



Working for Tax & Accounting Professionals

2023 INCOME & FEES RESPONSE DATA COMPLETE REPORT

Key insights from a comprehensive
survey conducted within the
accounting & tax practice industry

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Welcome to the 2023 NSA Income and Fees Research

This report distills key insights from a comprehensive survey conducted within the accounting and tax practice industry. The data encompasses a wide array of practice entities, staff credentials, operational metrics, financials, and technological adoption. Aimed at practitioners, this report provides a strategic overview essential for informed decision-making and industry benchmarking.

In an era where data drives decisions and informs strategies, understanding the landscape of our industry is not just beneficial; it is imperative. This report presents a comprehensive analysis of the current state of the accounting and tax practice industry, derived from an extensive survey encompassing a wide array of firms.

The data, reflective of the diverse nature of our industry, provides valuable insights into practice entities, staff credentials, operational metrics, financials, and technological adoption. It is a mirror reflecting both the challenges and opportunities that lie ahead for leaders like yourselves.

Key Findings at a Glance

1. Diversity in Practice Entities

The industry is characterized by a variety of practice entities, with a notable number of Sole Proprietorships and S Corporations. While the number of main street practitioner firms is high, the number of practicing accountants is more equally dispersed when one considers the number of employees within a larger firm. This diversity signifies the adaptability and varied strategic approaches within the sector. Firms that focus on a means of differentiation, such as specializing on a specific industry, degree of service/consultation, or product offering see greater results than those that simply present themselves as a commodity.

2. Varied Staff Credentials

A significant proportion of the workforce holds high qualifications, yet there's a wide spectrum of credentials. This diversity points to the multifaceted services offered by firms and the potential for niche specialization. Credentials serve multiple purposes within the community: allowing practice to occur, offering practitioners confidence in their own abilities, providing clients confidence in employing practitioners, creating a competitive advantage, increasing personal marketability, and so forth.

3. Smaller, Agile Teams

The prevalence of smaller teams, often with a single principal/partner, underscores a trend towards lean, agile operations that can swiftly adapt to changing market dynamics. This is a trend that has emerged from past surveys and continues to be true.

4. Bespoke Fee Structures

The industry exhibits a highly personalized approach to client billing and service valuation. This bespoke nature indicates a deep understanding of client needs and the flexibility to cater to them. This custom means of applying specific services, fee structures, and bundled offerings is expected to become more important as technology continues to drive practitioner methodology, and Artificial Intelligence begins to become a more common option to individuals and business owners. The increase in the competitive environment makes custom client interaction more important.

5. Moderate Growth in Fees

The moderate increase in fees across services suggests a stable yet competitive market environment, hinting at the importance of value differentiation in services. While there is no specific research on the impact of recent inflationary pressures and the impacts COVID-19 had on the industry, follow up interviews have indicated the need for salary increases to retain talented staff.

6. Technological Adoption

While specific data on technology usage is not exhaustive, the trend indicates a growing emphasis on technological integration for efficiency and client engagement. It is clear that the advancements in technology, even outside of the impact of AI on the practice, will continue to grow. This will warrant additional research in the future.

Strategic Implications for Practitioners

This data offers a valuable perspective for strategic planning and decision-making. As leaders in the accounting field, you are at the helm, guiding your firms through the complexities of an ever-evolving industry landscape. The insights provided here should serve as a beacon, illuminating paths towards innovation, operational efficiency, and client-centric growth. We hope this report serves as a valuable tool in your ongoing pursuit of excellence and leadership in the accounting and tax practice industry.

Executive Summary

In the rich tapestry of data that spans the accounting and tax landscape, certain threads are particularly illuminating for practices like yours - those that embody agility, adaptability, and a close-knit operational structure. The insights from this survey are not just numbers and percentages; they reflect potential strategies and untapped opportunities that can drive your practice towards greater success.

Embracing the Strength of Flexibility

1. Diversity in Practice Entities

The prevalent trend towards Sole Proprietorships and S Corporations in the industry suggests an environment where flexibility and simplicity are key. For your practice, this implies an opportunity to determine whether the simplicity of a Sole Proprietorship makes sense, or if there are sufficient tax savings that makes an S Corporation valuable. While there are other structures available, one must understand whether your state has any unique considerations such as whether the regulation of accounting or tax preparation limits entity choice.

2. Credentials and Specialization

The wide range of staff qualifications within the industry highlights the importance of niche expertise. Your practice can leverage specialized skills and certifications to differentiate your services, offering tailored solutions that resonate with specific client needs.

Operational Insights for Strategic Advantage

1. Lean Team Dynamics

The prevalence of smaller teams indicates a trend towards efficient, focused operations. This is your arena to excel in personalized client relationships and high-quality service delivery, where each team member's contribution is vital and valued.

2. Customized Fee Structures

The data shows a bespoke approach to fee structuring in the industry. Your practice can use this to its advantage by developing flexible pricing models that cater to diverse client needs, thus enhancing client satisfaction and loyalty.

Financial Strategies for Sustainable Growth

1. Moderate Growth in Fees

The industry's trend of moderate fee increases suggests a stable yet competitive environment. For your practice, this points towards the importance of balancing fee competitiveness with the quality of service, ensuring sustainable growth without compromising on value.

2. Technology as a Lever

Although detailed technology usage data is limited, the trend underscores the growing importance of technology in enhancing efficiency and client engagement. Invest in appropriate technology to streamline operations, improve client interactions, and stay ahead in a digitally evolving landscape.

Conclusion: Crafting Your Unique Path

As a leader of a dynamic practice, the insights from this survey are not just data points; they are signposts guiding your strategic journey. In the spirit of Roger Martin's philosophy, use this data to question, challenge, and reimagine your approach. Your practice has the unique advantage of being agile and client focused. Harness these strengths, embrace innovation, and continue to build a practice that not only meets but anticipates the needs of your clients.

In this journey of growth and evolution, may your practice not just succeed but thrive, setting new standards of excellence in the accounting and tax industry.

General Information

1. Please tell us the type of practice entity you have:

Sole Proprietorship	42.6%
Partnership	2.1%
Professional Corp.	1.6%
S Corporation	33.8%
C Corporation	4%
LLC Disregard Entity	6.7%
LLC Partnership	2.9%
LLC C-Corporation	0%
LLC S-Corporation	6.4%

2. Please tell us all the credentials currently available from the people working in your office:

- a. Enrolled Agent

Yes	49%
N/A	51%

- b. Certified Public Accountant

Yes	36%
N/A	64%

- c. Registered/Licensed Public Accountant or Accounting Practitioner

Yes	6%
N/A	94%

- d. Accredited Business Advisor/Accountant

Yes	8%
N/A	92%

- e. Accredited Tax Advisor

Yes	11%
N/A	89%

f. Accredited Tax Preparer

Yes	14%
N/A	86%

g. Unlicensed Practitioner

Yes	11%
N/A	89%

h. Accredited Business Advisor/Accountant

Yes	19%
N/A	81%

i. Certified Financial Planner

Yes	2%
N/A	98%

j. Registered Investment Advisor

Yes	4%
N/A	96%

k. Accredited Retirement Advisor/Elder Care Specialist

Yes	2%
N/A	98%

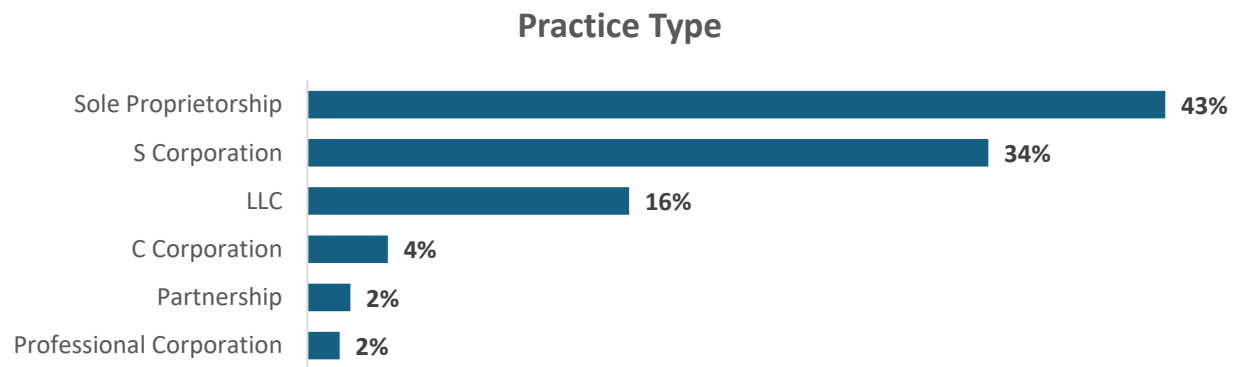
l. Certified Senior Advisor

Yes	0.3%
N/A	97.7%

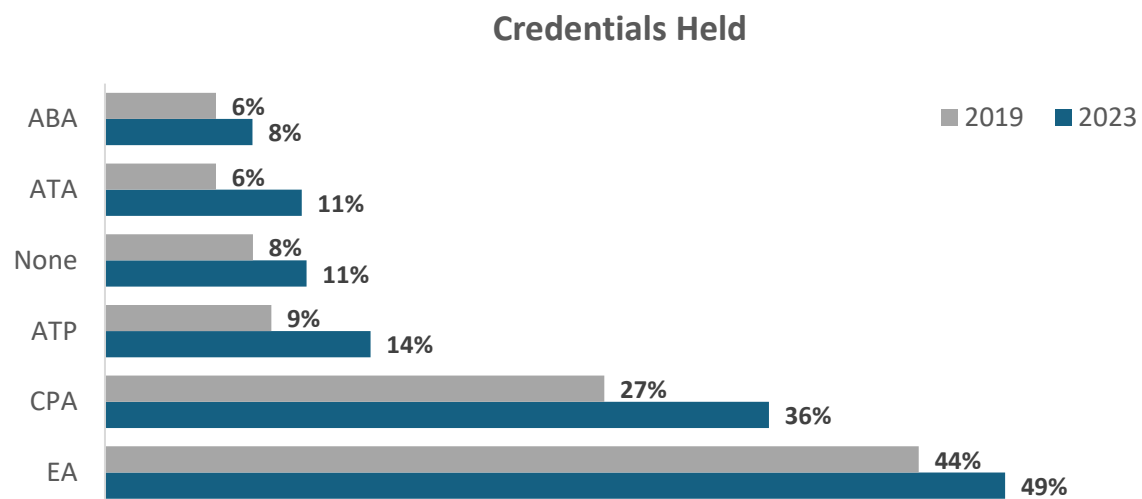
m. Other

Yes	9%
N/A	91%

Q1



Q2



Personnel & Staff

Understanding Your Practice's Position

1. Partner Structure and Employment Patterns:

The majority of practices (68%) operate with a single full-time principal/partner. This suggests a significant prevalence of smaller, possibly more nimble practices. However, the presence of practices with 4+ partners (4.5%) and a notable percentage not applicable (N/A) responses could indicate a variety of practice sizes and structures, or areas for potential consolidation or partnership.

