

CPATrendlines

ACTIONABLE INTELLIGENCE FOR THE TAX, ACCOUNTING AND FINANCE COMMUNITY

SURVEY RESULTS



Busy Season 2016

Topline Survey Results

Bonus: New 37-Item Checklist for Planning
the Best Busy Season Ever

Released May 2016

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CPATrendlines SPECIAL REPORT

ABOUT THIS REPORT

This report was compiled from the responses of 13,793 practicing tax and accounting professionals taken before, during and after Busy Season 2016. There is a margin of error of +/- 2 percentage points at a confidence rating of 95%. CPA Trendlines has been conducting surveys of the tax, accounting and finance community since 2002, gathering responses from more than 400,000 survey takers, yielding more than 271 million data points, establishing CPA Trendlines as the leading independent research organization in the field.

Demographics

Some 92% of respondents work in the public accounting sector.

Public accounting or consulting	92.0%
Business or Industry	6.5%
Governmental	0.2%
Not-for-Profit	0.7%
Education	0.2%
Vendor or Supplier to the Industry	0.4%

About 68% work in firms of fewer than 51 persons, not including the 24.7% who are solo practitioners.

Solo practitioner	24.7%
2 to 10	49.2%
11 to 50	19.4%
51 to 100	3.5%
101 to 500	2.4%
More than 500	0.7%

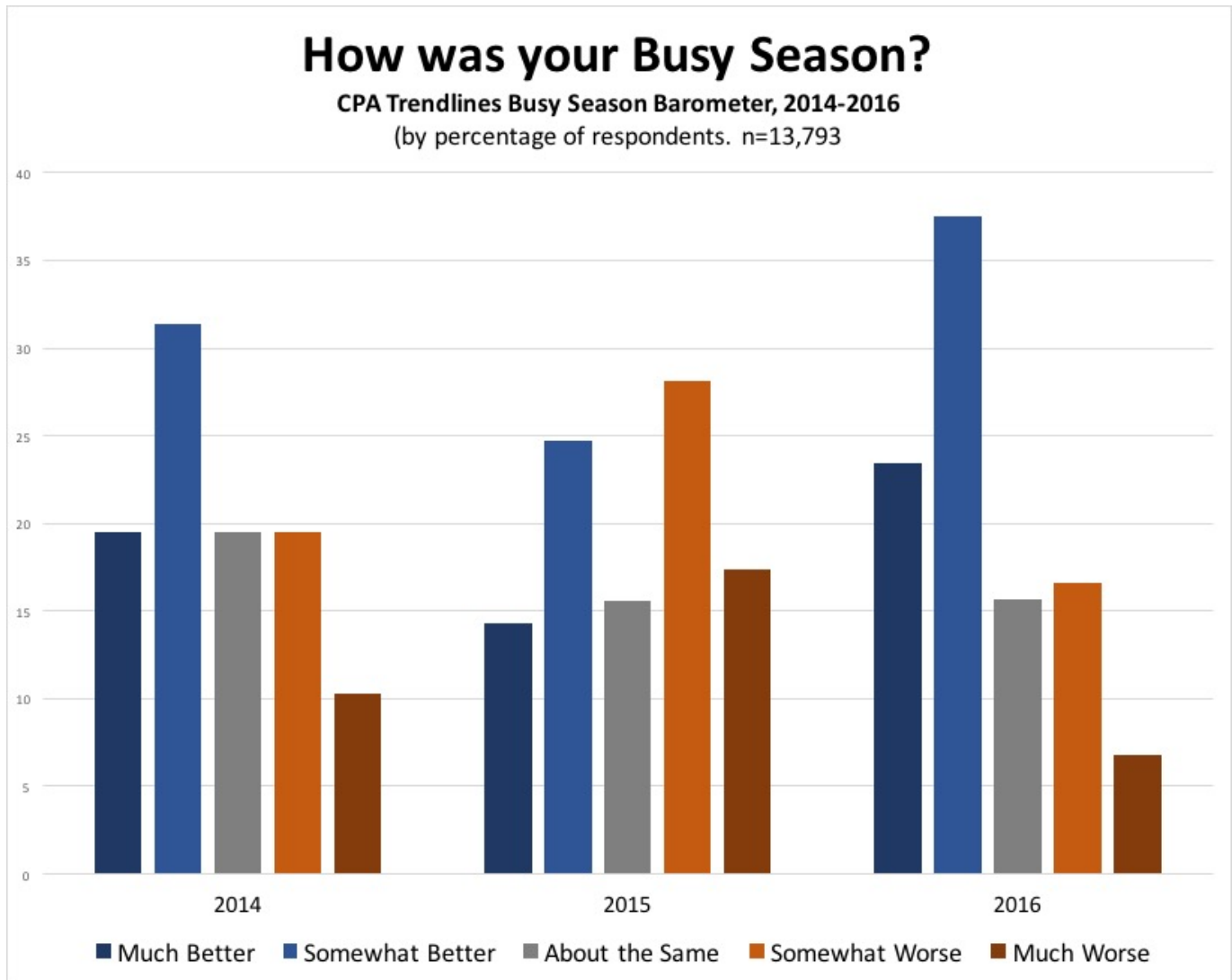
Almost three quarters of the respondents are managing partners or the chief executives of their firms

