THE SEVEN KEYS TO SUCCESS IN CPA FIRM MANAGEMENT

New and Exclusive Research into the Habits and Best Practices of Today’s Highly Competitive Tax and Accounting Practice

EXECUTIVE PREVIEW REPORT

Conducted by
Bay Street Group LLC
and Capstone Marketing

For more information, please contact:
Rick Telberg
Bay Street Group LLC
Phone: (914) 674-4531
Email: rtelberg@baystreetgroup.com

Jean Caragher
Capstone Marketing
Phone: (757) 673-6826
Email: jcaragher@capstonemarketing.com

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The Seven Keys to Success in CPA Firm Management

Bay Street Group LLC and Capstone Marketing, two leading marketing and market research firms to the CPA profession, have joined forces to conduct a ground-breaking and comprehensive investigation into the critical success factors for today’s accounting firm.

The researchers have identified seven keys to success in CPA firm management, namely:
1. Leadership
2. Technology
3. Learning Organization
4. Marketing and Business Development
5. A Great Place to Work
6. Client Service and Satisfaction
7. Strategy Execution

The project is quantifying what has long been unquantified: How certain management practices correlate with success in accounting firms.

Thousands of CPAs are in the process of contributing their wisdom and experience to the one-of-a-kind project. As of November 2008, over 1,400 CPAs had already participated in one or more of five online surveys that had been launched. And several luminaries of the profession had been interviewed for their insights and guidance, including:
- Bob Bunting, former chief executive of Moss Adams, AICPA chairman, and chairman of IFAC.
- David Maister, one of the world’s leading authorities on the management of professional service firms.
- Mark Koziel, Senior Technical Manager, PCPS/Firm Practice Management, AICPA.
- John Higgins, leading technology consultant to CPA firms.
- Jon Andrews, Partner, HRM FS, PricewaterhouseCoopers.

Bay Street Group LLC and Capstone Marketing are inviting participation in the research project through their own network of contacts and clients. In addition, survey invitations and top-line results are being published regularly at the Capstone Marketing and CPA Trendlines blogs, thus generating even more community awareness and gathering more responses.
PRELIMINARY FINDINGS

LEADERS GET RESULTS

Early results are confirming the research hypothesis that the most successful CPA firms are distinguished by a few key characteristics. As part of the project, we are filtering the survey results to separate the “leaders” in the profession from the “laggards.”

The essential methodology involves sifting the thousands of survey responses by a critically important measure: Is the firm a “Leader” or a “Laggard?”

“Leaders” are firms that evidence above-par, even world-class, performance in the generally accepted metrics of practice management, such as:

- Revenue growth
- Profit margins
- Technical excellence
- Client satisfaction
- Staff morale and tenure
- Professional reputation and brand value.

“Leaders” clearly do things differently. And they clearly get superior results.

See details on the following pages...
LEADERSHIP

Legend: Top line = Leaders; Bottom line = Laggards

"We have developed a very good presence in our market and are committed as an organization to growth and innovation. We have some work to do in getting everyone in the firm on the same page."

- Senior Executive
Regional CPA Firm
We are among the first to adopt NEW TECHNOLOGIES.

Legend: Top line = Leaders; Bottom line = Laggards

“Technology is a "must have." We need to always be ahead of the client. We need to drive technology with the client – (1) to improve their bottom line and you are solving their problems (one of the reasons they hired you), and (2) the implementation is an additional source of income for the firm.”

- Managing Partner
Small CPA Firm
LEARNING

Legend: Top line = Leaders; Bottom line = Laggards

“We have the potential to be better than we are ... To achieve the success we desire we need to continue to develop a more corporate style business model and put processes in place for consistent staff training and development.”

- Managing Partner
Large CPA Firm

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MARKETING AND BUSINESS DEVELOPMENT

- We're not afraid to turn away or "fire" CLIENTS who don't fit our target.
- Everyone is involved and accountable for generating new business.
- We target NICHES and SPECIALTIES.
- Our revenue growth surpasses most competitors'.
- We follow a written, strategic MARKETING/BIZ-DEV plan.

