

Once the language of the mission statement has been agreed to, it should be pinned or taped to a wall of the meeting room for referral, since it may change as the strategic planning process continues. Revisit the mission statement after the "envision the future" exercise.

Situation Analysis

The next major section of the planning meeting is the situation analysis, which addresses the question, "Where are we today?" This consists of two parts: The external analysis identifies the opportunities and threats facing the firm, and the internal analysis identifies the firm's strengths and weaknesses.

External Analysis

This discussion will identify the opportunities and threats facing the firm from external factors over which the firm has little control. The facilitator may begin the discussion by reviewing the *Potential External Impact and Implication* summary. The summaries should be viewed as a starting point only, with the discussion focusing primarily on the ideas and comments of the participants. To elicit these ideas, the facilitator may ask each participant to comment on a factor outside the firm that may affect the industry, the firm, or both in the next three to five years. This is where a facilitator with a broad-based global perspective can be very valuable to the discussions.

Encourage full participation, and record all suggestions on flip charts for full visibility. It is critical in this exercise to discuss and record the specific implications of each major external force on the firm. For example, the impact of rapidly increasing technology might require the upgrading of computers and other equipment. This has capital expenditure implications that may affect short-term profitability (especially if funds have to be borrowed for the purchase) or return on investment if owner capital is used. Another impact on the firm might be a decreased need for staff due to greater efficiency resulting from improved technology. Here, the implications would be reduced costs and, thus, improved profitability. Each potential impact should be discussed in this manner.

Once the participants have exhausted their list of external impacts and their possible implications for the firm, the facilitator should begin a new list on the flip chart and ask participants for their ideas on how these factors threaten existing business or present new opportunities. These lists should be taped to the wall for future reference.

INTERNAL ANALYSIS

The analysis of the firm's strengths and weaknesses begins with a review of the firm's financial information, client input, staff input, participant input, and client-base information. At the conclusion of the review, the facilitator should once again go around the room and ask the participants for their comments on what they see as the strengths and weaknesses of the firm. Using flip charts, the facilitator should record each strength and weakness as it is identified and discussed. The benefit of the pre-meeting preparations will be very apparent in this portion of the meeting, since discussions will be based on the results of research, as opposed to only the perceptions of members of the firm. Tape the completed flip-chart listings to the wall for future reference.

Outlined below are some issues to consider when reviewing information about the firm that would identify strengths and weaknesses.

1. *Financial Information*
   a. What is the relationship between gross fees and net income? Are gross fees rising or remaining stable while net income is declining? What factors are responsible for any negative trends?
   b. What is the trend in billing adjustments? Are write-offs increasing? How do they compare with those of other firms of similar size (compare with profile firms)? Are any negative changes in the long-term trend explained by current economic conditions or other short-term phenomena?
   c. Are overhead costs increasing as a percentage of gross fees? How does the percentage compare with that of profile firms? What is the explanation for any negative or positive changes in overhead costs?
   d. What is the trend in utilization/chargeable hours per employee? What are potential causes for any trend (for example, decline in work available, overstaffing)?
   e. What is the cause of changes in billing rates? Was there a planned increase in billing rates, or are higher-level people doing the work rather than delegating to subordinates?
   f. Are partners leveraging work or doing work themselves?
2. *Client-base Information*
   a. What percentage of the firm's gross fees is provided by each of the services? What was the percentage change over the past year? Are management information services bringing in a greater percentage of the firm's revenues? Are changes planned? Are they in reaction to a short-term phenomenon, or are they a result of specific staffing changes? Is the trend likely to continue?

b. Are firm revenues growing in services with low leverage possibilities, such as management consulting? Is the growth in high-profit services?

c. For multioffice firms, how do the offices compare in service fee growth? Is growth consistent throughout the firm, leading to economies of scale?

d. Is there a high level of industry concentration among the clients served? Has the firm become expert in certain industries, leading to additional marketing opportunities? For those firms with multiple offices, is the industry specialization consistent throughout the firm?

e. Are the clients clustered in categories of relatively high gross fees per client, low gross fees per client, or are they evenly distributed? How is that changing with respect to new clients obtained in the past year? What does client fee distribution say about the type of practice of the firm (high volume/low fee or low volume/premium fee)?

f. Are there major differences in client fee levels between partners? What is the explanation for any major differences? Are there fee differentials between offices? Does this create any difficulties in the daily administering of the firm or maintaining consistency of direction?