President/CEO/COO/Managing Partner	73.7%
CFO/Controller/Partner/Senior Executive	13.7%
Senior Staff/General Management	9.9%
Mid-Level Staff/Internal Auditor	1.6%
Junior Staff/Support	1.1%

KEY FINDINGS

- 2016 much improved over 2015
- Trending issues: staffing, security, and pricing
- Client traffic increases
- Revenues up
- Net profit gains
- Revenue per client, up
- Profit per client, up
- Extensions unchanged
- Accountants forecast mostly improved business conditions

EXECUTIVE SUMMARY



For most CPAs, this year's Busy Season may have been a marked improvement from last year's, but that doesn't mean savvy practitioners aren't already learning new lessons and honing operations for next year.

Indeed, CPA Trendlines research consistently shows that the biggest single factor determining Busy Season outcomes for CPAs is how they spend their so-called off-season. Many CPAs, understandably, want to forget about their last Busy Season, enjoy the rest of the year, and work on other projects. But those CPAs who seriously study the people, processes and outcomes of their last Busy Season, and start applying the lessons early, consistently report year-over-year advances in client rolls, fee income, and profitability.

And 2016, although considerably better for most professionals than 2015, still has many lessons to teach.

Busy Season 2015 was, as any CPA can tell you, among the toughest of the tough. The annual CPA Trendlines tracking polls brought forth a gusher of gripes, a Mississippi of moans, a panoply of complaints. And not without reason. The IRS, Affordable Care Act, Congress, computers, clients, and weather conspired to drive tax

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professionals to the edge of human toleration. Most managed to stagger into spring all the stronger and smarter from the experience, though a few announced their retirement.

This year more than 60.9% of accountants are reporting a better 2016 than last year, including 23.4% calling 2016 "much better." Last year by this time, barely more than half that, 38.0% to be precise, were reporting year-over-year improvements.

Notably, the issues of staffing, security, and pricing surged from 2015 to 2016.

To be sure, 2016 wasn't without hiccups. The top five issues this year were:

1. Clients late or unprepared.
2. Late or erroneous K1s, 1099s, etc.
3. Staffing issues.
4. Pricing and fee pressures
5. Security, privacy and identity theft issues.

But except for the issue of identity security, which barely makes the list, none of the issues are new.

Last year, practitioners were reporting:

