

**Indiana CPA Society
Case Competition 2008**

“Future Alternatives to the Current CPA Firm Business Model”

You are Steve Jacobs, CPA, the managing partner in the CPA firm of Jacobs, Downy and Shiver, LLC and member of the Indiana CPA Society and the American Institute of Certified Public Accountants. Your partners have come to you to determine the strategic direction of the firm.

The firm has been doing well over the years. However, based on some training on generational issues the partners have come to recognize that the firm needs to adapt and empower the younger generation. The firm currently has 12 partners, 3 female and 9 male partners, all of whom are Caucasian. There is only one employee of a different ethnic background. The firm has 80 professionals (10 senior managers, 15 managers, 15 supervisors, 10 seniors, and 30 staff) and 15 administrative assistants. In order to become a senior, staff must pass all parts of the CPA Exam. The firm bills per hour and during tax season all employees must work at least 55 hours with most working longer. During the summer and fall months the company allows its employees to work 37.5 hours. The company has a good succession plan; but it is only disseminated to the partners.

As the managing partner, your job is to make recommendations on alternatives to the current firm business model. Recommendations should encourage better communication of objectives, outline proposed procedures, and anticipated results of the new business model.

Requirements

Using the information provided in the case, industry publications, news articles, and other relevant information, please compose the future business model for CPA firms in general. Make sure to address the following issues:

- **What issues are being encountered with the current business model? What are the symptoms that we are trying to solve in this day and age? Why is the current business model not working?**

Consider the following:

- **Overtime requirements and hours per week– Will overtime be required, how much, what parts of the year?**
- **Billing and Real-Time Compliance issues– Hourly vs. Value – Billings are usually prepared based on hourly rates and are based on compliance procedures on historical information. If the profession were to start performing compliance work (Audits, Reviews and Compilations) in real time, what would value billing look like for these procedures? What does the pricing structure look like? How can it be of value to a CPA firm? Do employees understand how clients are billed and what goes into the billing system?**
- **Part-time partner and associates model – What would the future model look like with these types of partners and associates? Who does it appeal to? If staff/managers had equity interest, would they stay longer? How would insurance issues be dealt with? What issues does this model cause in recruiting and training qualified employees? and minorities? What would be realistic goals regarding diversity and what needs to be done**

to achieve them? If flex time (work/life balance) is the cornerstone for this model, how can the firm make it work?

- What part will technology play in the future CPA business model? With technological advancements, how can younger staff obtain ownership of clients since they work with so many clients for small durations of time?**

General

In the event of an oral presentation, be prepared to address the partners of Jacobs, Downy and Shiver, LLC and provide support for your report statement.

Case Format and Guidelines

The written case has no minimum or maximum page restrictions, so long as the above requirements have all been addressed. Each case should, however, contain a two- to five-page executive summary, and any exhibits you plan to use to support your points.