Legend: Top line = Leaders; Bottom line = Laggards

"We struggle to grow in a competitive marketplace with a lack of a marketing plan and no niche so we are left to fend for general clients which are hard to come by as a small player in a big market."

- Senior Executive
  Medium-sized CPA Firm
A GREAT PLACE TO WORK

Legend: Top line = Leaders; Bottom line = Laggards

"I think we're very solid and we've been around for 28 years, but in many ways we are just now making the changes that will keep us striving for years to come."

- Managing Partner
Medium-sized CPA Firm
CLIENT SATISFACTION

Legend: Top line = Leaders; Bottom line = Laggards

“We need to work on relationship management and proactive service. We could also benefit from cross-selling our services to existing clients.”

- Partner/Senior Executive
Medium-sized CPA Firm
STRATEGY EXECUTION

<table>
<thead>
<tr>
<th>Statement</th>
<th>Leaders</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual people are HELD ACCOUNTABLE FOR RESULTS.</td>
<td>28%</td>
<td>9%</td>
</tr>
<tr>
<td>Our business goals are SPECIFIC and MEASURABLE.</td>
<td>31%</td>
<td>3%</td>
</tr>
<tr>
<td>We can articulate exactly how we’re BETTER THAN OUR COMPETITION.</td>
<td>26%</td>
<td>4%</td>
</tr>
<tr>
<td>We meet regularly to CHECK PROGRESS AGAINST OUR BUSINESS PLAN.</td>
<td>30%</td>
<td>2%</td>
</tr>
<tr>
<td>Our business plans are developed with INPUT FROM EVERYONE.</td>
<td>22%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Legend: Top line = Leaders; Bottom line = Laggards

“We're struggling to agree on a strategy that's a driver instead of simply a collection of watered-down buzzwords.”

- Managing Partner
  Medium-sized CPA Firm

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HOME PAGE
Visit the Seven Keys Research website here:
http://cpatrendlines.com/seven-keys-research/

JOIN THE SURVEY PANEL; GET THE RESULTS

RESEARCH QUESTIONNAIRES

The primary “Seven Keys to Success” questionnaire is available for participants online here:

Drill-down survey questionnaires are available to participants here:

Leadership:
http://www.zoomerang.com/Survey/?p=WEB228E6XGDMGK

Client Service and Satisfaction:
http://www.zoomerang.com/Survey/?p=WEB228BQ3CVGBZ

Technology Planning and Adoption:
http://www.zoomerang.com/Survey/?p=WEB227T89QT852

Marketing and Business Development:
http://www.zoomerang.com/Survey/?p=WEB227NJYWY3KA

Great Place to Work - Job Satisfaction and Staff Development:
http://www.zoomerang.com/Survey/?p=WEB228P4G9TY3T

Surveys to be launched soon:

Learning Organization

Strategy Execution
ABOUT THE RESEARCHERS

BAY STREET GROUP LLC
"Connecting People and Ideas... Turning Ideas into Growth"

www.baystreetgroup.com

Bay Street Group LLC provides actionable information, strategic insight, and results-driven solutions to the professional tax, accounting and finance communities -- and the vendors who serve them. Services include: Custom research and business intelligence, new product development and strategy, organizational alignment and improvement, and executive leadership training and team building.

Rick Telberg is president and chief executive of Bay Street Group. He is a veteran analyst, commentator, publisher, editor, and media professional. As Editor At Large for AICPA Media, he is the profession’s most widely-followed commentator. He blogs at http://cpatrendlines.com.

CAPSTONE MARKETING

www.capstonemarketing.com
http://capstonemarketing.blogspot.com

Jean Caragher is an award-winning, recognized industry expert with 23 years accounting marketing experience. Known as a knowledgeable, experienced, and tenacious marketing consultant to CPA firms Jean uses a practical, relationship-based approach to help CPAs achieve marketing success. Her approach is based upon her experiences as a CPA firm marketing director, a CPA association executive director, and her 10 years of consulting experience since forming Capstone Marketing.

Capstone Marketing provides a variety of services including:

- Brand SurgerySM
- Marketing Audits, Planning and Implementation
- Retreat Facilitation
- Training
- Marketing Director Recruiting