3. *Client/Staff/Participant Perceptions*

   a. How do clients view the firm? Is their view consistent with how the partners want the firm to be viewed? Can the strengths perceived by clients be emphasized in marketing the firm's services? Do clients perceive that they receive poor service in a specific area?

   b. Why do employees want to continue working for the firm? What should the firm continue to do in the human relations area to retain employees? What opportunities for improvement do employees see that could contribute to a more efficient work flow, or to more satisfied employees?

   c. What problems, if any, do the participants see in the firm that could be eliminated or corrected? What services do participants perceive as having the most opportunity for growth in fees? What ideas do they have for greater efficiencies?

Envision the Future

After the firm's mission statement has been developed ("Who are we?") and a fairly exhaustive situation analysis has been made ("Where are we today?"), the next topic to be discussed is the firm's future. This requires the participants to focus on what the firm should and could be in the future ("What do we want to become?"). The following is an effective participant exercise to assist this discussion

The group is broken into smaller groups of four to five participants. This will allow a much more active exchange of ideas. The facilitator defines a situation (as generally as possible so as not to inhibit creativity) that is at least five years in the future, then charges each group with the responsibility to identify the specifics of the future it sees for the firm. One "game" that has been very successful in helping participants envision the future is to suppose that it is now five years from the current date, and the firm has just won a national award for being the most successful firm of its size. Each group is to write a press release identifying exactly what the firm has been recognized for and what the firm did in the intervening years to achieve that success. It is important that the facilitator not limit the groups' creativity by specifying whether the firm is an accounting firm, a local or regional firm, a sole proprietorship or small partnership, or even in what state or region it is located. The groups should be allowed to freely envision what they want the firm to be rather than limiting themselves to what the firm is today.

The groups are to be allowed at least 45 minutes to develop their press releases, then given time for a representative from each group to present the group's ideas. The press releases will often have many common components. Interestingly, there will also be some wonderfully imaginative, forward-thinking ideas put forth. The facilitator will now be able to obtain consensus on a vision of the firm's future by combining the common elements and then having the group decide on other vision components to include. The facilitator writes each agreed-upon element on a flip chart and tapes the completed document to the wall for display and reference. This exercise is a cornerstone in the development of a strategic plan, because it is *vision* that gives an organization not only direction, but also passion, by allowing it to imagine what it could be. (Vision requires imagining what you want to be, and then working to become what you imagined.)

Goals, Objectives, Strategies, and Tactics

Developing goals, objectives, strategies, and tactics is the concluding phase of the strategic planning meeting. At this point, the group is ready to begin planning the strategy for future positioning of the firm. This phase of the strategic planning meeting addresses the question, "How do we get there?" It is critical that the participative process of discussion and consensus be continued throughout the remainder of the planning meeting to ensure that a commitment to all decisions is obtained. The following sections discuss the relationship between goals, objectives, strategies, and tactics.

GOALS

Goals and objectives are essentially the same thing—an end toward which effort is directed. In the context of strategic planning, a goal is a general statement of the long-term direction desired over a three- to five-year period. In reviewing the flip charts outlining the firm's mission statement, strengths, weaknesses, opportunities, threats, and vision for the future, the participants will be able to identify long-term goals for the firm. Generally, the goals identified will fall into the following categories: financial, marketing, services, operations, and human resources. An important role of the facilitator at this point is to ensure that no more than four or five long-term goals are selected, but, at the same time, that all consensus views are incorporated in the goal statements. The limitation on the number of goals selected is needed in order to focus resources and thus create a higher probability of accomplishment. Including all consensus views is accomplished by rewording the goal statements as many times as necessary. The participants will actively assist in this process as long as the facilitator holds to the four-or-five goal limit. The goals selected should all be (1) feasible (achievable), (2) realistic (practical and reasonable), (3) measurable (able to be evaluated in quantitative terms), (4) acceptable (agreeable to everyone), and (5) understandable (clear and complete).