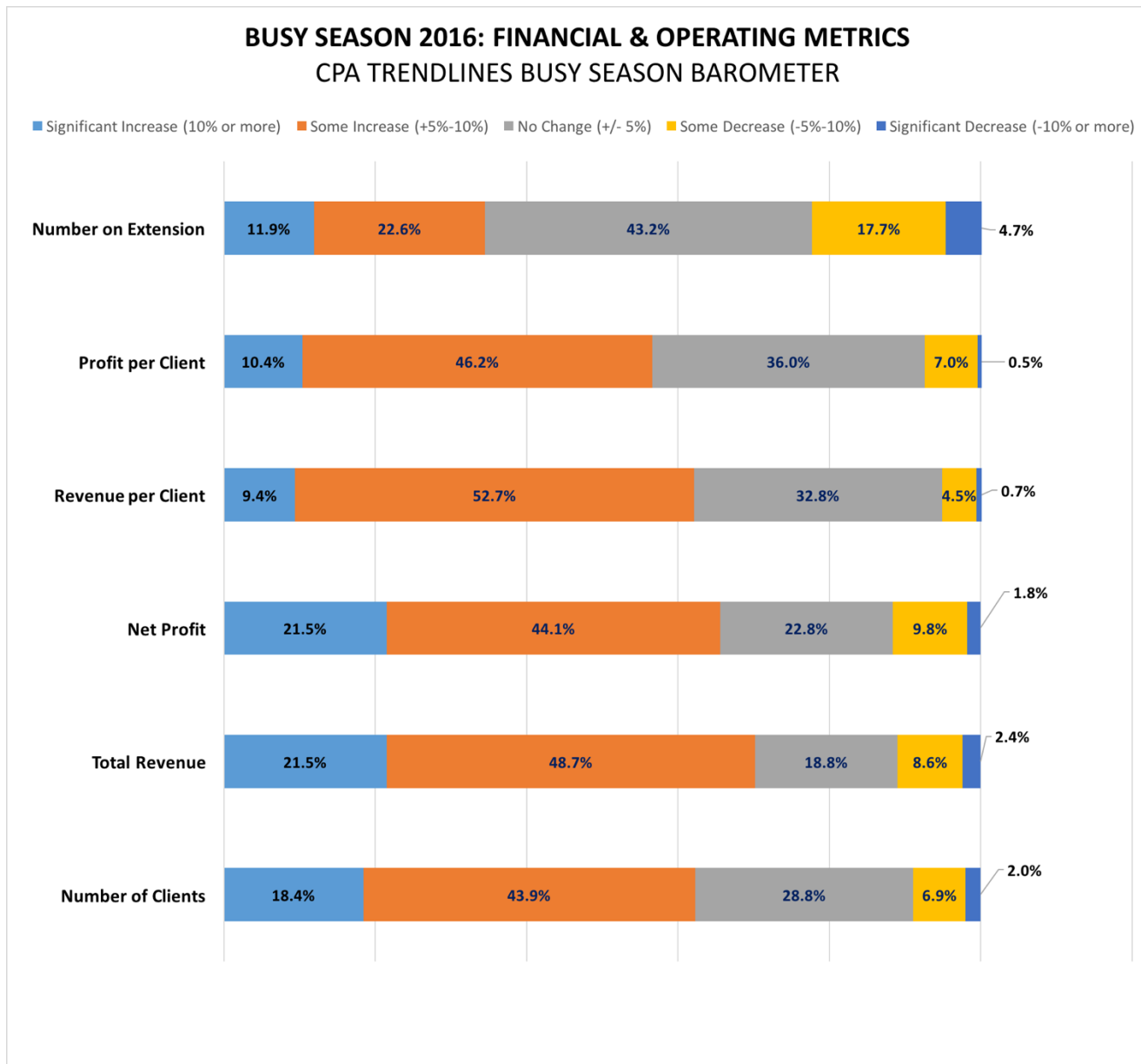
1. Problems with late or unprepared clients at a rate of 58.5%, more than 10 points higher than this year.
2. Late K1s and 1099s at 44.9%, about five points higher than this year. And
3. Tax code and reg problems clocked in at 40.9%, about 15 points higher than this year.

Importantly, this year's top four issues are eminently manageable with some planning and foresight. Frankly, it's remarkable that clients are the No. 1 "problem." What other business would say that? And what if you could manage that better? Wouldn't clients be happier? Better served? More amenable to value-add services and rate increases?