Part-time principals/partners are less common, with 30% of practices not employing any, and a significant number (48.1%) of respondents choosing N/A, indicating a focus on full-time engagement or a lack of clarity on how part-time roles contribute. The data suggests that the senior leadership in each organization are committed to full time presence in their firm.

One item this research does not capture are the number of second jobs or “side hustles” that employees and even top management have. It has become more common for working professionals at all levels to have income streams from working outside of their primary employer. In many cases this is contract work, or weekend work. Other research on this topic looks into the motivations such as additional income needs, the desire to launch a personal business, support of family businesses, and other reasons. These types of individuals are not represented in the data, and gathering responses to this type of question would be challenging, as team members are concerned for their job security if discussing such activities. However, it is an important part of the team dynamic for the practitioner to understand.

2. Accounting/Tax Staff Composition:

A substantial number (48.9%) of practices employ one full-time accounting/tax staff member, pointing to the small to medium size of most practices. This is complemented by the fact that 19.1% have three or more, suggesting a segment of practices with the capacity to handle more significant workloads. Please keep in mind that our research is focused on main street accountants and excludes large national firms, so this result is strongly influenced by our selection criteria for participation. That being said, the interesting note is that most practitioners are running a solo practice and growing into larger practices to accommodate more and more varied business. In follow up discussions, some of these are also practitioners who are preparing to retire or sell their practice bringing in and then selling their ownership to partners as a succession strategy.

3. Support Staff Dynamics:

The data shows a high number of practices with no full-time support staff (34.6%) compared to those with one or more, indicating potential efficiency or a lean operating model. However, this also highlights an opportunity to enhance capacity and client service through strategic hiring. The follow up discussions indicate a series of reasons for this: Some practitioners do not want to manage others; some are concerned about business being steady and strong enough to warrant the employee's salary; and some are concerned about finding support staff that are reliable and professional enough to attend to clients at the same level as the practitioner themselves. These are traditional sole proprietor concerns and found in many professional services industries. The concern for these practitioners is how they can continue to grow or if they want to, Assuming they do wish to grow (which is a question to be added for future versions of this research) then there are three primary tracks: A) Learning to source, hire, and manage professionals they can count on; or B) utilizing more technology to support their decision not to hire; or C) outsourcing specific functions such as phone answering and appointments, operational tasks, marketing, and other discrete functions. Follow up interviews indicate that some practitioners are already doing the third option by outsourcing their own firm's accounting, hiring virtual assistants, and contracting call centers to manage their incoming calls.

Expansion Opportunities

1. Leverage Small Practice Agility:

Small practices should exploit their agility by offering personalized services and building close client relationships. This could include specialized consulting, bespoke tax planning, or leveraging technology to offer more efficient and client-friendly services. There are two key aspects in the follow-up discussions with participants.

First, nimbleness in this instance means having your own rules and operational processes but being willing to adapt or ignore them on a case-by-case basis. This does not mean violating accounting practices, IRS regulations, or laws. Instead, this means being open to change where it provides convenience or support to your clients. For example: Some of our respondents have a policy of requiring electronic delivery of forms and information. Being willing to accept these as paper for older or less technologically sophisticated clients presents them as more customer service oriented and friendly. The reverse is also true, where a firm only takes paper and instead uses Verifyle (a free service as part of your membership) to accept documents electronically for clients who have a challenge sending physical paperwork. Another example is with client meetings; the choice to have them by phone, zoom, or in person is a flexible offering that large firms may not endorse because it “violates policy”.

Second, market and communicate your “High Customer Service” nimbleness. Letting prospective clients and current clients know that you are willing to adapt to their needs creates a competitive advantage for you. It distinguishes you from the competition and makes clients more willing to use you or stay with you. This communication and marketing can be as simple as a tag line that suggests “we work around your needs” or the like. Some firms put out a newsletter explaining what they did to help make another client’s life easier (after hours meetings, traveling to the client, or taking the time to call the IRS or other entities are common examples) and put a price tag on it. This changes the high service level from a competitive advantage to also being a new revenue stream.

2. Strategic Hiring to Enhance Capacity:

There's a clear indication that many practices could benefit from expanding their staff, both in accounting/tax roles and support positions. Hiring more staff, especially in part-time or flexible roles, could allow practices to scale their operations without significantly increasing fixed costs. Many respondents indicate that they are spending over 80 hours each week during “tax season” at their office. There are many opportunities for part time or seasonal help to assist. Respondents report that they find seasonal employees and temporary staff are limited currently. This is unsurprising considering the current unemployment rates. There are several options for finding help in the specific areas needed.

Staffing agencies can offer support staff from receptionists and data entry/validation to part-time accountants and even CPAs. Prices vary, and there is a mark-up for using such a firm; however, in return, the hiring practitioner does not need to handle any employee paperwork or even manage the employee. If there is a problem, the practitioner simply calls the staffing agency and asks for someone else. No hard conversation of negative feelings, the agency deals with that. Such agencies almost always have people of quality available that they have already vetted.

Outsourcing is also a common practice. From phones to intake meetings, to data entry, to writing and editing, there are many tasks that can be outsourced to specific individuals on a per project basis. There are a number of places online to find project-based workers, from Amazon, to Upwork.com to others. A brief search online will provide a series of companies that aggregate providers and create a secure and easy means to contract them directly. Alternatively, for aspects such as back office services, there are virtual concierges and virtual receptionist services available. Again, working with these type of companies allows for paying for the amount of service one needs instead of hiring, training, and managing an individual.

Finally, there are technology services. Companies like Botkeeper and Techriver offer accounting automation technologies that are customized to the software you use and your

practice's procedures. While these take a little time to develop, they can eliminate hours of work from data entry to reviews to analysis. In addition, there are a suite of artificial intelligence platforms such as Bard and ChatGPT that can support creating engagement letters, marketing, and other communications and analysis.

3. Partnership and Collaboration:

For practices with a small number of partners, exploring partnerships with other firms or financial professionals could offer growth avenues. This could mean sharing resources, referring clients, or even merging with or acquiring another practice to quickly scale. This proves especially practical and valuable for practitioners who are working towards full or partial retirement. Follow up interviews discuss bringing in partners and slowly selling them the equity in the firm, as well as transitioning the workload. Many of our respondents have discussed allowing new partners to work with clients that prove problematic to provide a fresh engagement and either transform the client into a positive one or both agree to let that client go.

Partnerships do not need to be tied to equity or formal relationships. Some practitioners have referral arrangements (with or without remuneration) to other firms, or can act as supplemental resources to firms during a surge period. This provides win/win scenarios for both practices.

4. Focus on Professional Development and Networks:

With a significant number of practices belonging to two or more professional associations, there's a clear value placed on professional development and networking. Expanding these efforts can not only improve the firm's capabilities but also open up new client channels and referral networks. Many sole proprietors focus on getting enough CPE to cover their credentials. They find themselves disappointed at not finding valuable training and content that helps them to expand their practice, or achieve other goals (work/life balance, succession planning, expansion into new markets of product lines, etc.). Many of the growing practices are accessing training online via YouTube, Masterwork Classes, LinkedIn Learning, and other providers for these types of training. In addition, many are attending entrepreneurship live events instead of accounting-oriented ones for this same reason. The follow up discussions provide that practitioners are looking for education they are excited to learn about.

Strategic Considerations

1. Client Demographics and Income Levels:

The client median income levels suggest that most clients are in the middle to upper-income brackets. Practices should tailor their services to meet the sophisticated needs of these demographics, such as investment-related tax planning, estate planning, and business advisory services. With this in mind, most follow up discussions suggest that main street practices are focused on small and medium sized businesses and high net worth individuals. Such clients benefit from the quality of the relationship and the feeling of being important to the accounting firm as much as from the work itself. Again, this is an advantage that nimble firms can offer, a perception of importance.

Similarly, most practices are not looking to compete in the individual tax preparation business. While there are some national tax preparation companies that do a lucrative business in this area, most respondents find the work less satisfactory, and less financially rewarding. This, combined with the proliferation of self-guided tax software makes the standard individual an unattractive client. As a result, marketing dollars are spent attending networking events such Chamber of Commerce roundtables, or local alumni events, or the like. The recent explosion of individuals looking to launch a new business and needing accounting support has created a very real market for main street accountants.

2. Regional and Community Size:

The practice location data indicates a diverse spread across different community sizes. Firms in larger cities/suburbs may benefit from specializing in services that cater to urban businesses and residents, while those in smaller towns or rural areas might focus on personalized services for local businesses and agricultural clients. While this began and was supported by the growth in online communications, documentation, and collaboration tools, it exploded with the “lock down” period during the COVID epidemic. Now more clients and practitioners are comfortable using Zoom, Verifyle, QuickBooks Online, and other tools. This allows for practitioners to reside and work in places that are not readily convenient to their clients, and instead handle transactions and communications virtually. These practitioners do make a point for periodic in-person contact, but it is now a relationship building practice instead of an operational need.

3. Tax Return Volume as a Growth Indicator:

The volume of tax returns prepared indicates the practice's capacity and market reach. Increasing this volume through marketing, client referrals, or expanding service offerings can be a direct path to growth.

Conclusion

By analyzing the current structure and operations of your accounting practice against these insights, you can identify specific areas for strategic development. Whether it's by expanding your team, forming strategic partnerships, or tailoring your service offerings to better meet the needs of your target client demographics, there are numerous paths to growth. Remember, the goal is not just to expand but to do so in a way that enhances your firm's value proposition, leverages your strengths, and meets the evolving needs of your clients in an ever-changing financial landscape.

