

Indiana CPA Society – 2009 Case Study Competition

Evaluating the Effect of the Economy on a CPA Firm

You are Sarah Evans, CPA, a senior manager, at the Indianapolis office of Solid Rock CPAs. Your firm also has offices in Fort Wayne and Evansville. The Indianapolis office employees 50 employees, the other two offices employ approximately 25 employees each. Your firm has 10 partners; five in Indianapolis, two in Fort Wayne and three in Evansville. Due to the current economy, your firm has considered delaying promotions from the current promotion structure of senior (2 years) to supervisor (4 years) to manager (6 years) to 3, 6 and 9 years, respectively.

Along with the recruiting director, you are intricately involved in the recruiting efforts at your firm. Also, due to your personable nature, staff look up to you to provide advice on issues such as work/life balance, career paths, staff relations, etc. Essentially, you have found yourself unofficially in charge of employee morale. Due to the respect you have garnered in the office, the managing partner of the firm, Ryan Harding, has asked you to put together a strategic plan to address the following issues. After approval of the strategic plan by the managing partner, the plan will be provided to and, possibly, presented to the partner/manager group to educate them about these current events.

Requirements

Using the information provided in the case, industry publications, news articles, and other relevant information, compose the strategic plan. The managing partner has requested that you be sure to address the following issues:

- **Recruiting**
 - How do you continue to effectively recruit when you have had to let staff go (your firm reduced its staff by five percent earlier this summer)
 - 150 hour education requirement – what is your firm’s stance on this requirement, how do you feel this requirement affects your recruiting efforts
 - How do you encourage staff to study/sit for the CPA Exam when the economy is uncertain?
- **Employee morale**
 - Compensation and benefits for employees have been reduced in the past year, what are other ways you can continue to show staff you care? (ex: working half-days, reducing 401(k) contributions, cutting firm outings, etc.)
 - Your firm is also exploring the idea of future lay-offs. What affect will annual summer staffing adjustments have on employee relations?
- **Client relations**
 - Your firm has had issues in the past year collecting fees from clients, and you have found your gross profit decrease accordingly. Your managing partner is interested in hearing different pricing and billing structures and new ideas of how to evaluate clients at your firm.
 - Should your firm explore the option of letting clients (go) who are behind on their payments? Or should the firm continue to serve them through these difficult times?
 - When clients are cutting services they typically request (ex: choose reviews over audits), what other kinds of services will the firm consider to supplement or replace lost revenue?
- **Efficiencies**
 - What are other ways the firm can gain more efficiency?

Case Format and Guidelines

The written case has no minimum or maximum page restrictions, as long as the above requirements have all been addressed. Each case should, however, contain a two- to five-page executive summary, highlighting the key aspects of the strategic plan.