BENCHMARKS & METRICS

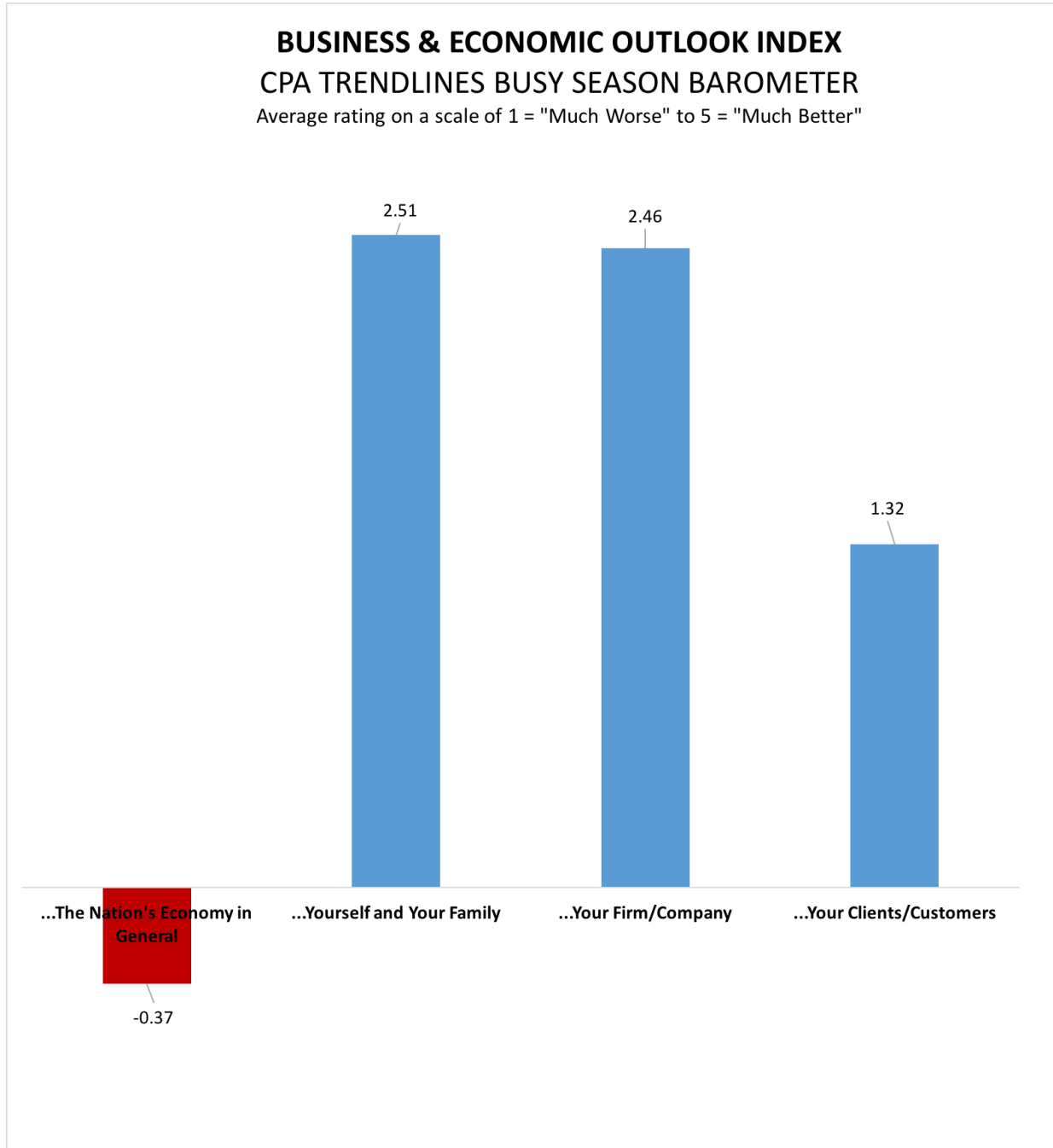
Drilling deeper into the financial and operating results, we find that:

- Client traffic increased 62.3% of firms from last year
- Revenues were up at 70.2% of firms
- Net profit gained at 65.6%
- Revenue per client, up at 62.1%
- Profit per client, up at 56.6%, and
- The number of put on extension remained relatively unchanged at 43.2% of firms



OUTLOOK & FORECAST

Looking ahead for the rest of the year, accountants picture an improving business outlook for themselves, their firms, and their clients. But they're negative on the economy.



On a scale of 1 to 5, with 1 meaning "much worse" conditions ahead and 5 meaning "much better," they averaged a 2.51 rating for themselves and their own families. Slightly less for their firms, at 2.46. And significantly less confident for their clients, at an average rate of 1.32. On the economy, they turned in a negative 0.37.