3. (Multi-part question) For the below questions, how many individuals does your practice entity employ? Please include yourself.

a. How many principals/partners do you employ? (These include active partners, partners who only provide financing or non-accounting/tax services, or other people who possess equity in the organization.)

i. Full-time

1	68%
2	12.8%
3	2.4%
4+	4.5%
N/A	8.2%

ii. Part-time

0	30%
1	14.6%
2	4.3%
3+	2.9%
N/A	48.1%

iii. Non-Accounting/Tax Partners/Principals

0	126	33.5%
1	30	8%
2+	13	3.5%
N/A	203	54%

b. How many Accounting/Tax Staff do you have, including the Principals/Partners above?

i. Full-time

0	6.9%
1	48.9%
2	12.8%
3+	19.1%
N/A	12.2%

ii. Part-time

0	24%
1	23%
2	9%
3+	7%
N/A	36%

iii. Non-Accounting/Tax Partners/Principals

0	30%
1	7%
2+	3.5%
N/A	60%

c. How many support staff do you have?

i. Full-time

0	34.6%
1	23.1%
2	8%
3+	5.1%
N/A	29.3%

ii. Part-time

0	26.9%
1	22.6%
2	8.5%
3+	3.5%
N/A	8.6%

iii. Non-Accounting/Tax Partners/ Principals

0	31%
1	6%
2+	2%
N/A	62%

4. How many Accounting and/or Tax Associations/Societies/Groups do you belong to?

0	1%
1	15%
2	32%
3	30%
4+	21%
N/A	3%

5. How many years have you been in practice at all the firms you worked in? (Please round up.)

0-10 years	6%
11-20 years	14%
21-30 years	23%
31-40 years	26%
41+ years	25%
No Answer	6%

6. In what NSA Region is your practice located?

Southern	30%
Western	26%
Northeast	22%
Central	19%
No Answer	5%

7. What is the median household income for clients of your practice?

Under \$50,000	2%
\$50,000-\$74,999	12%
\$75,000-\$99,999	24%
\$100,000-\$149,999	30%
\$150,000-\$199,999	18%
\$200,000-\$399,999	9%
\$400,000+	2%
No Answer	4%

8. What is the size of the community in which you practice?

Rural Area	5%
Small City/Town	23%
Moderate City/Suburb	37%
Large City/Suburb	35%

Rural – unincorporated area
Small City/Town – population < 50K
Medium City/Suburb – population 50K–499K
Large City/Suburb – population > 500K

9. Multi-part question:

a. How many tax returns did your firm prepare during the 2022 tax season?

i. Individual (1040, 1040-NR)

0-99	23%
100-199	18%
200-299	15%
300-399	9%
400-499	5%
500+	29%
No Answer	1%

ii. Business (1120 series, 1065, 990 series)

0-9	24%
10-19	15%
20-29	11%
30-39	7%
40-49	6%
50-99	15%
100+	22%
N/A	2%

iii. Estates, Trusts & Gifts (1041, 706, 709)

0	13%
1-4	20%
5-9	15%
10-49	31%
50+	5%
No Answer	15%

(Question 9 responses are continued after the next section.)

The typical tax and accounting respondent:

- is a sole proprietor (43%)
- has been in practice for 32 years
- is an Enrolled Agent (49%)
- practices in a moderate city/suburb (37%)
- practices mostly in the Southern Region (30%)
- has clients with a median household income of \$100,000 - \$149,999 (30%)

INCOME & FEE INFORMATION

To expand your accounting practice effectively, it's essential to approach the challenge with a strategic mindset, combining analytical rigor with creative problem-solving. Inspired by Roger Martin's approach, which emphasizes the balance between analytical clarity and intuitive creativity, here is a detailed analysis tailored for firm owners aiming to grow their accounting practice.

1. Understand the Playing Field

Begin by conducting a thorough analysis of your current position in the market. This involves understanding your firm's strengths, weaknesses, opportunities, and threats (SWOT analysis). Pay special attention to the fee structures, service offerings, and client demographics you currently engage with. The survey data collected offers a goldmine of information on industry standards for billing, services offered, and client expectations.

Benchmark Against Data: Use the detailed fee structures and service offerings from the survey to benchmark your firm against peers. Identify areas where your fees are below average as potential opportunities for increased revenue.

Analyze Client Base: Segment your client base by service type and profitability. This will reveal high-growth areas or sectors where your firm has a competitive advantage.

2. Define Your Aspirations

Roger Martin advocates for setting aspirations that balance what is desirable, feasible, and viable. Define clear, ambitious yet achievable goals for your practice's expansion.

Service Expansion: Look for services with high demand and low firm saturation in your analysis. For instance, if the survey shows a high percentage of firms not offering specialized services like estate/financial planning, this could be an opportunity.

Geographical Expansion: Consider expanding your client base geographically if your current market is saturated or if there are underserved areas with potential clients needing your expertise.

3. Understand Your Clients Deeply

Deep customer understanding is crucial. This means going beyond what services they need, to why they need them, how they want to interact with your firm, and what would make your firm irreplaceable to them.

Client Surveys and Feedback: Regularly gather feedback to understand client satisfaction and needs better. This could reveal services not currently offered that clients are seeking.

Customized Solutions: Use the data to identify patterns or niche needs within your client base that you can address with customized service offerings, potentially allowing for premium pricing.

4. Innovate Your Business Model

Innovation isn't just about offering new services; it's also about how you offer them. The survey data indicates a variety of billing practices; this is an area ripe for innovation.

Flexible Billing Models: Consider adopting or expanding fixed fee, value-based, or subscription models. These can make your services more accessible to smaller clients and more predictable for larger ones.

Technology Integration: Invest in technology to streamline operations, improve client communication, and offer new services like real-time financial dashboards or automated tax planning advice.

5. Build Strategic Relationships

Expand your network by building relationships with other professionals such as lawyers, financial advisors, and technology providers. These relationships can lead to referrals, joint ventures, or partnerships that offer complementary services to your clients.

Referral Programs: Develop referral programs that incentivize other professionals to refer clients to your firm.

Collaborative Offerings: Package your services with those of strategic partners to offer comprehensive solutions to clients, thereby increasing the perceived value.

6. Focus on Talent Development

Your firm's growth is directly tied to the quality and engagement of your staff. Invest in developing your team's skills, not just in accounting but also in areas like client communication, technology, and advisory services.

Continuing Education: Offer regular training and development opportunities to keep your team's skills sharp and up-to-date with the latest industry standards and technologies.

Cultivate Leadership: Identify and nurture leadership within your team to drive innovation and ensure the firm can scale effectively.

7. Measure and Adjust

Implement a system of regular review and adjustment based on a set of key performance indicators (KPIs) that align with your strategic goals. This could include client acquisition rates, service profitability, client satisfaction scores, and employee engagement levels.

Regular Strategy Reviews: Hold quarterly strategy review sessions to assess progress towards goals, discuss challenges, and adjust strategies as needed.

Feedback Loops: Create mechanisms for continuous feedback from clients and staff to inform strategic decisions and adjustments.

Applying the Data Directly

Expanding your accounting practice in today's competitive landscape requires a strategic approach that balances analytical insights with innovative thinking. By understanding your market position, setting clear goals, deeply understanding client needs, innovating your service and billing models, building strategic relationships, focusing on talent development, and regularly reviewing your strategy, you can position your firm for sustainable growth. Remember, the path to expansion is a journey of continuous learning and adaptation.

Integrating the survey data into the strategic expansion framework for your accounting practice offers a targeted approach to growth. Here's how the detailed insights from the report can directly inform each strategic area:

1. Understand the Playing Field

Benchmarking: The survey reveals diverse fee structures across different services. If your firm's fees for Form 1040 preparation are significantly below the average fees reported, this could be an area to adjust pricing upwards. The average fees for returns increased between 10% -30% since our last survey.

Service Opportunities: The high percentage of firms not offering specialized services such as estate planning (80% not applicable) indicates a potential niche market for expansion.

2. Define Your Aspirations

Service Expansion Goal: Given the survey data, a reasonable aspiration could be to introduce or expand in high-demand areas with lower competition, such as elder care services or management advisory services, which show a high percentage of firms not providing these services (95% and 80% N/A, respectively).

3. Understand Your Clients Deeply

Client Needs Analysis: The survey indicates a significant portion of firms do not answer or provide specific services (e.g., 74% no answer for minimum fee for Form 1040 preparation). This gap could signify an area where your firm could differentiate by offering transparent, competitive pricing or specializing in complex returns.

4. Innovate Your Business Model

Billing Innovations: With 35% of firms billing by form and a significant portion using fixed or hourly rates, consider implementing a value-based billing model that aligns your fees with the outcomes and value delivered to clients, especially for advisory services where perceived value is high.

5. Build Strategic Relationships

Partnership Opportunities: The data on additional services, like handling disorganized/incomplete files where 65% of firms charge extra, suggest collaboration opportunities with professional organizers or digital documentation services to offer a comprehensive solution to clients.

6. Focus on Talent Development

Skill Gaps: Given the high rate of firms not offering services such as estate planning or management advisory, there's an opportunity to train your staff in these areas to meet unmet market needs. Additionally, with 85% of firms not providing a specific hourly rate for QuickBooks advisory services, specializing in such software could offer a competitive edge.

7. Measure and Adjust

KPIs Based on Survey Insights: Measure your firm's performance against industry benchmarks identified in the survey. For example, if the average fee increase for tax preparation services is between 0%-9% annually for most firms, ensure your pricing strategies align with or exceed these benchmarks to stay competitive without alienating clients.

Conclusion

By applying the rich data from the survey to your strategic planning, you can make informed decisions that leverage industry benchmarks and identify gaps in the market. This tailored approach allows you to set realistic, data-driven goals for service expansion, pricing, client engagement, and innovation, ultimately guiding your firm towards sustainable growth and differentiation in the accounting services market.

