

**THE
ROSENBERG ASSOCIATES, LTD.**
**2008 SURVEY OF MAP STATISTICS
BASED ON 2007 DATA**
DEADLINE FOR SUBMISSION: JULY 1, 2008

Thank you for participating in our 10th annual survey!

Please send the participation fee (with your completed survey) to:

**The Rosenberg Associates
1000 Skokie Blvd. Ste. 555
Wilmette, IL 60091-1187**

Check made payable to: **The Rosenberg Associates**
Send us \$300 for one copy and \$400 for two copies of the results.

No one likes to read instructions. But, if you don't complete the form correctly, our survey will have the same mistakes as the commercially available ones. *So please, read the **Definitions and Notes** section, following the input form, carefully.*

Firm Name	<input type="text"/>		
Street address	<input type="text"/>		
City	<input type="text"/>		
State	<input type="text"/>	Zip	<input type="text"/>
Contact Person	<input type="text"/>		
Phone Number	<input type="text"/>	Ext.	<input type="text"/>
Fax Number	<input type="text"/>		
E-Mail Address	<input type="text"/>		
Mail survey to	<input type="text"/>		
Month of Fiscal year-end	<input type="text"/>		

Size of your market - Metropolitan population of your county and applicable neighboring counties in which you practice. Check the best answer:

<input type="checkbox"/>	2 Million and over
<input type="checkbox"/>	1-2 Million

<input type="checkbox"/>	250,000 - 1 Million
<input type="checkbox"/>	Less than 250,000

DATA

- 1 **Gross Fees** (See Note 1)
- 2 **Net Fees** (Note 2)
- 3 **Firm Personnel - Full Time Equivalent:** (Note 3)
 - A Number of equity partners
 - B Number of non-equity partners
 - C Number of professional staff (exclude partners)
 - D Number of paraprofessionals
 - E Number of admin personnel
 - F Total overall headcount
- 4 **Firm Charge Hours**
 - A Total firm charge hours (Note 4)
 - B Percentage of total charge hours, line 4A, that was worked January through April %
- 5 **Total Firm Hours Worked** (Note 5)

For questions 6,7, and 8 :

Only include people who were full-time and worked at your firm for a full year.

- 6 **Average charge hours** (Note 6)
 - A For equity partners
 - B For non-equity partners
 - C For professional staff
 - D For paraprofessionals
- 7 **Average total work hours** (Note 7)
 - A For equity partners
 - B For non-equity partners
 - C For professional staff
 - D For paraprofessionals
- 8 **Average billing rates:** (Note 8)
 - A Equity partners
 - B Non-equity partners
 - C Managers
 - D Seniors
 - E Staff assistants
 - F Bookkeepers/paraprofessionals
 - G Secretaries
- 9 **Professional staff billing rate multiple** (Note 9)
- 10 **Months of WIP at December 31** (Note 10)
- 11 **Months of A/R at December 31** (Note 11)

12 **Turnover** (Note 12)

A Professional Staff (percentage) %

B Administrative Staff (percentage) %

13 **Breakout of fees (percentages):**

A Audit and review %

B Compilation and write-up %

C Tax %

D Consulting and other %

TOTAL 100.0%

14 **Summary of Income Statement** (Note 14):

A Total Net Fees (same as item 2)

B Salaries and Benefits

C Marketing

D Computer/Technology

E Rent

F Payments to retired partners

G All other expenses

H Total Expenses

I Total Partner Income (A less H)

15 **For line 14A above, how much income from investment advisory and/or insurance services is included?**

16 **Total compensation of the highest income-earning full-time equity partner in your firm?**

17 **Total compensation of the lowest income-earning full-time equity partner in your firm?**

18 **Typical compensation for new equity partners promoted from staff, in their first year as partner.**
Add back any comp reductions which are really ptr buy-in.

19 **Revenue growth/(decline) in 2007 (%)** %

20 **Revenue growth/(decline) expected in 2008 (%)** %

21 **Annual malpractice premium**

22 **Amount of malpractice coverage per claim**

23 **Amount of malpractice deductible**

24 **Malpractice carrier**

25 **Have your firm's revenues increased significantly due directly to work required by Sarbanes-Oxley Act?**

YES

NO

26 A **How many 1040's does your firm prepare each year?**

B **What is the apprx. average fee per return?**

27 For the next tax season, will your firm outsource a significant percent of returns offshore (India, etc.)?

YES
NO

28 If #27 is no, what's the #1 reason why not?

29 **Investment Advisory/insurance services.**
 A Does your firm provide these services?

YES
NO

B If yes, is the income to your firm from investment advisory/insurance services greater than 5% of your firm's total partner income? (Line 14-I)

YES
NO

30 Does your firm hire entry level staff/college graduates?

YES
NO

If you are a sole practitioner, you have completed the survey. Others please continue.

