

THE

PDI

PRACTICE DEVELOPMENT INSTITUTE

REPORT

CREATIVE PERSPECTIVES ON CPA FIRM MANAGEMENT AND MARKETING

Special Issue

Summer, 1988

**GUIDING THE ACCOUNTING PROFESSION
INTO THE 21st CENTURY**

Dear Fellow Practitioner:

On April 21-22, 1988, PDI assembled some of the leading management consultants to the accounting profession for its first annual Consultants' Roundtable. The aim of the roundtable was to discuss some of the most pressing challenges and opportunities facing CPA firms, both today and in the future.

What resulted was a provocative and lively exchange of information, observations, and suggestions. All geared toward helping accountants better manage and build their practices.

The program was moderated by Irwin Friedman, managing partner of the accounting firm of Friedman, Eisenstein, Raemer & Schwartz. Assisting him were Allan D. Koltin, president of Practice Development Institute, and August J. Aquila, senior vice president of PDI. The group discussed a myriad of topics, including: the changing dynamics of CPA firms; the role of the smaller firm in the 1990s; industry specialization and "niche" marketing; firm profitability and partner compensation potential; the merger mania of accounting firms; and ways to improve and measure the quality of client services. And who better to ask for some answers than the top professionals who work every day with the cutting edge accounting firms, large and small, on these very issues?

This entire issue of *The PDI Report* is devoted to a recapitulation of the insights and recommendations that came out of the roundtable. We will focus on the highlights of the meeting and capture the consultants' most useful and pertinent suggestions.

For you, it is like getting a day's free consulting from not one, but eleven experts—a chance to pick the brains, as it were, of these renowned professionals.

For the consultants, it was the first time many had met face-to-face. It gave them an opportunity to openly share their thoughts on everything from the future of the accounting profession to brainstorming ideas on how to improve their consulting practices. As one of the participants commented, "We're not just lonely 'egos,' we're also lonely 'eagles,' flying by each other without the vehicle to share ideas and common experiences."

For PDI, it truly was a landmark day. The program was so successful that we have decided to expand next year's meeting to two days (March 29-30, 1989) and will be conducting special one-day meetings on special topics. If there are any topics you would like the group to address next year, or if you have any comments on the roundtable, feel free to call or write us at PDI.

Best wishes for the summer ahead,

PRACTICE DEVELOPMENT INSTITUTE

Allan Koltin

Allan D. Koltin, CPA
President

THE FUTURE OF THE ACCOUNTING PROFESSION

Find Your Niche, Manage Well, and Survive Future Shock

Not one of the consultants sitting around the table had remembered to bring a crystal ball. The future as we were to learn is less important than the present. Survival in turbulent times is a prerequisite for future survival.

In attempting to put the future of the accounting profession into perspective, the group concluded that what sets the professional apart today is the number and magnitude of changes. Within and without the firm, things are changing so fast, and so radically, that it is almost impossible to keep up.

Future shock

One consultant told the story of the managing partner who



lamented, "How can I do long-term planning for the next five years when sometimes I don't

even know what I'll be doing in five minutes?" There were few who doubted that "future shock" had indeed invaded the accounting profession.

Accountants need to arm themselves with new management and marketing techniques to meet the demands imposed by a changing marketplace. Firms are being pulled in so many different directions, and are supposed to be competent in each one: this week you are supposed to be a certified financial planner, next week an expert in computer hardware, and the week after you're in mergers and acquisitions. Is it possible to do all these things, and do them well? And if so, how?

Firm culture

What will the firm of the future be like? How will the fact

The PDI Report—Creative Perspectives on CPA Firm Management and Marketing is published by Practice Development Institute, 401 N. Michigan Avenue, Chicago, IL 60611; 1-800-227-0498, in Illinois 312-861-0000. Copyright © 1988 by PDI. All rights reserved. Material may not be reproduced without written permission from PDI. Subscriptions: \$165 per year.

President

Allan D. Kotten, CPA

Sr. Vice President, Publisher

August J. Aquila, Ph.D.