9. (continued...) Please indicate below your firm's current minimum, average, and hourly fees for the following Federal and State returns

a. Form 706 (Estates)

i. Minimum Fee

\$0-\$499	10%
\$500-\$999	6%
\$1,000-\$1,999	5%
\$2,000+	5%
No Answer	74%

ii. Average Fee

\$0-\$999	16%
\$1,000+	8%
No Answer	76%

iii. Hourly Fee

\$0-\$99	5%
\$100+	10%
No Answer	85%

b. Form 709 (Gift Tax)

i. Minimum Fee

\$0-\$499	28%
\$500-\$999	10%
No Answer	62%

ii. Average Fee

\$0-\$499	24%
\$500+	11%
No Answer	65%

iii. Hourly Fee

\$0-\$99	5%
\$100+	16%
No Answer	78%

c. Form 940 (Federal Unemployment)

i. Minimum Fee

\$0-\$99	30%
\$100-\$499	10%
\$500+	1%
No Answer	59%

ii. Average Fee

\$0-\$99	26%
\$100+	15%
No Answer	59%

iii. Hourly Fee

\$0-\$99	15%
\$100+	15%
No Answer	69%

d. Form 941 (Employer's Quarterly Return)

i. Minimum Fee

\$0-\$99	25%
\$100+	20%
No Answer	55%

ii. Average Fee

\$0-\$99	20%
\$100+	27%
No Answer	53%

iii. Hourly Fee

\$0-\$99	16%
\$100 or more	16%
No Answer	68%

e. Form 943 (Employer's Quarterly for Farms)

i. Minimum Fee

\$0-\$99	9%
\$100+	4%
No Answer	87%

ii. Average Fee

\$0-\$99	9%
\$100+	4%
No Answer	87%

iii. Hourly Fee

\$0-\$99	6%
\$100+	4%
No Answer	90%

f. Form 990 (Exempt Organization)

i. Minimum Fee

\$0-\$499	16%
\$500-\$999	20%
\$1000+	6%
No Answer	59%

ii. Average Fee

\$0-\$499	11%
\$500-\$999	18%
\$1000+	11%
No Answer	60%

iii. Hourly Fee

\$0-\$99	5%
\$100-\$199	7%
\$200+	7%
No Answer	81%

AVERAGE FEES FOR FEDERAL TAX RETURNS: 2009-2023

Forms:	2023	2020	2018	2016	2014	2012	2011	2009
Form 706 (Estates)	\$1,533	\$1,289	\$1,784	\$1,563	\$1,731	\$1,833	\$1,583	\$2,044
Form 709 (Gift Tax)	\$407	\$421	\$389	\$413	\$420	\$313	\$270	\$284
Form 940 (Federal Unemployment)	\$93	\$78	\$65	\$69	\$68	\$59	\$61	\$58
Form 941 (Employer's Quarterly Return)	\$125	\$96	\$92	\$91	\$89	\$85	\$83	\$83
Form 943 (Employer's Quarterly for Farms)	\$88	\$94	\$81	\$89	\$80	\$56	\$67	\$66
Form 990 (Exempt Organization)	\$849	\$735	\$683	\$733	\$688	\$628	\$566	\$584
Form 1040 (Itemized w/State Return)	\$392	\$323	\$294	\$273	\$273	\$246	\$233	\$229
Form 1040 (Not Itemized w/State Return)	\$279	\$220	\$188	\$176	\$159	\$143	\$128	\$129
Form 1041 (Fiduciary)	\$608	\$576	\$508	\$482	\$457	\$468	\$396	\$415
Form 1065 (Partnership)	\$815	\$733	\$670	\$656	\$634	\$556	\$524	\$551
Form 1120 (Corporation)	\$1,004	\$913	\$851	\$826	\$817	\$759	\$695	\$692
Form 1120S (S-Corporation)	\$970	\$903	\$807	\$809	\$778	\$717	\$660	\$665

AVERAGE FEES FOR FEDERAL TAX RETURNS: 2009-2023

Schedules:	2023	2020	2018	2016	2014	2012	2011	2009
Schedule B (Interest and Ordinary Dividends)	\$64	\$42	\$45	N/A	N/A	N/A	N/A	N/A
Schedule C (Business)	\$221	\$192	\$187	\$184	\$174	\$205	\$236	\$212
Schedule D/Form 8949 (Gains & Losses)	\$126	\$118	\$109	\$124	\$115	\$134	N/A	N/A
Schedule E (Rental)	\$192	\$145	\$136	\$135	\$126	\$155	\$215	\$190
Schedule EIC (Earned Income Credit)	\$70	\$65	\$62	N/A	N/A	N/A	N/A	N/A
Schedule F (Farm)	\$196	\$200	\$175	\$180	\$158	\$185	\$238	\$216
Schedule H (Household Employment Taxes)	\$150	\$66	\$70	N/A	N/A	N/A	N/A	N/A
Schedule SE (Self Employment Tax)	\$62	\$41	\$40	N/A	N/A	N/A	N/A	N/A

10. Do you charge your clients an additional fee to prepare the following? If yes, what additional amount do you charge?

a. W-2

i. Do you charge?

Yes	72%
No	24%
N/A	4%

ii. If yes, what additional amount do you charge?

\$0-\$49	27%
\$50-\$99	14%
\$100+	16%
No Answer	43%

b. 1099

i. Do you charge?

Yes	80%
No	17%
N/A	2%

ii. If yes, what additional amount do you charge?

\$0-\$49	34%
\$50-\$99	13%
\$100+	18%
No Answer	35%

c. File extensions

i. Do you charge?

Yes	36%
No	62%
N/A	1%

ii. If yes, what additional amount do you charge?

\$0-\$49	16%
\$50-\$99	10%
\$100+	5%
No Answer	69%

d. Expedited returns

i. Do you charge?

Yes	28%
No	69%
No Answer	3%

ii. If yes, what additional amount do you charge?

\$0-\$99	7%
\$100+	16%
No Answer	77%

e. If they bring in disorganized/incomplete files

i. Do you charge?

Yes	65%
No	33%
N/A	2%

ii. If yes, what additional amount do you charge?

\$0-\$99	17%
\$100-\$199	21%
\$200+	11%
No Answer	52%

11. Do you charge your clients an additional fee if you receive their tax information after a set deadline?

a. Do you charge?

Yes	24%
No	74%
N/A	2%

b. What additional amount do you charge?

\$0-\$99	5%
\$100+	15%
No Answer	80%

c. How many days in advance of the tax deadline is your deadline (days)?

0-24 Days	16%
25-45 Days	6%
No Answer	78%

12. Under what circumstances do you charge your clients for IRS letter/audit responses? (optional)

a. When I did not prepare their return

Yes	55%
No	45%

b. When I prepare the return, but am not at fault

Yes	47%
No	53%

c. I always charge for IRS response letters

Yes	16%
No	84%

d. I never charge for IRS Response letters

Yes	11%
No	89%

e. Other

Yes	2%
No	98%

f. If yes, what amount do you charge?

\$0-\$199	46%
\$200-\$399	16%
\$400+	3%
No Answer	35%

13. Over the past year, in your practice, has the number of tax audits:

Increased	8%
Stayed Same	67%
Decreased	20%
No Answer	5%

14. How do you bill for the following services?

a. Tax preparation

Fixed + Hourly	26%
Fixed Fee	24%
By Form	35%
Other	4%
Hourly Rates	9%
N/A	1%
No Answer	2%

b. Accounting services

Fixed + Hourly	29%
Fixed Fee	19%
Hourly Rates	36%
Other	1%
N/A	13%
No Answer	2%

c. Payroll

Fixed + Hourly	19%
Fixed Fee	41%
Other	2%
Hourly Rates	16%
N/A	20%
No Answer	3%

d. Bookkeeping services

Fixed + Hourly	27%
Fixed Fee	24%
Other	1%
Hourly Rates	32%
N/A	12%
No Answer	3%

e. Other services

Fixed + Hourly	24%
Fixed Fee	15%
Other	3%
Hourly Rates	41%
N/A	13%
No Answer	5%

15. Do you charge retainers for the following? If so, how much do you charge?

a. Tax preparation for non-current year

Yes	22%
No	78%

i. If yes, what additional amount do you charge?

\$0-\$499	10%
\$500-\$999	7%
\$1,000+	3%
No Answer	81%

b. Accounting services for non-current year

Yes	16%
No Answer	84%

i. If yes, what additional amount do you charge?

\$0-\$499	4%
\$500-\$999	6%
\$1,000+	5%
No Answer	86%

c. IRS audits

Yes	29%
No	71%

i. If yes, what additional amount do you charge?

\$0-\$999	16%
\$1,000-\$1,999	6%
\$2,000+	5%
No Answer	73%

d. Offers in compromise

Yes	19%
No	81%

i. If yes, what additional amount do you charge?

\$0-\$999	7%
\$1,000+	9%
No Answer	84%

e. Working with clients in other states or countries

Yes	7%
No	93%

i. If yes, what additional amount do you charge?

\$0-\$999	5%
\$1,000+	1%
No Answer	94%

16. Please indicate how often you increase fees on:

a. Tax preparation

Semi-annually	1%
Every Other Year	28%
Annually	60%
Other	6%
N/A	3%
No Answer	1%

b. Accounting services

Quarterly	0%
Semi-annually	1%
Every Other Year	28%
Annually	41%
Other	7%
N/A	18%
No Answer	5%

c. Payroll

Quarterly	0%
Semi-annually	2%
Every Other Year	24%
Annually	41%
Other	6%
N/A	22%
No Answer	5%

d. Bookkeeping services

Quarterly	0%
Semi-annually	2%
Every Other Year	25%
Annually	43%
Other	7%
N/A	17%
No Answer	5%

e. Other Services

Quarterly	1%
Semi-annually	1%
Every Other Year	18%
Annually	43%
Other	5%
N/A	22%
No Answer	10%