31 Does your firm have written performance evaluations for partners?

YES
NO

32 Does your firm conduct periodic upward evaluations of the partners by the staff?

YES
NO

33 Does your firm have a *signed* owner's agreement in place?

YES
NO

34 What would typically be the buy-in AMOUNT for a new equity partner if one was admitted today?
This needs to be a dollar amount. Use your best estimate.

\$

35 How does your client service staff (excluding partners) break down by gender?

% Male	<input style="width: 100px;" type="text"/>
% Female	<input style="width: 100px;" type="text"/>

36 What percent of your total equity partners are women?

%

37 **If your firm acquired a smaller firm in the last 3 years, what were the key terms?**

Note: This only pertains to firms acquired, for which there was an agreed upon purchase price paid out over a period of time, and the owner's retirement is immediate or imminent. This question excludes mergers, in which the owners of the smaller practice work for your firm for an indefinite period of time.

- A Multiple of fees paid (1.2x, 1.0x, 0.8x, etc.)
- B Down payment as a percent of total purchase price
- C Payout period
- D Estimate of the percentage of fees retained/will be retained

38 **What is your firm's dress code?**

Choose the *best* answer.

- Business:** Business attire all year
- Casual/Business Casual:** Casual all year
- Summers casual;** Business attire all other times
- Fridays casual;** Business attire all other times

39 **If your firm has a managing partner, what are his/her:**

- A Annual billable hours
- B Annual hours spent on MP duties
- C Client base managed - in dollars

40 **Ages of your equity partners:**

- A Average age (as of today) of equity partners
- B Number of equity partners over 50

41 **Partner Compensation System**

Many firms use more than one system. Check ONE BOX below for the method used to allocate MOST of your income. This refers to the allocation of all partner income, the same number as in #14-l.

- Formula**
- Compensation Committee**
- All partners decide** as a group
- Income allocated based on **ownership percentage**
- Equal:** Everyone paid equally or very close to it
- Managing Partner decides**
- Paper and Pencil** - *each partner writes down on a sheet of paper what every partner should earn and all ballots are averaged to arrive at each partner's compensation*

42 **Does your firm have a mandatory retirement age?**

If yes, what age?

43 **Partner Retirement System**

Do you have a goodwill-based partner retirement system?

YES	NO
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If you answered YES, please complete the remaining questions.

If you answered NO, you have finished the survey.

43 A **Number of equity partners who will retire (they will cease working full-time) in the next three years.**

B **Which system do you use to compute retirement benefits?**

Check ONE BOX that most applies at your firm.
EXCLUDE capital payments in the items below.

- Multiple of compensation**
- Amount of retiring partner's **book of business**
- Partner's **ownership % times firm's net fees**
- Average Annual Value Method (**AAV**)**
- Equal** for all, or very close to it
- A **fixed** amount is specified in our partner agreement
- None:** We have no system

**The AAV method is one of the oldest systems around. It's a cumulative system linked to a multiple (100%, 90%, etc.) of fees. Each partner accumulates his/her share of the firm's total benefits, which increase or decrease each year as the firm's fees rise or fall.

C **What multiple of fees does your firm pay its partners for retirement benefits?**

This refers to the goodwill/deferred compensation payments to retired partners. Again, EXCLUDE capital payments. Assume all benefits are fully vested. If your firm uses the "multiple of compensation" method, please try to convert the aggregate benefits to a percentage of net fees.

If one of these answers is selected, then an answer, other than "We have no system," in Question 43B must be checked.

- Over 100%** of net fees
- 100%** of fees
- 90-99%**
- 75-89%**
- 50-74%**
- Below 50%** of net fees
- None:** We have no provision for payments to retired partners.

D **Does your firm reduce a partner's retirement benefits if clients leave after he/she retires?**

YES
NO

E **If you have had partners retire, what percentage of the retired partners' clients were retained?(%)**

Thank you. You have completed the survey.

