

**THE
ROSENBERG ASSOCIATES, LTD.**
**2009 SURVEY OF MAP STATISTICS
BASED ON 2008 DATA**
DEADLINE FOR SUBMISSION: JUNE 1, 2009

Thank you for participating in our 11th 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) | <input type="text"/> |
| 2 | Net Fees (Note 2) | <input type="text"/> |
| 3 | Firm Personnel - Full Time Equivalent: (Note 3) | |
| A | Number of equity partners | <input type="text"/> |
| B | Number of non-equity partners | <input type="text"/> |
| C | Number of professional staff (exclude partners) | <input type="text"/> |
| D | Number of paraprofessionals | <input type="text"/> |
| E | Number of admin personnel | <input type="text"/> |
| F | Total overall headcount | <input type="text"/> |
| 4 | Firm Charge Hours | |
| A | Total firm charge hours (Note 4) | <input type="text"/> |
| B | Percentage of total charge hours, line 4A, that was worked January through April | <input type="text"/> % |
| 5 | Total Firm Hours Worked (Note 5) | <input type="text"/> |
| <i>For questions 6,7, and 8:</i> | | |
| <i>Only include people who were full-time <u>and</u> worked at your firm for a full year.</i> | | |
| <i>Do not use FTE's for these questions.</i> | | |
| 6 | Average charge hours (Note 6) | |
| A | For equity partners | <input type="text"/> |
| B | For non-equity partners | <input type="text"/> |
| C | For professional staff | <input type="text"/> |
| D | For paraprofessionals | <input type="text"/> |
| 7 | Average total work hours (Note 7) | |
| A | For equity partners | <input type="text"/> |
| B | For non-equity partners | <input type="text"/> |
| C | For professional staff | <input type="text"/> |
| D | For paraprofessionals | <input type="text"/> |
| 8 | Average billing rates: (Note 8) | |
| A | Equity partners | <input type="text"/> |
| B | Non-equity partners | <input type="text"/> |
| C | Managers | <input type="text"/> |
| D | Seniors | <input type="text"/> |
| E | Staff assistants | <input type="text"/> |
| F | Bookkeepers/paraprofessionals | <input type="text"/> |
| G | Secretaries | <input type="text"/> |
| 9 | Professional staff billing rate multiple (Note 9) | <input type="text"/> |
| 10 | Months of WIP at December 31 (Note 10) | <input type="text"/> |
| 11 | Months of A/R at December 31 (Note 11) | <input type="text"/> |

| | | |
|------|--|-----------------------------|
| 12 | Turnover (Note 12) | |
| A | Professional Staff (percentage) | <input type="text"/> % |
| B | Administrative Staff (percentage) | <input type="text"/> % |
| 13 | Breakout of fees (percentages): | |
| A | Audit and review | <input type="text"/> % |
| B | Compilation and write-up | <input type="text"/> % |
| C | Tax | <input type="text"/> % |
| D | Consulting and other | <input type="text"/> % |
| | TOTAL (Must equal 100%.) | <input type="text"/> 100.0% |
| 14 | Summary of Income Statement (Note 14): | |
| A | Total Net Fees (same as item 2) | <input type="text"/> |
| B | Salaries and Benefits | <input type="text"/> |
| C | Marketing | <input type="text"/> |
| D | Computer/Technology | <input type="text"/> |
| E | Rent | <input type="text"/> |
| F | Payments to retired partners | <input type="text"/> |
| G | All other expenses | <input type="text"/> |
| H | Total Expenses | <input type="text"/> |
| I | Total Partner Income (A less H) | <input type="text"/> |
| 15 | For line 14A above, how much income from investment advisory and/or insurance services is included? | <input type="text"/> |
| 16 | Total compensation of the highest income-earning full-time equity partner in your firm. | <input type="text"/> |
| 17 | Total compensation of the lowest income-earning full-time equity partner in your firm. | <input type="text"/> |
| 18 | Typical compensation for new equity partners promoted from staff, in their first year as partner. Add back any comp reductions which are really partner buy-in. | <input type="text"/> |
| 19 A | Revenue growth/(decline) in 2008 (%) - including mergers | <input type="text"/> % |
| B | Revenue growth/(decline) in 2008 (%) - excluding mergers | <input type="text"/> % |
| 20 | Revenue growth/(decline) expected in 2009 (%) - excluding mergers | <input type="text"/> % |
| 21 | Annual malpractice premium | <input type="text"/> |
| 22 | Amount of malpractice coverage per claim | <input type="text"/> |
| 23 | Amount of malpractice deductible | <input type="text"/> |
| 24 | Malpractice carrier | <input type="text"/> |
| 25 A | How many 1040's does your firm prepare each year? | <input type="text"/> |
| B | What is the approx. average fee per return? | <input type="text"/> |

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

| |
|-----|
| YES |
| NO |

27 If #26 is no, what's the #1 reason why not?

28 **Investment Advisory/Insurance Services.**
 A Does your firm provide these services?