17. How much did you increase fees last year? How much do you anticipate increasing them this year?

a. Tax preparation

i. Increased fees last year %

0%-9%	51%
10%-19%	35%
20%+	7%
No Answer	6%

ii. Anticipate increasing fees this year %

0%-9%	49%
10%-19%	31%
20%+	9%
No Answer	11%

b. Accounting services

i. Increased fees last year %

0%-9%	49%
10%-19%	23%
20%+	6%
No Answer	22%

ii. Anticipate increasing fees this year %

0%-9%	43%
10%-19%	27%
20%+	6%
No Answer	24%

c. Payroll

i. Increased fees last year %

0%-9%	51%
10%-19%	19%
20%+	5%
No Answer	26%

ii. Anticipate increasing fees this year %

0%-9%	46%
10%-19%	22%
20%+	4%
No Answer	28%

d. Bookkeeping services

i. Increased fees last year %

0%-9%	50%
10%-19%	23%
20%+	5%
No Answer	22%

ii. Anticipate increasing fees this year %

0%-9%	44%
10%-19%	26%
20%+	6%
No Answer	24%

e. Other services

i. Increased fees last year %

0%-9%	41%
10%-19%	24%
20%+	5%
No Answer	31%

ii. Anticipate increasing fees this year %

0%-9%	41%
10%-19%	20%
20%+	7%
No Answer	32%

18. What is your firm's average hourly or fixed monthly fee for performing the following services and what percent of your firm's annual income is derived from each:

a. Full payroll services (include payroll reporting)

i. Average Hourly Fee

\$0-\$99	19%
\$100+	14%
N/A	67%

ii. Average Fixed Monthly Fee

\$0-\$199	20%
\$200+	14%
N/A	66%

iii. % Gross Income

0%-9%	17%
10%+	18%
N/A	65%

b. After-fact payroll services

i. Average Hourly Fee

\$0-\$99	13%
\$100+	14%
N/A	73%

ii. Average Fixed Monthly Fee

\$0-\$199	19%
\$200+	5%
N/A	76%

iii. % Gross Income

0%-9%	18%
10%+	5%
N/A	77%

c. Federal/state tax return (preparation only)

i. Average Hourly Fee

\$0-\$149	19%
\$150+	35%
N/A	45%

ii. Average Fixed Monthly Fee

\$0-\$199	6%
\$200+	13%
No Answer	82%

iii. % Gross Income

0%-49%	15%
50%-100%	34%
N/A	51%

d. Tax advisory services or other tax services

i. Average Hourly Fee

\$0-\$149	15%
\$150+	33%
N/A	52%

ii. Average Fixed Monthly Fee

\$0-\$199	4%
\$200+	5%
N/A	91%

iii. % Gross Income

0%-9%	23%
10%+	9%
N/A	68%

e. Estate/financial planning (not to include tax form preparation)

i. Average Hourly Fee

\$0-\$149	5%
\$150+	15%
N/A	80%

ii. Average Fixed Monthly Fee

\$0-\$199	1%
\$200+	2%
N/A	97%

iii. % Gross Income

0%-9%	7%
10%+	1%
N/A	91%

f. Write-up work excluding payroll

i. Average Hourly Fee

\$0-\$99	15%
\$100+	19%
N/A	65%

ii. Average Fixed Monthly Fee

\$0-\$199	6%
\$200+	14%
N/A	81%

iii. % Gross Income

0%-9%	10%
10%+	17%
N/A	73%

g. Financial statement presentation (includes preparation, compilation, and review reports)

i. Average Hourly Fee

\$0-\$99	8%
\$100+	16%
N/A	76%

ii. Average Fixed Monthly Fee

\$0-\$399	5%
\$400+	6%
N/A	89%

iii. % Gross Income

0%-9%	8%
10%+	6%
N/A	86%

h. Audit (Audits of financial statements)

i. Average Hourly Fee

\$0-\$99	1%
\$100+	5%
N/A	94%

ii. Average Fixed Monthly Fee

\$0-\$399	1%
\$400+	1%
N/A	97%

iii. % Gross Income

0%-4%	3%
5%+	2%
N/A	95%

i. Management advisory services (business planning, computer system design, data processing, budgeting, financial analysis, pension planning, part-time CEO, Fractional CFO)

i. Average Hourly Fee

\$0-\$149	7%
\$150+	14%
N/A	80%

ii. Average Fixed Monthly Fee

\$0-\$499	2%
\$500+	3%
N/A	95%

iii. % Gross Income

0%-9%	9%
10%+	2%
N/A	89%

j. QuickBooks or Bookkeeping Advisory Services (including preparing and paying client invoices)

i. Average Hourly Fee

\$0-\$99	14%
\$100+	17%
N/A	68%

ii. Average Fixed Monthly Fee

\$0-\$499	8%
\$500+	4%
N/A	88%

iii. % Gross Income

0%-9%	12%
10%+	10%
N/A	78%

k. Financial services (Sales of investment company products, variable contracts, and insurance)

i. Average Hourly Fee

\$0-\$149	0.3%
\$150+	3%
N/A	97%

ii. Average Fixed Monthly Fee

\$0-\$499	1%
\$500+	1%
N/A	98%

iii. % Gross Income

0%-9%	2%
10%+	2%
N/A	97%

l. Elder care services

i. Average Hourly Fee

\$0-\$199	3%
\$200+	2%
N/A	95%

ii. Average Fixed Monthly Fee

\$0-\$199	0%
\$200+	1%
N/A	99%

iii. % Gross Income

0%-3%	2%
4%+	1%
N/A	97%

m. Offers in compromise:

i. Average Hourly Fee

\$0-\$199	6%
\$200+	7%
N/A	87%

ii. Average Fixed Monthly Fee

\$0-\$499	2%
\$500+	2%
N/A	96%

iii. % Gross Income

0%-3%	5%
4%+	2%
N/A	93%

19. Indicate the GROSS income of your firm for last year, and estimated for this year:

a. Actual Last Year

\$0-\$49,999	11%
\$50,000-\$99,999	15%
\$100,000-\$199,999	18%
\$200,000 - \$499,999	26%
\$500,000-\$999,999	11%
\$1,000,000+	5%
No Answer	15%

b. Estimated This Year

\$0-\$49,999	12%
\$50,000-\$99,999	14%
\$100,000-\$199,999	17%
\$200,000 - \$499,999	24%
\$500,000-\$999,999	12%
\$1,000,000+	6%
No Answer	16%

20. Indicate what percentage of your firm's total income is billed on the following basis for the current calendar year, and your expectations for the year ahead.

a. By Form

i. Percentage increase in fees in the current year

0%-9%	23%
10%+	27%
N/A	51%

ii. Percentage increase in fees anticipated for next year

0%-9%	24%
10%+	22%
N/A	55%

b. Hourly

i. Percentage increase in fees in the current year

0%-9%	30%
10%+	25%
N/A	45%

ii. Percentage increase in fees anticipated for next year

0%-9%	28%
10%+	24%
N/A	47%

c. Fixed Fee

i. Percentage increase in fees in the current year

0%-9%	29%
10%+	24%
N/A	47%

ii. Percentage increase in fees anticipated for next year

0%-9%	27%
10%+	26%
N/A	48%

d. Other

i. Percentage increase in fees in the current year

0%-9%	16%
10%+	12%
N/A	71%

ii. Percentage increase in fees anticipated for next year

0%-9%	17%
10%+	12%
N/A	70%

21. What percentage of your firm's gross billings do you have to typically write off each year (%)?

0-2%	61%
> 2%	17%
N/A	22%

22. What are the current salary levels and additional compensation for the following full-time positions? (If there are more than one person in the position, please provide the average salary period)

a. Principal/Partner

i. Average hourly wage

\$0-\$99	38%
\$100-\$199	15%
\$200+	9%
N/A	39%

ii. Highest hourly wage

\$0-\$99	26%
\$100-\$199	10%
\$200+	9%
N/A	55%

b. Practitioners–Accounting & Tax Licensed /Credentialed

i. Average hourly wage

\$0-\$39	27%
\$40-\$99	5%
\$100+	2%
N/A	66%

ii. Highest hourly wage

\$0-\$39	19%
\$40-\$99	4%
\$100+	3%
N/A	74%

c. Practitioners–Accounting & Tax Not Licensed / Not Credentialed

i. Average hourly wage

\$0-\$29	16%
\$30-\$49	10%
\$50+	7%
N/A	66%

ii. Highest hourly wage

\$0-\$29	8%
\$30-\$49	10%
\$50+	5%
N/A	77%

d. Other Support Staff

i. Average hourly wage

\$0-\$19	15%
\$20+	25%
N/A	60%

ii. Highest hourly wage

\$0-\$19	9%
\$20+	22%
N/A	69%

e. Bookkeeper

i. Average hourly wage

\$0-\$24	15%
\$25+	18%
N/A	67%

ii. Highest hourly wage

\$0-\$24	10%
\$25+	14%
N/A	76%

The typical tax and accounting firm:

- has 1.5 full-time principals/partners, 1.9 full-time tax/accounting staff, and 1 full-time support staff
- has an annual gross practice income of \$308,782
- prefers tax returns be billed by form (35%) and other services are billed using a hybrid of a fixed fee and hourly rate
- completed the same number of audits as our prior survey (67%)