DEFINITIONS AND NOTES

<p>1 Gross Fees</p>	<p>Gross fees include ancillary charges but before WIP write-downs</p>
<p>2 Net Fees</p>	<p>Billings, net of write-downs</p>
<p>3 <u>Number of Firm Personnel - Full Time Equivalents</u></p>	<p>Requires a computation of Full Time Equivalents for your firm, for each category of personnel. For example, if you had 20 professional staff who worked full time, 10 who worked ½ time, and 8 who worked ¼ time, your FTEs would be 27. A full time person who worked for you for six months should be counted as 0.5 FTE. Personnel whose time is split between professional staff, paraprofessional and/or administrative should have their FTE number allocated between the groups. Line F should be the sum of A through E.</p>
<p>Non-equity partners</p>	<p>Equity partners have equity, and non-equity partners don't. That's the major difference between the two. However, if you have non-equity partners that control client relationships, manage a book of business, bring in business, and are treated virtually the same as an equity partner, then classify them as equity partners. On the other hand, some firms have two classes of equity partners, with the lowest class (sometimes called Class B) <i>not</i> possessing the characteristics listed in the sentence, above, and instead, they function more like managers. These people should be classified as non-equity partners.</p>
<p>4 Total firm charge hours</p>	<p>All hours for all personnel (including partners) that were <i>charged</i> to clients via timesheets; all hours debited to WIP.</p>
<p>5 Total firm hours worked</p>	<p>Includes all hours worked by all people (including partners), including vacation, sick, and holiday time.</p>
<p>6 Average charge hours</p>	<p>For each category of personnel, this computation should only be made for those who worked full time for your firm throughout the year. For example, if you had 5 full time staff who average 1600 billable hours, and one person who started October 1 and worked 100 billable hours, don't include the person who started October 1, because it would significantly lower and distort the average. (note continues on next page.)</p>

Average charge hours (Con't.)	Some firms have full time consultants who don't measure their productivity strictly by the billable hour. Some firms have computer consultants who bill for products and/or services on a basis other than by the billable hour. Some firms have consultants selling financial products and services who earn commissions and don't record billable hours. DO NOT INCLUDE THESE PEOPLE IN THESE COMPUTATIONS BECAUSE THEY WILL SKEW YOUR AVERAGES, AND THE AVERAGES WILL NOT BE COMPARABLE TO THE MAJORITY OF FIRMS.
7 Average total work hours	Similar to above. We only want you to include full time personnel who worked for your firm for the entire year. For this question, exclude the hours for anyone who was excluded in question 6.
8 Average billing rates	If there is more than one rate within any category, compute a weighted average for all full-time personnel in that category.
9 Billing rate multiple	Your firm's ratio of a professional staff person's standard billing rate compared to their hourly salary rate. Example: A person's billing rate is \$100. Their base salary (before overtime or bonus) is \$52,000, or \$25 per hour (based on 2,080 hours). The billing rate multiple would be 4.0 (100/25).
10 Months WIP at Dec. 31	First, compute average billings per month for the last three months of the calendar year. Then divide WIP at December 31 by the average billings per month.
11 Months A/R at Dec. 31	Divide A/R at December 31 by the average billings per month.

12 Staff Turnover

Express as a percentage. If your firm has 16 staff at year-end, and 8 people were terminated during the year (either they quit or you fired them), your turnover is 50%. If someone is hired and fired in the same year, they should be included in both the numerator and denominator of the equation. Make this computation for both professional staff and administrative staff. Consider bookkeepers and paraprofessionals as professional staff for purposes of this computation. If a person works as both a professional and administrative person, include them in the category in which they spend the most amount of time. Exclude from this computation any employees, such as interns, who are primarily hired on a temporary basis & are not likely to be with the firm in the following year.

13 Breakout of fees

Express as a percentage of total fees.

14 Summary of Income Statement Data

A Total Net Fees

Fill in directly from your Income Statement. Include investment advisory income.

B Salaries and Benefits

Salaries

Salaries should include all salaries paid to all personnel—both professional and administrative, excluding equity partners. Exception: include salaries for marketing and technology personnel on lines 14C and 14D, respectively. Do not include equity partner compensation on Line 14B. Equity partner compensation should appear on line 14I.

Employee Benefits

Employee Benefits will include all payroll taxes paid by the firm, medical and life insurance premiums for all personnel (including equity partners), employer contributions to pension or retirement plans, etc. For this survey, pension provisions (401k, profit sharing, etc.) for current equity partners are considered to be Partner Income and should not appear here. Do not include pension provisions for current equity partners in lines 14B or 14G.

C Marketing	This should include advertising, promotion, and compensation of marketing personnel.
D Computer Technology	Includes hardware, software, compensation of technology personnel, outside consultants, computer training, etc.
E Rent	Rent is usually a separate line item on the income statement. Include only office rent, not equipment or other rentals.
F Payments to Retired Partners	Can be taken directly from your income statement.
G All other Expenses	Can be computed from your income statement. First fill in line H (Total Expenses) directly from the Income Statement. Then subtract out the values you have entered on lines B, C, D, E, and F; this will give you the figure for Line G. Do not include pension provisions for current equity partners.
H Total expenses	Can be taken directly from your income statement.
I Total partner income	Line A minus line H. For many firms, this will be <u>equity partner compensation</u> (included in the expense section of their income statement) plus the firm's net income. Pension provisions (401k, profit sharing, etc.) for current equity partners should be included in line 14-I.