Examples of goal statements include the following:

Goal 1: To be one of the hundred-largest regional CPA firms in terms of revenue

Goal 2: To provide a reasonable financial return for partners in comparison with firms of similar size

Goal 3: To diversify, and expand to ten in number, the services provided by the firm

Goal 4: To provide opportunities for the growth and development of partners and staff

OBJECTIVES

An objective in this context is a more specific statement of short-term (one to two years) results that will help accomplish the long-term goal. For example, objectives supporting the preceding goals are as follows:

Goal 1: To be one of the hundred-largest regional CPA firms in terms of revenue

Objective: Increase fees by 20 percent over the next two years.

Goal 2: To provide a reasonable financial return for partners in comparison with firms of similar size

Objective: Improve net income per partner by 10 percent per year.

Goal 3: To diversify, and expand to ten in number, the services provided by the firm

Objective: Increase the number of primary services offered by the firm by two over the next two years.

Goal 4: To provide opportunities for the growth and development of partners and staff

Objective: Retain 90 percent of the current staff over the next two years.

STRATEGIES

A strategy is an overall method for achieving goals and objectives. Generally, several strategies will be developed to achieve each objective agreed upon by the group. The relationship of strategies to goals and objectives can best be described in terms of one of the preceding goals and objectives.

Goal 1: To be one of the hundred-largest regional CPA firms in terms of revenue

Objective: Increase fees by 20 percent over the next two years.

Strategies:
a) Increase fees produced by current client base and services.
b) Increase the number of industry niches served.
c) Merge with or acquire other accounting or consulting firms.

TACTICS

Tactics are a specific set of actions designed to fulfill the agreed-upon strategies. Taken as a whole, they make up an action plan. The flip chart should be used to record all suggested tactics. Discussions about the appropriateness of any specific tactic should continue until there is agreement. A tactic should not become a part of the strategic plan unless someone (whether present at the strategic planning meeting or not), has been given responsibility for the particular action, and an anticipated completion date has been assigned. Tactics to achieve one of the preceding strategies might include the following:

Goal 1: To be one of the hundred-largest regional CPA firms in terms of revenue

Objective: Increase fees by 20 percent over the next two years.

Strategy: a) Increase fees produced by current client base and services.

Tactics:

1. Schedule annual financial review meetings with major clients to determine additional needs.
2. Analyze write-offs.
3. Review staff time-sheet practices to determine whether all chargeable time is actually being charged to the client.
4. Educate staff on value billing techniques to take into account the firm's improved efficiency.

Often, tactics will include the development of a marketing plan or other specific operational plan. For further examples of strategies and tactics, refer to the sample strategic plan in appendix A.

If time is short, it may be more expedient to break the group into smaller groups and charge each with recommending strategies to achieve one of the objectives, or tactics to accomplish one of the strategies. Each group will present its recommendation, which should be discussed and agreed on by the entire group to ensure consensus and commitment to the recommendations of the smaller groups.

Meeting Conclusion

The facilitator should conclude the strategic planning meeting by reviewing the major decisions taken, including the mission statement, the vision of the future, goals, objectives, strategies, and tactics. The participant expectations that were developed at the beginning of the session should be reviewed to ensure that each has either been addressed or included among the agreed-upon tactics to be considered in the future. This ends the meeting process. The facilitator should thank the participants for their hard work and invite them to complete an evaluation of the entire process. A sample evaluation appears in exhibit 3.2. This evaluation provides valuable feedback for improving the process the following year.

At the completion of this step, the work of the strategic planning meeting is complete, and the important implementation and monitoring phase is ready to begin.

Exhibit 3.2 **Strategic Planning Meeting Evaluation**

1. Please rate the overall discussion and development of the mission statement (5 = excellent; 1 = poor).

   5 4 3 2 1

   Comments: ______________________________

   ____

   ____

2. Please rate the overall discussion and development of external opportunities for and threats to the firm (5 = excellent; 1 = poor).

   5 4 3 2 1

   Comments: ______________________________

   ____

   ____

3. Please rate the overall discussion and development of the firm's internal strengths and weaknesses (5 = excellent; 1 = poor).