Bonus:

New 37-Item Checklist for Planning the Best Busy Season Ever

So with Busy Season 2016 now one for the books, it's just about time to get ready to do it all over again. But need it be as difficult? Maybe not. Maybe you can get yourself and your firm organized for the grind.

Judging from more than 15 years of CPA Trendlines Busy Season Barometers, the best firms – the firms that consistently report year-on-year advances – are already laying plans for next year. If you need a jumpstart, here's the checklist CPA Trendlines has compiled from listening to more than 200,000 accountants over the last 20 years:

Do you have sufficient staff?

1. If your clients or clientele have grown this year, do you need more staff?
2. Have you already arranged for temps to start early for next year?
3. Do temps need to come in before the busy season to learn your routines and systems?
4. Odds are someone is going to get sick or just give up. How will you replace them on short notice?

Is staff trained?

5. Who on staff needs training?
6. Who is going to train staff?
7. Have plans for training begun?
8. What has changed in tax law and IRS rules since last April?
9. Does everyone understand the Affordable Care Act?
10. If you need to hire someone mid-season, what will they need to learn?
11. Is everyone up to speed on all new equipment they might need to touch: copier, scanner, router, snow blower, coffee machine...

Is your staff knitted into a team?

12. Does everyone understand the process, from intake of data to issuance of returns?
13. Does everyone understand who does what?
14. Does everyone have a backup buddy?
15. Does everyone understand what decisions they can and cannot make?
16. Can data move fluidly and securely from person to person without getting lost, destroyed, or improperly released?

Have you held a What-If meeting?

17. Has everyone on staff contributed thoughts on what can go wrong, and what to do if it does?
18. What if the heat goes off, a blizzard hits, hackers attack, a pipe breaks, the mainframe goes kablooeey, the toilet clogs, the router starts to smell of rotten eggs, or three staff members break legs on the same day? Who does what? Who covers for whom?

How will you ride herd on clients?

19. Tardiness among clients is a recurring complaint. How will you encourage or guide them to get their stuff to you early in the season?
20. Have you identified the clients most likely to come in late?
21. How can you solve the problems that result in late client documents?
22. How can you help clients bring you well-organized information?

Do you have a plan for avoiding identity theft?

23. Identity theft caused a lot of headaches last year. Are you up to speed on IRS plans and programs for spotting such theft?
24. Have you guided clients on how to avoid this problem?
25. Have you taken all measures to prevent identity theft from your IT system?

Is all new hardware and software installed and tested?

26. Have you arranged for technical assistance in case of software problems?
27. Has all data been migrated to new systems?
28. Is it time to change all passwords?

Does your family understand what you need during busy season?

29. Is there something more they could do for you in the new season?
30. How can you help them develop a plan for surviving in your absence?
31. Are you allowing enough time—if possible, scheduling enough time—for family during this season?

How can you improve your time management?

32. How will you schedule phone calls, email responses, staff meetings, meals, naps, exercise?
33. What new discipline can you develop in yourself and staff?
34. What can you schedule now for three months from now?
35. How might you help your clients manage their time?
36. What blew a hole in last season's time management? Can that be prevented?
37. Can you schedule downtime, anything from a moment of meditation to a weekend off?

The busy season is sure to be busy, but with good planning, you can glide over at least some of the rough spots. And the best time to plan is now.

ABOUT CPATRENDLINES

Exclusive information. Extraordinary insight.

CPA Trendlines is the world's only research and advisory service focused solely on the tax, accounting and finance professions. We use a time-tested, quality-proven, proprietary blend of data, analysis, community, experience and imagination to produce extraordinary value for our clients. Elite decision-makers from all over the world look to CPA Trendlines for trusted advice, bold insights, and confidential access to exclusive intelligence and decision support. You'll stay more focused, save time, grow revenue in a fast-changing global digital environment, and sleep better at night. Guaranteed.

Facts. Figures. Insights. Implications.

At cpatrendlines.com and store.cpatrendlines.com you'll find the data and analysis you can use for your practice and your career, plus exclusive research, insights, and commentary on the most pressing issues and fastest-changing trends.