Executive Editor

Alan Rosenthal

Editors

Ellen Grande

Andy Kellum

Brian McCreed

Kathy Spudak

National Director—Management Consulting Group

Marc Rosenberg, CPA

National Director—Business Development Group

Mark Schmitt

National Director—Marketing Consulting Group

Cindy Kohnke

National Director—Real Estate Services

Marcia Gamberg

Production Manager

Linda Lange

Director of Marketing

Bradley S. Schuler

Accounting Manager

Linda Delgado

Client Services Coordinator

Miriam Mandelberg

Production Assistant

Lynn Brown

Administrative Services

Sylvia Cornall

Marianne Ranson

Maria Carabina

that CPA firms are adding more consultants and non-CPAs change the practice of accounting? How successfully can all these different cultures and services effectively live under one roof?

It was suggested that someday a major financial service firm (e.g. American Express) could acquire CPA firms, law firms, and other types of financial service firms and put them all under one roof. And that "someday" may be less than five years away.

The Sears concept ("one-stop financial supermarket") and all its various subsidiaries was cited as evidence that different services can co-exist. But the panel agreed that this will be a difficult problem for firms in the future, and will cause significant problems if all of these relatively autonomous business units do not have a similar goal and vision.

Jay Nisberg (left) and Bob Martin take a minute to relax before entering the fray.



Strategies for Survival

The role of strong management

One answer then, in this increasingly complex world, may be in the area of firm management. It was agreed that, in many cases, growth guided by strong management is a viable strategy. Firms need to be large enough to attract and compensate top-notch talent, and offer the range of services demanded by their clients.

To accomplish this, some person or group within the firm must accept the responsibility for the future direction, for motivating others and for implementing the firm's strategies. Without this commitment to proper management, it is unlikely that a firm will prosper in the future.

Whether the firm chooses to be a boutique or full-service firm, the key to success is effective management, especially at the managing partner level.

There are a number of routes possible to be successful in public accounting. But good

management is a prerequisite no matter which route you take. You need a vision and a stated mission for the firm. Part of good management is deciding what you want to be and going out and being it.

Firms also need to recognize that to attract and retain top management (i.e. managing partners, department heads, marketing directors, etc.), compensation must be competitive with industry and based on the ability to motivate others to their optimum performance.

Unfortunately, most firms today regard personal billable hours as the key criterion in determining compensation. The firms that have survived have found there are three ingredients to a successful practice—quality service, innovative marketing, and good management. When one is missing, the practice is incomplete.

The real danger in poor management was brought out in a review of large and small CPA firms that are no longer in existence. Typically, the managing partner (or management team) forgot that the CPA firm was also a business. Production (billable hours) was emphasized, while marketing (practice development) and management were essentially ignored.

As time goes on, we're going to see more partners shifting firms, and the CPA profession more closely resembling the corporate environment in order to create more effective business units.

—Bob Martin

The role of niche marketing

The next survival strategy dealt with niche marketing or specialization. With so many options to choose from, it is important for accountants to find their niche, focus on it, and hang on for the long haul.

The niche can either be a functional niche—merger and acquisition or risk management, for example—or an industry niche—real estate, health care, or leisure industry, for example. A functional niche is an excellent way for firms “to get in the door” of potential clients. But, by itself, it would be difficult to build or sustain a practice.

The biggest problem among the local firms today is that we still have an affiliation of sole practitioners, sharing space and sharing overhead, but they really have not become co-owners of the firm.

—Don Jenkins

Firms that do industry niche marketing or intend to follow this course need to either identify a market need or have already developed a reputation for expertise in that speciality.

The familiar phrase was reiterated, “Perception gets clients, reality keeps them.” Often firms have the reality, they just don’t know how to communicate the perception. It was agreed that not only are clients becoming much choosier and sophisticated in their purchase of consulting services, they are doing much more in-house than ever before.

Don Jenkins, poised to respond, ponders a question presented at the roundtable.

The Golden Era of the Medium-Sized Firm

Good times for the medium-sized firm, it is believed, are just around the corner. Medium firms are those that have 10 professionals or more, doing a volume of \$1 million to \$10 million plus, and are noted by the personal professional service provided to their clients.

Rise of local firm; possible disappearance of some second-tier firms

For the last 15 years, the percentage of CPAs in the very largest firms has been declining. Firms with 10 or fewer professionals seem to be remaining constant, while firms in the middle have been growing the fastest. The sole practitioner is being challenged by compulsory CPE requirements, peer review, the cost and inability to obtain liability insurance, increased marketing costs, and the ability to attract and retain qualified staff.