   5 4 3 2 1

   Comments: ______________________________

   ____

   ____

4. Please rate the "envision the future" planning exercise (5 = excellent; 1 = poor).

   5 4 3 2 1

   Comments: ______________________________

   ____

   ____

5. Please rate the discussion and development of goals, objectives, strategies, and tactics (5 = excellent; 1 = poor).

   5 4 3 2 1

   Comments: ______________________________

   ____

   ____

6. Please rate the facilitator (5 = excellent; 1 = poor).

   5 4 3 2 1

   Comments: ______________________________

   ____

   ____

Exhibit 3.2 **Strategic Planning Meeting Evaluation (continued)**

7. What did you find most beneficial, both personally and for the firm, in the strategic planning meeting?

____

____

____

8. What did you find least beneficial, both personally and for the firm, in the strategic planning meeting?

____

____

____

9. Please rate the overall strategic planning meeting (5 = excellent; 1 = poor).

   5 4 3 2 1

   Comments: _______________________________________

____

____

10. What suggestions would you offer to improve future strategic planning meetings?

____

____

____

Chapter 4: Implementing the Strategic Plan

The process of strategic thinking is the most critical element in the strategic planning process, because it develops consensus and commitment among the stakeholders in the firm, but it is also important that the resulting plan be implemented. There are three components of successful implementation: writing the plan, communicating the plan to everyone in the firm, and monitoring the firm's performance with regard to the objectives and tactics agreed to in the meeting.

Write the Plan

The written plan documents the strategic thinking that led to the plan, as well as the goals, objectives, strategies, tactics, and responsibilities for implementation. A written plan provides the framework within which the performance of both the firm and its management may be measured and judged.

At a minimum, the written plan should contain—

1. The mission statement, in its final form.
2. The opportunities for, and threats to the firm's future, created by external forces that may have an impact on the firm.
3. The firm's internal strengths that need to be either enhanced or supported and weaknesses to be corrected, based on the long-term direction decision.
4. The consensual vision of where the firm should be in the future and how to position it strategically for maximum competitive advantage.
5. The general goals and specific, measurable objectives that will move the firm toward its desired future; the strategies adopted to achieve those objectives; and the tactics or action plans to successfully implement the strategies. Responsibility and time frames associated with each tactic must also be a part of the plan, to provide for monitoring.

The actual writing of the firm's strategic plan may be delegated; however, the responsibility for completing the project continues to rest with the individual originally designated by the managing partner as responsible for the planning process. The ultimate responsibility, of course, rests with the managing partner. The plan should be written within two to three weeks of the conclusion of the planning meeting. Although the flip-chart listings can be heavily relied on in the write-ups, it is easier to make a complete document while memories are still fresh. Also, earlier completion facilitates communication of the plan to those in the firm who were unable to participate in the planning meeting. Everyone who participated in the strategic planning process should receive a complete copy of the written plan for confirmation and follow-up. A three-ring binder is recommended so that updates can be added easily. An example of a strategic plan is provided in appendix A.

Communicate the Plan

The strategic plan is the framework within which all of the firm's operational planning occurs. The firm's annual budget or business plan, marketing plan, personnel plan, and departmental plans essentially become implementation plans to achieve the firm's strategic goals and objectives.

Since the strategic plan forms the basis for all future activities of the firm, it is very important that the plan be clearly communicated to everyone in the firm. Employees will behave in their own best interest, as they perceive it. If employees understand the direction of the firm, they will want to perform those activities that will assist the firm in meeting its objectives; this, in turn, will reflect positively on the individual employee. It is important that sufficient staff meeting time, as well as other communication channels, be used to communicate the basis for the strategic plan along with the attendant goals, objectives, strategies, and tactics. In a larger firm, small departmental planning meetings can be used not only to communicate the plan but also to develop additional tactics—within the framework of the plan, but specific to the department. Involving more people in the process generates more input, which results in greater commitment to the plan.

Monitor the Plan

A written document, nicely bound, will not benefit the firm if it is filed away and forgotten. The monitoring and follow-up of the agreed-upon strategies and tactics are the ultimate determinants of the success of the strategic plan. Management's credibility rests with its ability to implement the plan.

There are three monitoring procedures that will enhance the potential for success:

1. A scheduled review of the progress toward accomplishment of the agreed-upon tactics within the time lines. This review should be at least quarterly and involve the managing partner, at a minimum.
2. A progress report as a regular agenda item at all partner meetings.
3. A revisiting of the plan at an annual strategic planning meeting. The financial services environment is changing too rapidly not to reconsider all goals, objectives, strategies, and tactics on an annual basis.