Q13

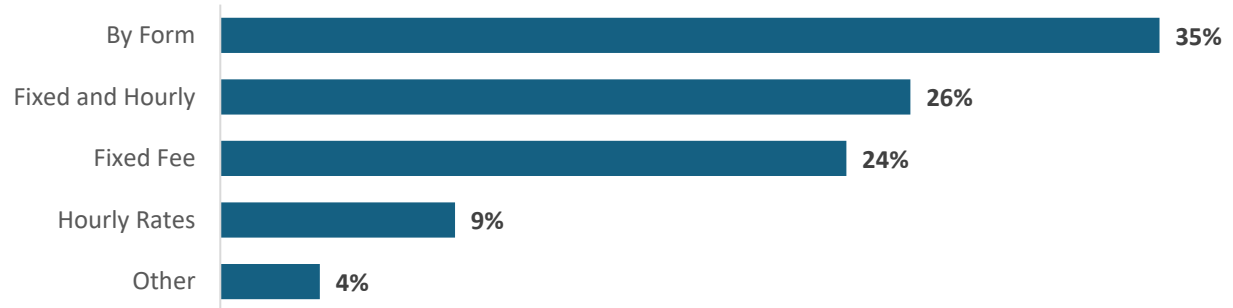
Change in # of Audits



■ Increased ■ Decreased ■ Stayed the same

Q14

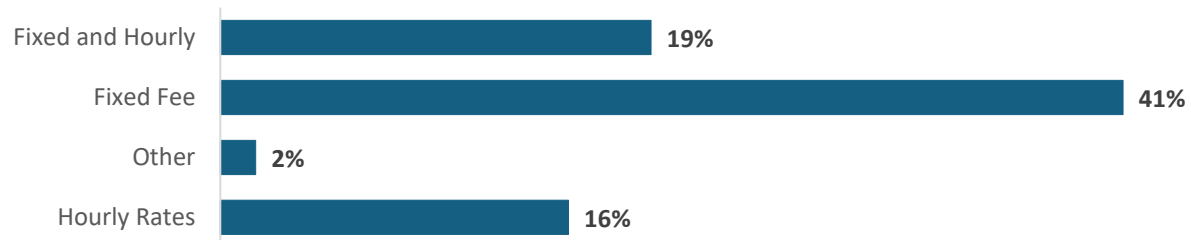
Billing Method: Tax Prep



Billing Method: Accounting Services



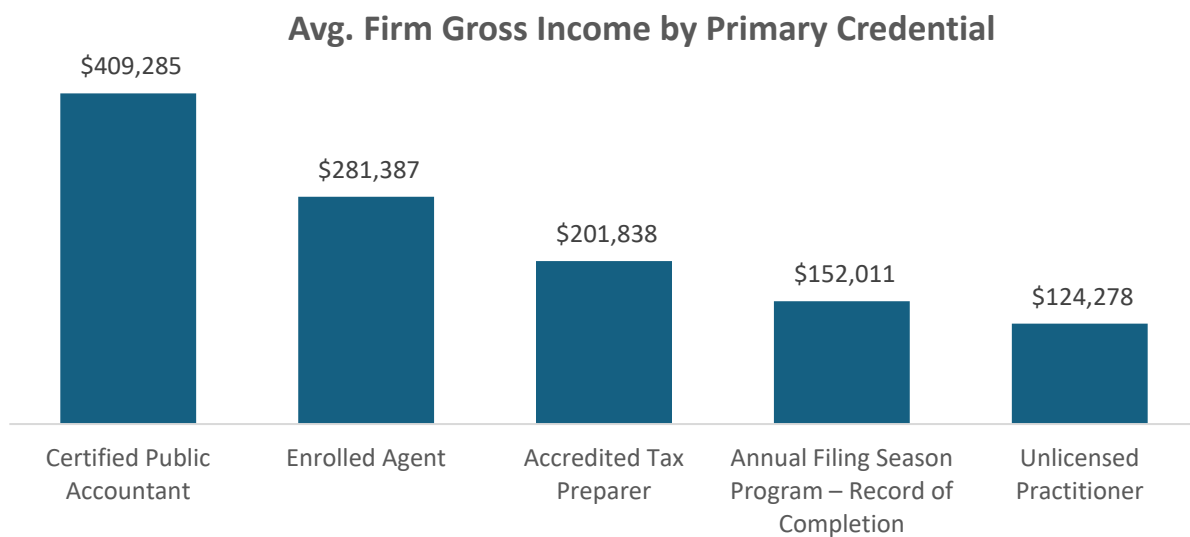
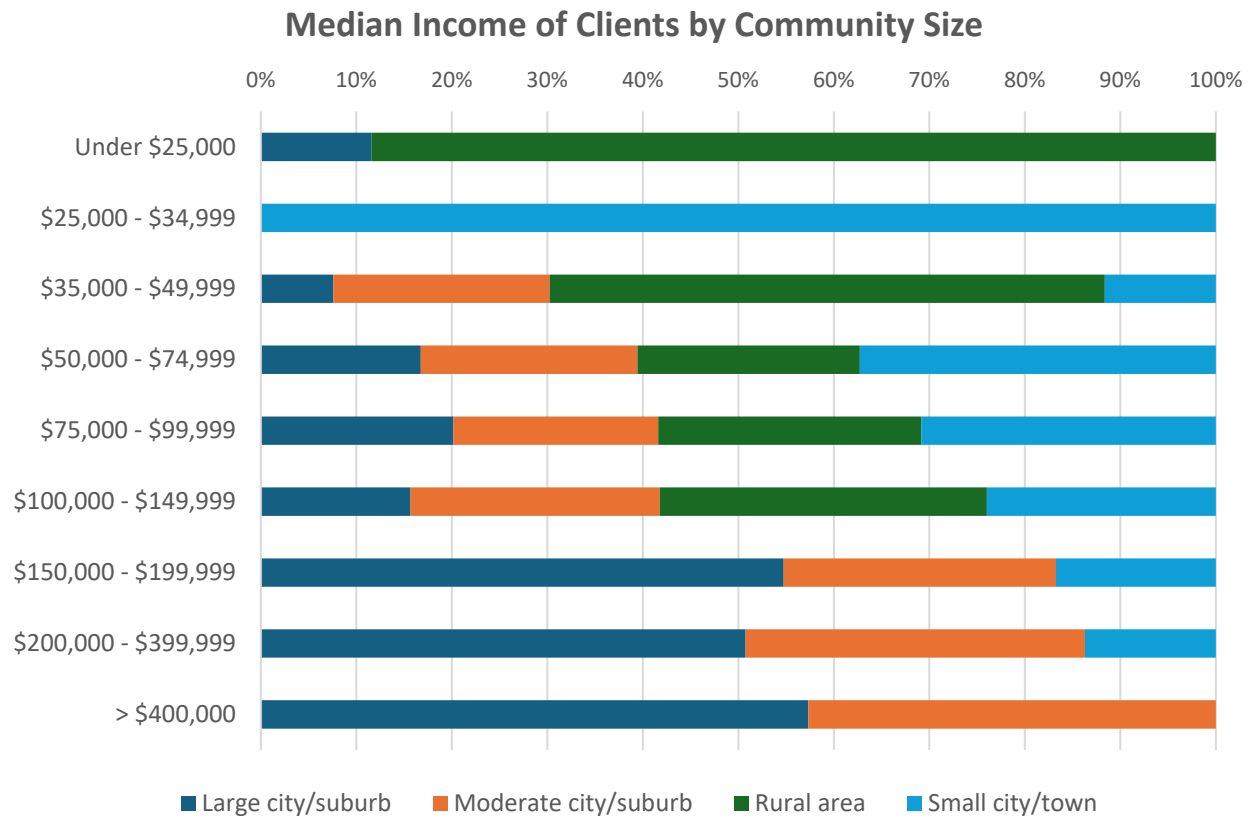
Billing Method: Payroll



Billing Method: Bookkeeping Services



Supplemental Information



WAGE/COMPENSATION SEASONAL/PART-TIME

23. What are the current hourly wage levels for the following seasonal/part-time positions? (If more than one person in the position, please provide the average wage)

a. Practitioners – Accounting & Tax Licensed /Credentialed

i. Average hourly wage

\$0-\$29	7%
\$30+	12%
N/A	81%

ii. Highest hourly wage

\$0-\$29	5%
\$30+	10%
N/A	85%

b. Practitioners – Accounting & Tax Not Licensed / Not Credentialed

i. Average hourly wage

\$0-\$29	10%
\$30+	8%
N/A	82%

ii. Highest hourly wage

\$0-\$29	7%
\$30+	7%
N/A	86%

c. Other Support Staff

i. Average hourly wage

\$0-\$24	22%
\$25+	8%
N/A	70%

ii. Highest hourly wage

\$0-\$24	17%
\$25+	7%
N/A	77%

d. Bookkeeper

i. Average hourly wage

\$0-\$19	6%
\$20+	14%
N/A	80%

ii. Highest hourly wage

\$0-\$19	3%
\$20+	13%
N/A	84%

The typical tax and accounting firm compensation as an hourly rate:

- **Partners and principals - \$104**
- **Licensed/credential practitioners - \$65**
- **Unlicensed practitioners - \$43**

FRINGE BENEFITS

The Strategic Imperative of Fringe Benefits

The data illuminates the current state of fringe benefits across accounting practices, offering a nuanced understanding that could be pivotal for strategic decision-making. In Martin's view, strategy is about choice—choosing where to play and how to win. The allocation and design of fringe benefits are no exception; they represent a critical element of your firm's overall value proposition to its employees.

Follow up interviews indicate a marked difference in the perceptions of veterans in the industry and emerging professionals. Many veteran firm owners are not attentive to aspects of the job such as: work/life balance, remote work, leave, professional development, and other fringe benefit advantages. There are many reasons underlying this; lack of experience in wanting or having these things, lack of communication from employees about such things, challenges in managing benefits in this regard, etc. Fringe benefits used to be a competitive advantage in the accounting community. Unexpected and valuable offerings that kept employees loyal and retained.

However, they have become more normalized, especially where more businesses are hiring on their own internal accounting practitioners. They are also expected by emerging professionals who have grown up seeing parents and friends receiving them. Accounting practices do not offer the steady employment and high salaries that used to offset the lack of fringe benefits. In the current human resources market, offering a range of benefits from healthcare to leave to bonuses and retirement are the rule not the exception. The interviews indicate that this is likely to become more common as the number of accounting students graduating each year continues to fall, creating a lack of qualified candidates.

Analysis of Health and Insurance Benefits

A striking aspect of the data is the significant disparity in the provision of health insurance, dental insurance, eye care, life insurance, and disability insurance benefits between different employee tiers. While a majority of practices offer health insurance to principals/partners and full-time employees, the coverage dramatically drops for part-time employees. This gap underscores a potential strategic misalignment. In today's talent market, where flexibility and work-life balance are increasingly prioritized, the traditional approach to benefits might deter high-caliber part-time talent.

Retirement and Professional Development

The data on retirement plans and professional development reimbursement highlights another strategic consideration. With 30% of practices offering retirement benefits to

principals/partners and a similar trend observed for professional development, there is a clear indication that investing in the long-term growth and financial security of employees is valued. However, the lower provision rates for part-time employees suggest a missed opportunity to use these benefits as a differentiator in attracting and retaining top talent.

Childcare and Cafeteria Plans

Childcare benefits are notably scarce, offered by an insignificant percentage of practices. Given the evolving workforce demographics and the increasing number of dual-income households, the lack of childcare support could be a strategic oversight. Similarly, the underutilization of cafeteria plans indicates a potential area for innovation in customizing benefits to meet diverse employee needs.

Flexibility, Remote Work, and Dispute Resolution

The data reveals a noteworthy trend towards flexibility and remote work, with more than half of the firms offering flex time and a significant portion allowing remote work. This shift towards flexible work arrangements aligns with Martin's advocacy for adaptability in strategy, enabling firms to attract talent in a competitive landscape. Moreover, the approach to handling client disputes and the allocation of responsibilities for errors involving interest or penalties reflect on the firm's risk management and client relationship strategies.

Strategic Recommendations

Redefine Benefit Structures: Consider extending more benefits to part-time employees, especially in areas like health insurance, retirement plans, and professional development. This could enhance your firm's attractiveness as an employer and support a more engaged and loyal workforce.

Embrace Flexibility and Remote Work: Capitalize on the positive reception of flexible working arrangements to differentiate your firm. Use this as a strategic lever to attract talent who value work-life balance and autonomy.

Innovate in Childcare Support: Explore offering childcare benefits or partnerships with local childcare providers. This could significantly enhance your value proposition to current and prospective employees, directly impacting recruitment and retention.

Customize Benefits Through Cafeteria Plans: Increase the adoption of cafeteria plans to offer employees more personalized benefits choices. This aligns with the strategic principle of differentiation, allowing your firm to stand out in the marketplace.