The second-tier firms have a dilemma: they are neither fish nor fowl. They are being pres-

sured from both sides. On the one hand, the Big 8 firms are either pressuring them to merge or are aggressively marketing after their larger clients. On the other, the medium-sized local firms are nipping at their heels.

I am absolutely convinced that in the next 5 to 7 years the first- and second-tier firms, as we know them, will be totally different in complexion. The Big 8 will either become the Big 6 or the Big 11.

—Jay Nisberg

Second-tier firms that are well-managed, growth-oriented, and have identified niches will survive. How many? No one was sure. But most believed that the merger activity of the Peat, Marwick and Main Hurdman-type has not ended.

The big winners, then, will be the medium-sized local firms. There will be a lot of business that doesn’t go up or go laterally that will trickle down to them.

As a result of this optimism over a coming golden era, the local practitioner can anticipate:

- increased job satisfaction
- a rise in financial rewards
- a drastic reduction in the stress threshold

Uniqueness of local firm

It was agreed that all the upstream merger and expansion going on with the large national and second-tier firms presents a great opportunity for the medium-sized firm.



The personal contact between the principals of the firm and the principals of the client is the one thing that probably makes the local firm most unique.

—Don Scholl

Two aspects help the medium-sized firm serve its clients better. First, a close geographic relationship continues to be a significant uniqueness of the local firms. They can provide it better than the large national or second-tier firms. The second characteristic that continues throughout all the transitions taking place to make the local firm a highly viable entity is the personal contact between the principals of the firm and the principals of the client. It is the most important aspect that makes the local firm unique. ■

Don Scholl (l) and Jay Nisberg appear intent on every word.



FIRM PROFITABILITY

Debate Rages over Contingent Fees, Commissions, and Value Billing

The debate over contingent fees and commissions is one of the hottest topics among accountants. Eight states now permit accountants to implement some sort of commission structure, and many others are considering adopting such rules. Also, the Federal Trade Commission is investigating the profession's code of ethics as anti-competitive. Several consultants believe that there are many firms currently accepting contingent fees and commissions.

Can competition and quality operate in harmony?

The argument against allowing CPAs to accept commissions and contingent fees is that doing so would diminish the CPA's integrity and objectivity. While our panel of experts drew no conclusions as to the profes-

sional and ethical standards of such a system, they believe it is the wave of the future. And for the most part, they agreed that allowing such fees would actually lead to better services and products from the accounting profession.

They also agreed that a change would have a far-reaching impact on firm profitability, increasing the profession's ability to attract and retain top talent. Removing the bar on commissions and contingent fees opens up new markets for growth and personnel for public accounting firms.

Additionally, clients are demanding much more of CPAs than just the traditional role of auditor and tax preparer. Therefore, the consultants recommend that part of a firm's long-range planning should consider what services might be offered on a contingent fee basis, and how they might be marketed.

Value Billing

Also discussed was the concept of value billing. If the time spent on a project adds up to only \$5000 based on standard hourly rates, but the work saved the client \$100,000, what should the bill be?

Most firms would be satisfied billing \$5000, but that is not necessarily the right approach for a firm looking to optimize its income. Often there is a reluctance to value bill because of the firm's stated and implied philo-

(continued on page 8)

Biographical Sketches of Consultants

The following are short biographies of the consultants invited to the PDI Consultants' Roundtable, along with the major focus of their practices. Space, of course, would not permit us to list all the credentials of each consultant.

Gene Cohen is the co-founder of an organization now known as Management Design Associates. He also publishes the monthly audio newsletter the "Cohen 15-40 Report." His consulting practice ranges from sole practitioners to firms of 25 partners, focusing on partner responsibilities, organizational development, and firm profitability.

1 Market Plaza 1501
Spear Tower
San Francisco, Calif. 94105
(415) 546-5121

Dick Conner* specializes in marketing and sales training for firms of from three to eight partners.

6711 Bracken Ct., Suite 1000
Springfield, Va. 22152
(703) 569-9139

David Cottle has taught, lectured, consulted, and led seminars and retreats for accounting firms since 1971. He is the founder and first president of the International Group of Accounting Firms. His consulting practice specializes in

client-centered services, personnel development, partner retreats, marketing, management, and partner compensation.