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|-----|
| YES |
| NO |

B If yes, is the fee revenue to your firm from investment advisory/insurance services greater than 5% of your total fee revenue? (Line 14-A)

| |
|-----|
| YES |
| NO |

29 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.

30 Does your firm have written performance evaluations for partners?

| |
|-----|
| YES |
| NO |

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

| |
|-----|
| YES |
| NO |

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

| |
|-----|
| YES |
| NO |

33 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. \$

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

| | |
|----------|--|
| % Male | <input style="width: 100px; height: 20px;" type="text"/> |
| % Female | <input style="width: 100px; height: 20px;" type="text"/> |

35 What percent of your total equity partners are women? %

36 **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

| |
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| |
|--|
- D Estimate of the percentage of fees retained/will be retained

| |
|---|
| % |
|---|

37 **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

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

- A Annual billable hours

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- B Annual hours spent on MP duties

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- C Client base managed - in dollars

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- D Compensation

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39 **Ages of your equity partners:**

- A Average age (as of today) of equity partners

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- B Number of equity partners over 50

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40 **Partner Compensation System**

A 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*

- B **Is the partner compensation system open or closed? In open systems, each partner knows what other partners earn. In closed systems, they may know the average, but not individual earnings.**

| |
|--------|
| OPEN |
| CLOSED |

- Partner Retirement**
- 41 A **Does your firm have a mandatory retirement age for equity partners?**

| | |
|-----|----|
| YES | NO |
|-----|----|

If yes, what age?
- B **Number of equity partners who will retire (they will cease working full-time) in the next three years.**
- C **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?** %

42 A **Partner Retirement System**

Which of the following describes your firm's partner retirement/buy-out system:

- We pay capital only.**
- We pay capital and goodwill.**
- No system.**

*If you answered "Capital only" or "No system", you have completed the survey.
Others please continue.*

B **Which system do you use to compute partner 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.

Another way to think about this would be:

If you were to compute what all of your partners would receive - combined - for goodwill-based benefits, if they all retired at once, with 100% vesting, what would the total of all the payments be as a percentage of your firm's annual 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.

Thank you. You have now completed the survey.

Note: Our survey will report many statistics beyond those above, such as utilization percentage, ratios of personnel, income per partner, etc. We will compute those, based upon the above data.

Kindly remember to send the participation fee. Thank you.

DEFINITIONS AND NOTES

No one likes to read instructions. But, if you don't complete the form correctly, our survey will have the same mistakes as other commercially available ones. So please, read these instructions carefully.

| | |
|--|---|
| 1 Gross Fees | Gross fees include ancillary charges but before WIP write-downs |
| 2 Net Fees | Billings, net of write-downs |
| 3 <u>Number of Firm Personnel - Full Time Equivalents</u> | <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. Regardless of how many total hours a person works, <u>no individual can be more than 1.0 FTE.</u> Do not simply take your firm's total work hours and divide by 2,080. This will result in counting your full time people as more than 1.0 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> |
| Non-equity Partners | <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) not possessing the characteristics listed above; instead, they function more like managers. These people should be classified as non-equity partners.</p> |
| | <p>This is only for A&A/Tax client service people who manage client billings. So, don't put people like consultants and firm administrators, who happen to be non-equity partners, in this box, too.</p> |
| 4 Total firm charge hours | <p>All hours for all personnel (including partners) that were <i>charged</i> to clients via timesheets; all hours debited to WIP.</p> |
| 5 Total firm hours worked | <p>Includes all hours worked by all people (including partners), including vacation, sick, and holiday time.</p> |
| 6 Average charge hours | <p>For each category of personnel, this computation should only be made for those who worked <u>full time</u> for your firm <u>throughout the year</u>. 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.</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. For the numerator, take the number of staff who departed your firm during the year. For the denominator, calculate the average staff for the year by adding beginning and ending year headcounts and dividing by two. 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, EXCLUDING equity partners (line 3A). Exception: include salaries for marketing and technology personnel on lines 14C and 14D, respectively. Do not include partner compensation on Line 14B. 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 only client service staff. 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

Includes advertising, brochures, web sites, newsletters, entertainment, direct mail, marketing personnel compensation, etc.

| | |
|---------------------------------------|--|
| 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. |