In addition to monitoring the progress of the overall action plan, accomplishment of strategic tactics should be incorporated into the annual goals established for each staff member, and for each department at larger firms. Performance evaluations that reflect staff members' accomplishment of these goals are an excellent way of relating the individual's success to the success of the firm.

One final benefit of the strategic planning process is that it encourages the development of a strategic mind-set, the ability to continually study the "big picture." Strategic thinking requires persistently identifying the forces that drive change and analyzing how to best use that information to the competitive advantage of the firm.

Appendix A: Sample Strategic Plan

The written strategic plan is based on the resolutions of the strategic planning meeting. Examples of the outcome of the strategic planning meeting are given in the sample strategic plan that appears on the following pages. The written strategic plan also contains the material developed for the strategic planning meeting and organized in the meeting packets. This material, presented earlier in the text, is outlined in the following sample strategic plan. It is important to note that this document is most effective if it is developed through the strategic planning process and is subject to review and monitoring for implementation.

Sample Strategic Plan Table of Contents

Mission Statement

External Analysis
- Opportunities
- Threats

Internal Analysis
- Financial Trends
- Comparison With Benchmark Firms
- Profitability Trends
- Concentration of Fees by Industry
- Concentration of Fees by Services
- Fee Distribution by Fee Ranges
- Analysis of New Clients
- Strengths
- Weaknesses

Vision of the Firm

Goals, Objectives, Strategies, and Tactics
- Goal 1—To be one of the hundred-largest regional CPA firms in terms of revenue
- Goal 2—To provide a reasonable financial return for partners in comparison with that provided by firms of similar size
- Goal 3—To diversify, and expand to ten in number, the services offered by the firm
- Goal 4—To provide opportunities for the growth and development of partners and staff

Mission Statement

[*This section should answer the following questions: What services does the firm provide, to which clients, and in which market segments? How does the firm distinguish these services from those provided by other firms? What is the distinctive competency that provides the firm with a competitive advantage?*]

ABC is a proactive firm of accountants and consultants providing financial services within industry and service specialties. We provide services in a highly personalized manner to quality clients who value and are willing to pay for our expertise.

External Analysis

[*This section should begin with the written review of the external situation and an analysis of the factors affecting the company used during the strategic planning meeting. It should conclude with a synopsis of what was discussed and agreed upon as the major opportunities and threats facing the firm as a result of external forces over which the firm has little control.*]

OPPORTUNITIES

1. Specialization and the perception that the firm is expert in targeted industries will allow higher fees and value billing opportunities.
2. Opportunities for joint ventures may increase as firms attempt to specialize and yet provide full service through linkages and networking with other quality firms.
3. Technology may provide for higher productivity and a more profitable staffing mix.
4. Improvements in the delivery of accounting services and products will enable the firm to respond to individual client demands more easily.
5. The development of core seasonal employees may reduce overall staffing costs.

THREATS

1. A downward pressure on fees will continue because of increasing competition for traditional accounting and tax work.
2. Continuous regulatory changes coupled with information overload will increase potential liabilities attributable to error.

3. The training and documentation required by technological advances will increase the cost of providing services.
4. The need for flexible work hours, in order to retain employees, may create uneven work loads.
5. Client work may be lost if the demand for international services is not addressed through specialization or international ties.

Internal Analysis

[*This section should be a synopsis of what was discussed and agreed upon before and during the strategic planning meeting as the major strengths and weaknesses of the firm. To provide background to the reader, it should begin with the financial charts and graphs, and with the written synopses of client and staff input contained in the meeting packets. The section ends with the list of strengths and weaknesses agreed to at the strategic planning meeting.*]

STRENGTHS

1. The firm has shown steady growth at the rate of 8 percent per year in gross fees. New business has been developed as a result of an extensive practice development program.
2. There has been a significant improvement in realization of gross fees billed from 89 percent to 98 percent in the past year.
3. Financial services industry concentration in targeted industries has increased by 5 percent per year. Because of the perception that the firm has industry-specific expertise, this has provided opportunities for new business.
4. Staff turnover has been reduced to 12 percent per year, resulting in experienced staff working on returning engagements.
5. Staff utilization rates have improved significantly because of the improved scheduling program.
6. Net profit per partner has continued to improve over the past three years.
7. Clients continue to perceive the firm as a high-quality firm, as noted in their responses to the client survey.
8. Staff indicate high job satisfaction levels, as reported in their focus group meetings.