We are dedicated to delivering the actionable intelligence that tax, accounting and finance professionals need in order to identify and act on emerging issues and opportunities. We specialize in high-quality, concise executive briefings designed to help busy professionals improve their organizations, advance their careers, and enhance their lives. Our reports are relevant, timely and to-the-point, providing only the most essential data points. And many of our reports and publications are digestible in one sitting, but provide the prospect of long-term benefit.

Internationally acclaimed experts. Influential leaders of the profession.

CPA Trendlines is home to many of the best, most recognized luminaries in the field. We provide a place for distinguished experts to share data-based analysis and sharply worded commentary. Contributors and analysts include: August J. Aquila, Becky Livingston, Bill Reeb, Brian Tankersley, Dom Cingoranelli, Domenick Esposito, Donny Shimamoto, Ed Mendlowitz, Frank Stitely, Gale Crosley, Gary Adamson, Hitendra Patil, Ida Abbott, Jean Marie Caragher, Jeff Pawlow, Jody Padar, Leslie Garrett, Marc Rosenberg, Martin Bissett, Michael Ramos, R. Peter Fontaine, Randy Johnston, Rick Richardson, Roman Kepczyk, and Sandi Leyva. More at <http://cpatrendlines.com/authors>.

Practicing professionals. Peer-powered content.

With more than 180,000 tax, accounting and finance professionals participating across all channels, CPA Trendlines hosts the largest independent community in the profession. Indeed, our members, readers and followers are the true source of fuel behind CPA Trendlines. For it is they, their comments, their responses, their suggestions, their insights and real-world in-practice experiences that form the basis of all CPA Trendlines content and set the direction for CPA Trendlines in the future.

To them, this report is dedicated.

– Rick Telberg
President / CEO

[CPA Trendlines](http://CPATrendlines.com) / [Bay Street Group LLC](http://BayStreetGroup.com)

ABOUT RICK TELBERG

Rick Telberg

Founder and CEO, [Bay Street Group LLC](#)

Publisher and Editor, [CPA Trendlines](#)

Rick Telberg is a veteran analyst, advisor, commentator, editor and publisher. He brings a unique background and perspective to research and advisory services for the professional services community.

Mr. Telberg may well be the accounting profession's most widely-known commentator through his long associations with the American Institute of Certified Public Accountants, Accounting Today magazine, and today, CPA Trendlines.

As an expert in management, marketing, media and e-commerce, Mr. Telberg has served as Senior Editorial Director of Pro2Net Corp., now SmartPros.com, and as Director of Online Content at CPA2Biz, cpa.com.

Previously, Mr. Telberg served as the early Editor-in-Chief of Accounting Today, and as Vice President/Group Publisher at Thomson Financial, overseeing Practical Accountant, Accounting Technology, and what is now AccountingToday.com.

Mr. Telberg was presented with a special citation by the National Society of Accountants for service to the profession and has served on a variety of boards and steering committees, including BKR International and the IBM Small Business Advisory Council. He is a graduate of New York University.

At CPA Trendlines, Mr. Telberg has gathered an elite team of professionals, including Glenn Alan Cheney, Beth Bellor and John Covalleski as senior editors and research analysts, Thomas Kothman as marketing director and strategic advisor, Jackson Whelan in digital strategies, and Rick Whelan of DittoDoesDesign.com as art director and brand guardian.



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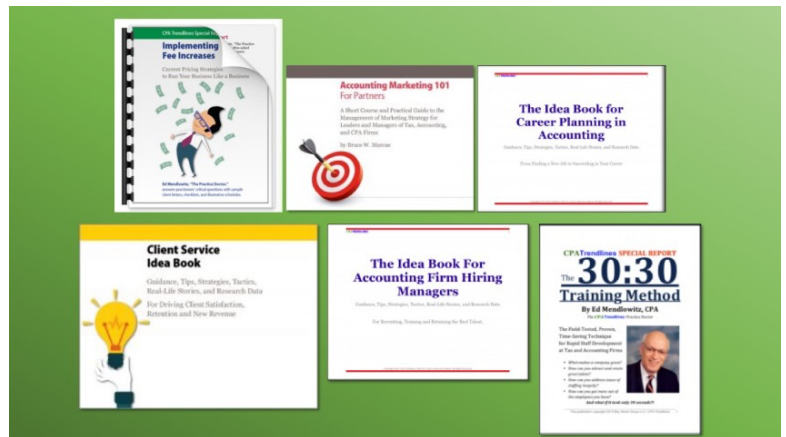
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Pro FAQs

Frequently Asked Questions about PRO Membership at CPA Trendlines

Q: What's CPA Trendlines all about?