Enhance Risk Management Practices: The approach to handling disputes and errors signals your firm's ethos to both employees and clients. Adopting transparent and fair practices can bolster your firm's reputation and client trust.

In conclusion, leveraging the insights from the provided data, accounting firms are encouraged to critically assess their current fringe benefits offerings. By adopting a more strategic and holistic approach, aligning benefits with the evolving needs of the workforce, and embodying flexibility, firms can not only enhance their competitive edge but also foster a more committed and satisfied team. CEOs, as strategic leaders, have the opportunity to spearhead this transformation, ensuring their firms are well-positioned for sustainable success in the dynamic accounting landscape.

Integrating the specific data from the fringe benefits research into a strategic analysis, let's examine how accounting firms can leverage these insights to enhance their practice, directly applying the numbers to inform strategic decisions at the CEO level.

Health Insurance: A Critical Look

Principals/Partners: 24% have health insurance, showing a significant number of leaders are covered. However, the 76% marked as N/A suggests a large portion of firms do not extend this benefit universally at the leadership level.

Full-Time Employees: 21% coverage indicates a relatively low prioritization of health benefits for the workforce, potentially impacting recruitment and retention.

Part-Time Employees: At a mere 2% coverage, the data signals a substantial gap in benefits for part-time staff, which could be a strategic misstep given the increasing demand for flexible work arrangements.

Dental and Eye Care Programs: An Overlooked Opportunity

Dental Insurance: With only 10% of principals/partners and even fewer full-time (8%) and part-time employees (1%) covered, dental insurance is significantly underutilized as a benefit. This gap presents an opportunity to enhance employee value propositions.

Eye Care Program: Similar to dental insurance, eye care is offered to a small fraction of employees, underscoring a potential area for differentiation by expanding these benefits.

Life and Disability Insurance: Securing Employee Well-being

The low coverage rates for life (7% for principals/partners) and disability insurance (7% for principals/partners) reflect a strategic gap in addressing employee well-being and financial security. Increasing these benefits could signal a firm's investment in its employees' long-term health and safety.

Retirement Plan: A Key Differentiator

Principals/Partners: 30% coverage suggests a reasonable focus on long-term financial planning for leaders, but still leaves room for improvement.

Full-Time Employees: With 27% having access to retirement plans, there's a clear indication that firms value their full-time workforce's future. However, enhancing this benefit could further bolster loyalty and attract talent.

Part-Time Employees: The 12% coverage rate highlights a significant disparity and suggests that extending retirement benefits could be a strategic move to attract and retain high-quality part-time staff.

Professional Development and Childcare: Investing in Growth

Professional Development: With 35% of principals/partners and 30% of full-time employees having access to professional development reimbursement, firms show commitment to growth. Expanding this to part-time employees, currently at 16%, could enhance skill development across the board.

Childcare: Virtually nonexistent as a benefit, with 0% for principals/partners and negligible for employees, introducing childcare support could differentiate a firm as an employer of choice, especially for working parents.

Flexibility and Remote Work: Adapting to Modern Workforce Needs

Flex Time: With 52% offering this flexibility, firms demonstrate adaptability. Yet, enhancing this offering could further attract talent seeking work-life balance.

Remote Work: Provided by 39% of firms, with a significant portion allowing for full remote work, this trend aligns with current workforce expectations. Expanding remote work options could serve as a strategic lever for talent acquisition.

In follow-up discussions, it was clear that remote work environments are not the norm in our industry. Many practitioners have concerns about remote work. These center around employee productivity, availability, and attention. There is a prevalent concern by firm owners that remote workers are not always working when they are expected to be. This is especially true during “tax season” and other times when extensive overtime is the norm. All of this suggests that more research into the remote work phenomenon, how to apply it, how to manage remote people, and what the benefits are is needed.

Addressing Disputes and Errors: Building Trust

The approach to handling errors, with 48% covering all interest and 65% all penalties, reflects a commitment to accountability. This practice not only builds client trust but also enhances the firm's reputation.

Strategic Recommendations

Expand Health, Dental, and Eye Care Benefits: Consider broadening these benefits across all employee levels to enhance well-being and job satisfaction.

Enhance Life and Disability Insurance: Increasing coverage could significantly improve the perceived value of the firm's benefit package.

Improve Retirement Benefits for Part-Time Employees: Aligning benefits more closely with those offered to full-time employees could attract a broader talent pool.

Invest in Professional Development and Introduce Childcare: These benefits could serve as key differentiators in the market, attracting and retaining top talent.

Leverage Flexibility and Remote Work as Strategic Assets: Expanding these options could further position the firm as a modern, adaptive workplace.

Incorporating these specific data points into our strategic analysis underlines the importance of a holistic approach to fringe benefits. By aligning benefits more closely with employee needs and market trends, accounting firms can enhance their competitive positioning, attract and retain top talent, and foster a culture of well-being and professional growth. CEOs play a pivotal role in driving these strategic changes, ensuring their firms not only adapt to the evolving landscape but also thrive within it.

24. Please check the benefits offered by the practice:

a. Health Insurance

i. Benefit offered to Principals/Partners

Yes	24%
N/A	76%

ii. Benefit offered to Full-Time Employees

Yes	21%
N/A	79%

iii. Benefit offered to Part-Time Employees

Yes	9	2%
N/A	367	98%

b. Dental Insurance

i. Benefit offered to Principals/Partners

Yes	39	10%
N/A	337	90%

ii. Benefit offered to Full-Time Employees

Yes	8%
N/A	92%

iii. Benefit offered to Part-Time Employees

Yes	1%
N/A	99%

c. Eye Care Program

i. Benefit offered to Principals/Partners

Yes	8%
N/A	92%

ii. Benefit offered to Full-Time Employees

Yes	7%
N/A	93%

iii. Benefit offered to Part-Time Employees

Yes	1%
N/A	99%

d. Life Insurance

i. Benefit offered to Principals/Partners

Yes	7%
N/A	93%

ii. Benefit offered to Full-Time Employees

Yes	5%
N/A	95%

iii. Benefit offered to Part-Time Employees

Yes	1%
N/A	99%

e. Disability Insurance

i. Benefit offered to Principals/Partners

Yes	7%
N/A	93%

ii. Benefit offered to Full-Time Employees

Yes	7%
N/A	93%

iii. Benefit offered to Part-Time Employees

Yes	2%
N/A	98%

f. Retirement Plan

i. Benefit offered to Principals/Partners

Yes	30%
N/A	70%

ii. Benefit offered to Full-Time Employees

Yes	27%
N/A	73%

iii. Benefit offered to Part-Time Employees

Yes	12%
N/A	88%

g. Professional Development Reimbursement

i. Benefit offered to Principals/Partners

Yes	35%
N/A	65%

ii. Benefit offered to Full-Time Employees

Yes	30%
N/A	70%

iii. Benefit offered to Part-Time Employees

Yes	16%
N/A	84%

h. Childcare

i. Benefit offered to Principals/Partners

Yes	0%
N/A	100%

ii. Benefit offered to Full-Time Employees

Yes	1%
N/A	99%

iii. Benefit offered to Part-Time Employees

Yes	0%
N/A	100%

i. Cafeteria Plan

i. Benefit offered to Principals/Partners

Yes	4%
N/A	96%

ii. Benefit offered to Full-Time Employees

Yes	5%
N/A	95%

iii. Benefit offered to Part-Time Employees

Yes	1%
N/A	99%

25. Does your company offer the following additional benefits?

- a. Do you offer Flex Time? (employees can decide on their start and finish times)

Yes	52%
No	40%
N/A	8%

- b. Do you offer Job Sharing? (two or more people perform the functions of one person working full-time)

Yes	13%
No	78%
N/A	10%

- c. Do you offer Remote Work?

Yes	39%
No	54%
N/A	8%

- d. If yes, how much Remote Work per week?

All 5 Days	51%
4 Days	5%
3 Days	14%
2 Days	18%
1 Day	13%

26. How often do you review problem clients?

As They Occur	66%
After Tax Season	11%
Once A Year	13%
Other	2%
Never	6%
No Answer	2%

27. Were you involved in any client disputes over the last year?

Yes	16%
No	79%
No Answer	4%

28. If an error that resulted in interest or penalty was totally or partially your fault, how much of the interest or penalty do you pay?

a. Interest

All	48%
Some	22%
None	27%
No Answer	3%

b. Penalty

All	65%
Some	22%
None	8%
No Answer	5%

c. How many disputes were turned over to your E&O provider?

All	0.3%
Some	2.9%
None	85.9%
N/A (No E&O)	8.8%
No Answer	2.1%

PRACTICE PROCEDURES

Incorporating the insights gleaned from the practice procedures survey, we can outline a strategic approach for an accounting firm looking to refine its operations, enhance client satisfaction, and improve efficiency. This strategy, inspired by Roger Martin's principles of integrative thinking and design, focuses on leveraging the data to craft innovative solutions that balance client needs with firm efficiency.

1. Rethinking Billing Practices

The survey indicates a diversity in billing practices, with end-of-job billing being the most prevalent. This suggests clients may appreciate predictability and simplicity in billing. However, the notable adoption of progress billing and acceptance of credit cards points towards a client base that also values flexibility and modern payment methods. The firm should adopt a hybrid billing model that incorporates the predictability of end-of-job billing with the flexibility of progress payments and the convenience of credit card payments. This approach caters to a broader client spectrum, enhancing satisfaction without compromising the firm's cash flow.

2. Engagement Letters as a Standard Practice

With 44% of firms utilizing engagement letters for *all* engagements, there is a clear industry trend towards formalizing client relationships. Engagement letters not only provide legal protection but also clarify expectations, fostering trust. The firm should consider making engagement letters standard for all significant engagements while developing a simplified version for smaller projects. This dual approach ensures clarity and professionalism across all client interactions, balancing thoroughness with efficiency.

3. Utilizing Tax Organizers Strategically

The high usage of tax organizers from software providers suggests an industry leaning towards standardized tools for efficiency. Yet, the firm can differentiate itself by also offering custom-developed organizers for specific client segments. This bespoke approach, combined with selective deployment—offering organizers to all clients but tailoring the complexity based on client familiarity and the complexity of their tax situation—can improve client engagement and accuracy in data collection.

4. Data Collection: Blending Traditional and Digital Methods

The almost equal preference for physical document submission and online portals indicates a client base with varied preferences. The firm should adopt a flexible data collection model that accommodates both preferences. Prioritizing the development of a secure, user-friendly online portal while still accommodating traditional document

submission methods ensures no client is alienated. Additionally, leveraging client interviews selectively can enhance the quality of data collected and strengthen client relationships.