WEAKNESSES

1. The collection of accounts receivable has slowed.
2. The increased costs for facilities are negatively affecting profitability.

3. Declining leverage trends indicate that partners and high-charge staff may be doing work rather than delegating work.
4. The staff indicates a need for more training, especially in the new software available.
5. New business is being obtained by a relatively few members of the firm.

Vision of the Firm

[*This section is a recap of the type of firm envisioned for the future in terms of size, geographic location, markets served, attitude toward staff, clients, the communities served, and so forth.*]

ABC firm will be recognized as the best firm in the markets it serves, both on an industry and a geographic basis. Best does not necessarily equate to biggest. The firm will grow to $7 million in gross revenues with a net income of 30 percent. The firm will be a specialized niche firm, providing an alternative to Big Six accounting and consulting firms. Industry specialties will be contractors, credit unions, and medical/dental practice units. The firm and members of the firm will be recognized as community leaders in the communities served. The firm will remain independent; however, it will consider joint-venture work with other firms in order to increase market share within industry specialties. The firm will gain increased market share through geographic expansion of markets served, without physical location expansion.

Goals, Objectives, Strategies, and Tactics

[*This section outlines goals, objectives, strategies, and tactics. It is important to note that the list of tactics should always include the name of the individual responsible and deadlines for the completion of the projects.*]

GOAL 1 To be one of the hundred-largest regional CPA firms in terms of revenue

OBJECTIVE Increase fees by 20 percent over the next two years.

Strategy Increase fees produced by current client base and services.

Tactics

	By Whom	*Date*
1. Schedule annual financial review meetings with major clients to determine additional needs.		
2. Analyze write-offs.		

By Whom *Date*

3. Review staff time-sheet practices to determine whether all chargeable time is actually being charged to the client.
4. Educate staff on value-billing techniques to take into account the firm's improved efficiencies.

Strategy Increase the number of industry niches provided.

Tactics *By Whom* *Date*

1. Meet with selected clients to identify any unmet potential industry niches that are related to the industries currently being served by the firm.
2. Research the competition providing financial services to these industries.
3. Survey staff to determine the potential for either interest or background in developing this industry expertise in-house.
4. Develop a budget for the development of new targeted industry clients (include training and marketing costs) and a proposed time line for the approval of the partners.

Strategy Merge with or acquire other accounting or consulting firms.

Tactics *By Whom* *Date*

1. Research accounting/consulting firms in the vicinity whose services are compatible with those of the firm. Consider sole practitioners approaching retirement age.
2. Research similar firms that would provide geographic diversity whose clients are in industries similar to those currently served by the firm.
3. Meet with partners/owners of proposed merger/acquisition firm to determine personality and philosophy compatibility.
4. Analyze candidate's financial position and pro forma financial impact on the firm.

GOAL 2 To provide a reasonable financial return for partners in comparison with that provided by firms of similar size

OBJECTIVE Improve net income per partner by 10 percent per year.

Strategy Increase the number of chargeable hours per person.

Tactics

	By Whom	*Date*
1. Develop a scheduling system to improve client work efficiency and reduce nonchargeable waiting time.		
2. Analyze staff time-sheet procedures to ensure that all time is properly charged.		
3. Investigate the implementation of seasonal staffing.		

Strategy Reduce the number of low-profit clients served.

Tactics

	By Whom	*Date*
1. Analyze client groupings for profitability. Consider eliminating those lowest in profitability so that those hours may be reallocated.		
2. Analyze clients with gross fees less than $500. Unless the firm is a low-cost provider, these may be too costly to maintain.		
3. Analyze, by partner, clients with the greatest write-down in the previous year.		
4. Institute a new client selection policy.		

Strategy Increase gross revenue; lower costs.

Tactics

	By Whom	*Date*
1. Increase billing rates by at least 6 percent per year.		
2. Analyze facilities and supplies costs.		
3. Develop an accounts receivable collection policy.		