A: In Our Value Promise, we explain why we do what we do. – CPA Trendlines is the online home of the freshest research and analysis in the tax, accounting and finance professions. We call it "actionable intelligence." Here you'll find the data and analysis you can use for your practice and your career, plus exclusive research, insights, and commentary on the most pressing issues and fastest-changing trends. No fluff. No hype. Just the facts and figures, insights and implications, that professionals need for smarter, faster, data-based decision-making to advance their careers and their organizations. – *Rick Telberg, Founder, CEO*



Q: Who reads CPA Trendlines?

A: Most of our PRO Members are leaders, influencers and decision-makers in their organizations and in the profession – Owners, Sole Practitioners, Partners, Principals, Directors, Senior Managers, C-Class Executives, and Managing Partners – The people in leadership who make and contribute to the decisions of their firms and their own careers. [See how they rate us and read their uncensored comments here.](#)

Q: What kind of content can I find at cpatrendlines.com with a PRO Membership?

A: Only PRO Members get full and exclusive sitewide access to cpatrendlines.com. The website offers more than 100,000 tools, tips, facts, figures, insights, and implications on best practices, innovative strategies, emerging trends, critical issues, and new opportunities — all dedicated to practice management and growth, and personal professional development.

Q: What are people saying about CPA Trendlines?

A: CPA Trendlines has been recognized as among [the most influential organizations in the profession](#). But don't take our word for it. See what our followers are saying: [‘Why I follow CPA Trendlines’ ... and why they think you should, too.](#)

Q: What are the qualifications of the people behind CPA Trendlines?

A: CPA Trendlines features the advice and experience of the tax and accounting profession's leading experts, consultants, and working practitioners, augmented by real-life case studies, research surveys, checklists, and worksheets. See all the authors and contributors at cpatrendlines.com/authors-and-contributors. All the content is carefully chosen and curated by CPA Trendlines' founder and CEO Rick Telberg, who has been working as an analyst, consultant, editor, publisher, commentator and pioneering entrepreneur in the tax and accounting

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profession since launching AccountingToday in the 1990s. He is also president and CEO of Bay Street Group LLC, the parent company of CPA Trendlines and one of the industry's leading independent research and advisory firms, at baystreetgroup.com.

Q: What do I get with my PRO Membership?

A: In addition to full and exclusive 24/7 access to the vault of content at cpatrendlines.com, PRO Members receive at no extra charge email updates on new developments in the profession, notifications of new reports on the website, new product alerts and special offers and discounts. Plus: Members-only surveys and studies reporting emerging trends in strategy and key financial and operating benchmarks, on such subjects as hiring trends, wages & compensation issues, pricing policies, real-time tax season benchmarks, and marketing strategies.

Q: Do I get special deals on CPA Trendlines merchandise at store.cpatrendlines.com?

A: Yes. PRO Members get discounts of at least 20% on all purchases at store.cpatrendlines.com with a members-only coupon code -- in addition to any special discounts offered to non-members.

Q: Are there any special incentives to go PRO?

A: Yes! New PRO Members receive a basket of free welcome gifts, worth about the price of annual membership. Get the details here at [Six Reasons to Go PRO Today](#).

Q: What if I don't like it?

A: You can sign up with a no-risk, seven-day free trial. Cancel anything within the first seven days and you won't be charged. Plus, you can keep all the great welcome gifts.

Q: So how do I sign up?

A: You have two offers to choose from, a monthly plan, which is especially convenient, and an annual plan, which is the most economical option. [Compare the two plans here](#). (We take all major credit cards and PayPal.)

Q: Once I'm a PRO Member, what can I expect?

A: PRO Members qualify for our special VIP priority concierge service – early notifications, special handling all orders, and white-glove treatment in all respects. PRO Members have a special services entrance all their own at [PRO Member Concierge Service and Support](#) (login may be required).

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