5. Engagement Customization Based on Client Preferences

Finally, the diverse responses regarding the use of engagement letters and tax organizers highlight the importance of understanding client preferences and customizing engagements accordingly. The firm should develop a client segmentation strategy that identifies various client needs and preferences, allowing for the customization of services and communications. This strategy not only increases client satisfaction but also enables the firm to allocate its resources more effectively.

By applying these insights with a focus on integrative thinking, the firm can navigate the complexities of client expectations and operational efficiency. This approach encourages innovation within the firm, fostering a culture that continuously seeks to balance client needs with operational imperatives, in line with Roger Martin's advocacy for design thinking in business strategy.

Response Insights

Billing Practices

Percentage of Payment Due Upon Signing Engagement Letter: A small fraction (11%) of the firm uses this billing practice, with the vast majority (89%) not applying it.

Progress Billing: Relatively more common, with 18% of the firm employing this method, while 82% do not.

End-of-Job Billing: This is the most commonly used billing practice, with 84% adherence.

Interest on Past-Due Accounts: Implemented by 17% of the firm, with the majority (83%) not charging interest on overdue accounts.

Accepting Credit Cards for Payment: Nearly half (48%) of the firm accepts credit cards, showing a modern approach to payment.

Itemized Charges: Only 14% itemize charges for copies, faxes, delivery, and phone, suggesting a more inclusive billing model for the majority.

Other Billing Practices: Very few (3%) have other billing practices not listed.

Engagement Letters

Usage of Engagement Letters: A significant portion (44%) uses engagement letters for all engagements, showing a commitment to formal agreements with clients.

Engagement Letters for Most Engagements: 24% use them for most engagements, indicating variability in the application of formal agreements.

Limited Use of Engagement Letters: A small segment (16%) uses them for some engagements, and 13% do not use them at all.

Tax Organizers

Provision of Tax Organizers: A majority offer tax organizers, with 65% using those from their tax software provider, showing a reliance on standardized tools for client engagement.

Custom Developed Organizers: 13% have developed their own organizers, indicating a tailored approach to client interaction.

Requirement for Clients to Complete the Organizer: 26% require completion, suggesting a structured approach to collecting tax-related information.

Data Collection for Tax Returns

Physical Documents: A roughly equal split between clients who mail/drop off documents (43%) and those who exceed 50% in doing so (48%), indicating a strong preference for traditional document submission methods.

Secure Online Portal: An equal percentage (39%) for clients using the portal less than 30% of the time and those using it more, reflecting a growing trend towards digital submission methods.

Client Interviews: More clients participate less than 30% of the time (43%), with fewer (29%) having a higher participation rate, suggesting varied preferences for direct interaction.

This survey provides insights into the firm's operational practices, particularly around billing, client engagement, and data collection methods. It highlights a mix of traditional and modern approaches, with significant variation in how different practices are applied.

29. Which of the following billing practices does your firm use?

a. Percentage of payment due upon the signing of engagement letter

Yes	11%
N/A	89%

b. Progress Billing

Yes	18%
N/A	82%

c. End-Of-Job Billing

Yes	84%
N/A	16%

d. Interest On Past-Due Accounts

Yes	17%
N/A	83%

e. Accept Credit Cards for Payment

Yes	48%
N/A	52%

f. Itemized Charges for Copies, Faxes, Delivery, Phone, Etc.

Yes	14%
N/A	86%

g. Other

Yes	3%
N/A	97%

30. Do you use engagement letters?

a. All Engagements

Yes	44%
N/A	56%

b. Most Engagements

Yes	24%
N/A	76%

c. Some Engagements

Yes	16%
N/A	84%

d. I Don't Use Engagement Letters

Yes	13%
N/A	87%

31. Do you offer tax organizers for your clients?

a. Do you offer organizers?

Yes, From My Tax Software Provider	65%
Yes, From My Tax Research Provider	4%
Yes, That I Developed	13%
No, I Don't Offer Organizers	16%
N/A	2%

b. Do you offer the organizer to:

All Clients	37%
Most Clients	14%
Some Clients	13%
Only On Request	18%
No Answer	18%

c. Do you require clients to complete the organizer?

Yes	26%
No	56%
No Answer	19%

d. How do you collect data from your clients to prepare tax returns? Client physically mails/drops off documents:

0%-49%	43%
50%+	48%
N/A	9%

- e. Client uploads documents to secure online portal:

0%-29%	39%
30%+	39%
N/A	22%

- f. Client participates in client interview:

0%-29%	43%
30%+	29%
N/A	27%

Summary of Section Analysis

Recommendations based on Survey data:

For a sole practitioner analyzing the survey data provided, the insights can guide strategic decisions and actions to grow and strengthen the practice. Emphasizing the principles of adaptability, market focus, and leveraging resources efficiently, here are targeted suggestions for a sole practitioner:

1. Embrace Technology and Automation

Given the prevalence of small practices and the significant workload handled by a single principal/partner, adopting technology is crucial. Look into accounting and tax software that automates routine tasks, improves accuracy, and frees up your time to focus on higher-value advisory services. This could include cloud accounting platforms, document management systems, and client communication tools.

2. Specialize in Niche Markets

With many practices serving a broad client base, differentiating your services by specializing in niche markets could offer competitive advantages. Identify sectors or client types within your region that are underserved or where you have personal interest or expertise. This could range from small business advisory, and real estate, to specialized tax services for freelancers and digital nomads.

3. Expand Your Network

The data shows a strong affiliation with accounting and tax associations, with a large proportion of practices belonging to two or more. As a sole practitioner, actively participating in these groups can provide valuable learning opportunities, access to resources, and referral networks. Additionally, consider local business groups, chambers of commerce, and online forums related to your niche markets.

4. Develop Strategic Partnerships

For a sole practitioner, partnerships can significantly extend your reach and capacity. This could involve collaborating with other accounting professionals on large projects, referring clients to each other based on specialization, or even partnering with non-accounting professionals (like lawyers or financial advisors) to offer comprehensive services to clients.

5. Invest in Your Professional Development

Continued learning is essential, not just for maintaining certifications but for staying ahead of industry trends and expanding your service offerings. The survey indicates a commitment to professional associations, which are great avenues for education. Also consider online courses, webinars, and workshops that focus on emerging accounting technologies, advisory services, and niche market trends.

6. Optimize Your Client Base

Given the client income demographics and the size of the communities practitioners operate in, tailoring your services to meet the specific needs of your client base can lead to more targeted and effective service offerings. Evaluate your current client base to identify the most profitable segments and consider focusing your marketing and service development efforts in these areas.

7. Leverage Client Relationships

As a sole practitioner, the personal touch you can offer is a significant differentiator. Build strong, advisory-focused relationships with your clients. Understanding their businesses and personal financial goals allows you to provide customized advice that goes beyond basic compliance work, adding more value and enhancing client retention.

Applying the Data Directly

The journey of a sole practitioner in expanding their accounting practice is as much about strategic thinking and planning as it is about execution. By focusing on these areas—leveraging technology, specializing, networking, developing partnerships, continuing education, optimizing your client base, and deepening client relationships—you can set a solid foundation for growth that's both sustainable and fulfilling. Remember, growth doesn't always mean getting bigger; it's about becoming more efficient, effective, and specialized in serving your clients' needs.

Integrating the survey data directly into a refined analysis, let's examine how a sole practitioner can utilize this information for strategic growth and operational improvements.

Understanding the Current Landscape

Principal/Partner Employment Patterns:

Full-Time: The survey indicates a significant lean towards single-principal practices (68%). As a sole practitioner, this highlights the commonality of your structure within the industry, suggesting a potential market norm but also a competitive environment where differentiation is key.

Part-Time and Non-Accounting/Tax Partners: With a low incidence of part-time principals and non-accounting/tax partners, it suggests that most practices focus on core accounting services with full-time commitment. For you, this means that diversifying services or considering unconventional partnerships could set you apart.

Staffing Composition: The data shows a large number of practices have a small full-time accounting/tax staff (48.9% have just one), indicating a reliance on lean operations. This suggests an opportunity for you to explore efficient work practices, such as automation and outsourcing, to handle growth without necessarily increasing headcount.

Support Staff Dynamics: A substantial number of practices do not employ full-time support staff (34.6%), which may reflect on the operational challenges of managing administrative tasks alongside core accounting work. This points towards the potential value in virtual assistants or part-time support to increase operational efficiency.

Strategic Growth Insights

Specialization as a Differentiator: Considering the broad distribution of practice sizes and services, specializing in a niche could offer a competitive edge. This is supported by the data showing diverse practice structures and client bases. Identifying a niche within your existing or desired client demographic can help focus your marketing and service development.

Technology and Automation for Scale: Given the lean operational model indicated by the survey (especially around full-time staff composition), leveraging technology for automation and efficiency can help manage increased workload without proportional increases in staffing.

Networking and Professional Development: The involvement in accounting and tax associations (with a significant 32% belonging to two associations) underscores the importance of professional networks and continuing education. This is a valuable avenue for sole practitioners to expand their knowledge, stay updated on industry trends, and form strategic partnerships.

Optimizing Client Service and Retention: Offering value-added services such as financial planning, investment strategy, and business advisory can enhance client retention and attract a similar demographic. Tailoring your services to the needs of these clients can help in securing a more lucrative and stable client base.

Operational Efficiency and Client Focus

Enhance Operational Efficiency: Consider adopting cloud-based accounting solutions, client portals for secure document exchange, and CRM systems for better client relationship management. These technologies can streamline operations, improve client satisfaction, and facilitate remote work, reflecting a growing trend as indicated by the survey's emphasis on lean operations.

Build Strong, Personalized Client Relationships: The data suggests a wide variance in practice sizes and client bases, highlighting the importance of strong client relationships for smaller practices. As a sole practitioner, focusing on personalized service, understanding your client's unique needs, and providing tailored advice can significantly enhance client loyalty and word-of-mouth referrals.

Conclusion

For a sole practitioner, the survey data provides a rich backdrop against which to position your practice for growth and improvement. By focusing on specialization, leveraging technology, engaging in continuous learning, and optimizing client relationships, you can carve out a distinctive presence in the market. Operational efficiency, powered by strategic use of support staff and automation, can help manage growth sustainably, allowing you to maintain high-quality service as your practice expands.