GOAL 3 To diversify, and expand to ten in number, the services offered by the firm

OBJECTIVE Increase the number of primary services offered by the firm by two over the next two years.

Strategy Develop and implement a firm-wide marketing culture.

Tactics

By Whom *Date*

1. Select a marketing director or coordinator for the firm.
2. Determine which individual or group, in addition to the marketing coordinator, has primary responsibility for firm marketing efforts. The managing partner must be one of the responsible parties.

Strategy Develop a marketing plan within the context of the strategic plan.

Tactics

By Whom *Date*

1. Develop a firm-wide plan for client retention, cross-sale of services to existing clients, and practice development of targeted new clients.
2. Identify who is responsible for accomplishing which portions of the marketing plan.
3. Identify individual marketing goals.

Strategy Educate, train, and reinforce staff in marketing efforts.

Tactics

By Whom *Date*

1. Educate staff about the firm's capabilities.
2. Train staff in marketing skills.
3. Develop a program for recognition of marketing successes.

GOAL 4 To provide opportunities for growth and development of partners and staff

OBJECTIVE Retain 90 percent of current staff through the next two years.

Strategy Provide compensation and benefits to meet the needs of the staff.

Tactics

By Whom *Date*

1. Conduct an annual salary and benefit survey of firms that are similar in location and size.
2. Conduct an annual review of firm benefit and compensation policies with the staff.
3. Obtain employee input on important issues as much as possible.

Strategy Provide recognition and praise for work done well.

Tactics

	By Whom	*Date*
1. Research a new performance evaluation system.		
2. Develop an in-house newsletter to highlight staff accomplishments.		

Strategy Provide career-path guidance.

Tactics

	By Whom	*Date*
1. Develop a new-staff mentoring program.		
2. Outline specific criteria for advancement.		
3. Develop a firm-wide training program with emphasis on increased use of technology.		
4. Develop a workshop for partners and senior staff members on benefits of and techniques for appropriate delegation of work.		

Appendix B: Services and Publications of the Management of an Accounting Practice Committee

CONFERENCES

Conferences produced annually or semiannually include the National Practice Management and Firm Administration Conference, the National Practice Management and Marketing Conference, and the National Small Firm Conference. All conferences offer practical, hands-on guidance with an emphasis on the exchange of management experiences (problems and solutions) among practitioners. Call (212) 596–6139 for additional information on conferences.

INQUIRY SERVICE

The MAP Inquiry Service responds to member inquiries concerning firm management and administration. If you need more help, the MAP staff will put you in touch with experienced CPAs or consultants who can assist you with special problems. Call (212) 596–6139.

PUBLICATIONS

Except where listed, call the AICPA Order Department at (800) 862–4272 or (201) 938–3000 (outside U.S.).

MAP Handbook, a comprehensive 1,000-page, three-volume, loose-leaf reference service on practice management, is updated annually. It includes more than 200 forms, sample letters, checklists, and worksheets, all easy to reproduce or adapt for your practice needs. It provides detailed financial data and policy information, for firms of various sizes, that enable you to compare your performance with that of comparable firms. Topics covered include developing an accounting practice, administration, personnel partnerships, and management data. For information, call (212) 596–6137; to order, call (800) 323–8724.

MAP Selected Readings, a companion book to the *MAP Handbook*, is a readers' digest of over 500 pages of articles on successful practice management, specially compiled from leading professional journals. The articles contain numerous profit-making ideas for your practice. A new edition is published annually. For information, call (212) 596-6137; to order call (800) 323-8724.

MAPWORKS—DOCUMAP contains, on diskette, documents from the *MAP Handbook* dealing with organization, client engagements, and personnel. Available in three formats—APG2, No. 016911; ASCII, No. 090080; and WordPerfect 4.2, No. 090081.

On Your Own! How to Start Your Own CPA Firm provides nuts-and-bolts advice on how to start a CPA firm. It contains a wealth of hands-on information on operating profitably, and is useful to both new and established firms as well as to prospective firm owners. Product No. 012641.

Organizational Documents: A Guide for Partnerships and Professional Corporations is a guide to drafting a partnership agreement and corporate documents. The book includes a sample partnership agreement with more than 100 provisions and a step-by-step approach to incorporating. Book, No. 012640; WordPerfect 4.2 disk, No. 090091; ASCII disk, No. 090090; Book and WordPerfect 4.2 disk set, No. 090096; Book and ASCII disk set, No. 090095.

Management Series booklets cover the issues your clients are dealing with now. Designed to help you help your clients solve their management problems, the series includes *Management of Working Capital,* No. 090060; *Financing Your Business,* No. 090061; *Making the Most of Marketing,* No. 090063; *Managing Business Risk,* No. 090062; and *International Business,* No. 090064.

Practice Continuation Agreements: A Practice Survival Kit explains how you can preserve the value of your practice in the event of death or disability. A practice continuation agreement can prevent the value of your practice from dissipating, provide financial and emotional benefits to your family, and help fulfill your professional responsibility to your clients. Product No. 090210.

Managing the Malpractice Maze offers firms specific techniques for lowering their risk of liability. It identifies criteria for evaluating a firm's existing defensive practices program and shows how to develop such a system if one is not in place. The book also features a ten-step plan to follow when a claim is brought and discusses such vital management issues as practicing without insurance, documenting engagements, selecting an attorney, and implementing a quality control system. Product No. 090380.

Winning Proposals: A Step by Step Guide to the Proposal Process takes you through every step of the proposal process from its preliminary steps to conducting a postmortem following the prospective client's decision. Detailed chapters explain how and where to conduct research, what to look for during on-site visits, how to map out a strategy that distinguishes your firm from competitors, what is the appropriate composition of the proposal document, and how to ensure your sales presentations work. Product No. 090390.

Managing By The Numbers: Monitoring Your Firm's Profitability assists you in your efforts to improve your firm's long-term financial performance. It helps you identify immediate opportunitites within your firm and provides you with a dynamic tool to manage your practice better on a regular basis. This book instructs you step-by-step on how to examine the numbers behind the numbers and uncover situations that may not be obvious in conventional financial statements. Product No. 090220.

Seasonality: Practitioner's Suggestions for Managing Work Load Compression is a summary of creative approaches to addressing this profession-wide problem. The suggestions come from the responses of over 100 managing partners to a MAP Committee survey on seasonality, as well as tips gleaned from AICPA MAP conferences and professional publications. *Seasonality* is an impressive compilation of initiatives used by firms to increase profits and improve quality of life for owners and staff. Product No. 090400.

WordPerfect® in One Hour for Accountants is a crash course in the most popular word processing and document storage software package used by accountants. It is designed for the busy practitioner who wants to get up to speed in WordPerfect basics without slogging through a complicated user manual. In four easy lessons that average about 15 minutes each, you will learn the basic steps for getting a simple job done using WordPerfect. That's your WordPerfect in one hour! Product No. 090085.

The ***MAP Committee Survey on Professional Staff*** was sent to 5,000 managing partners and 5,000 professional staff members. Topics addressed by the survey include actions taken by firms to address the increase in female professional staff, the nonpartnership track, movement of staff into industry, staff conflicts, mentoring, and maternity/paternity leave. Product No. 090005.

The ***MAP Roundtable Discussion Manual*** contains guidelines for organizing a MAP roundtable discussion group. Such a group can help firms find practical solutions to common problems through regular meetings and information exchange. The guidelines include sample correspondence, forms for administering a roundtable, and nearly forty suggested discussion outlines on topical management issues. To order, call (212) 596-6139.

About the Author

Sheryl L. Barbich is a management consultant with Barbich Associates, specializing in strategic and organizational planning.

Ms. Barbich has over twenty years experience in management and commercial lending with Security Pacific National Bank, including vice president and manager of a business banking center. Her experience includes two years as vice president of finance and administration with Coleman Homes, Inc., a regional homebuilder.

Selected community leadership and management experience includes: Speaker and Chair, Women's Business Conference; Board member and Past Chairman, Kern County Board of Zoning Adjustment; Planning Advisory Committee, Kern County 2010 Plan; Speaker, Moderator, General Chairman, Kern County Business Outlook Conference; Advisory Council, California State University School of Business and Public Administration; Trustee and Past President of Bakersfield Memorial Hospital Foundation; Board Member and Secretary, Rotary Club of Bakersfield; Past Chairman, Golden Empire Transit District; Past President, Bakersfield Racquet Club; Past President, American Association of University Women.

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