18441 N.W. 2nd Ave., Suite 218
Miami, Fla. 33169
(305) 652-0200

David Donaldson has 10 years of consulting experience, working mainly with firms of 20 to 50 partners. His expertise includes organizational development, marketing and selling, partner compensation, human resource development, and client management programs.

P.O. Box 125
Ho-Ho-Kus, N.J. 07423
(201) 825-8883

Don Faber has been in public accounting for over 20 years. He is the president of his own management consulting firm, working mainly in effective management, assertive communication, and selling skills. He has authored books on client centered selling skills, performance appraisal, and career counseling.

20 Deer Lane
Jackson, N.J. 08527
(201) 363-2401

Chris Frederickson* specializes in marketing, management organization and strategy, and partnership agreements for firms ranging from

sole practitioners to national firms.
P.O. Box 2906
San Francisco, Calif. 94126
(415) 433-5000

Bob Gallagher* specializes in operational reviews, partner retreats, and merger analysis for firms of all sizes. He offers a series of training programs on such topics as staff and management development and firm profitability.

Suite 1M, The Tower at
Chatham Center
Pittsburgh, Pa. 15219
(412) 281-4644

Don Istvan* specializes in practice management review, retreat facilitation, and marketing for all size firms.

61 Windrush Lane
Barrington Hills, Ill. 60010
(312) 381-4514

Donald Jenkins has been a consultant to the accounting profession for over 22 years and has worked with over 300 firms. His major areas of activity include developing leadership skills, defining the management function, increasing staff retention and motivation, and enhancing firm profitability.

P.O. Box 128
Sante Fe, N.M. 87504-0128
(505) 983-2804

Charles Larson is the founder of the Missouri MAP Conference and past president of the Missouri Society of CPAs. Now an author, speaker, and consultant, Mr. Larson is the developer of a nationally recognized program on billing and collection. He specializes in strategic planning and profitability enhancement for accounting firms.

3300 Dale Ave., Suite 102
St. Joseph, Mo. 64506
(816) 279-7493



Clockwise from left, David Donaldson, Michael Schoenecker, Mark Schnoll national director of PDI's business development group, and David Cottle take a mid-morning break.

Dave Maister* formerly of the Harvard Business School specializes in seminars, retreats, strategic planning, and selling skills, generally for large and second-tier firms.

545 Boylston St.
Boston, Mass. 02116
(617) 262-5968

Bob Martin has been a consultant to CPA firms for 15 years. He has a doctorate in management science, and his background is as an engineer and corporate planner. The major thrust of his practice is in the merger and acquisition of accounting firms and in the management and marketing areas.

P.O. Box 6886
Denver, Colo. 80206
(303) 321-3655

Jay Nisberg is involved extensively in mergers and acquisitions of accounting firms, partnership agreements, marketing of practice development skills. He has recently been working at helping clients create new and different ideas for services, such as mezzanine management. Mr. Nisberg's background is in industrial psychology.

14 Pelham Lane
Ridgefield, Conn. 06877
(203) 438-8914

Michael Schoenecker spent 5 years as the marketing director of an architectural/engineering firm before spending 4 years as the marketing director of a medium-sized CPA firm. He now devotes full-time to his consulting practice. His major areas of emphasis are strategic planning and positioning, target marketing, direct mail, and product development.

520 First St. NE Box
297 Sartell, Minn. 56377
(612) 253-6392

Donald Scholl has over 20 years consulting to the profession, and in that time, has consulted more than 200 local, regional, and national accounting firms on how to improve their practices. He is also the developer of "Management for Results" and cofounder of CPA Management Systems. His areas of expertise include long-term growth

and strategic planning, retirement and arrangements, and partner roles and functions.

P.O. Box 3152
West Chester, Pa. 19381
(215) 431-1301

Morrey Shifman spent 26 years as a practicing accountant. Now he devotes full time to consulting to the profession. Shifman works primarily with small to medium-sized firms in the areas of firm administration and marketing of professional services.

2430 St. Paris Pike
Springfield, Ohio 45504
(513) 390-1228

Steve Weinstein* specializes in peer review and quality control, partner development, practice management, and marketing and practice promotion for small to medium-sized firms.

17 Wingate Rd.
Guilford, Conn. 06437
(203) 453-4461

*Unable to attend this year's roundtable.

PDI Roundtable Faculty



From left to right, Allan D. Koltin, Irwin Friedman, and August Aquila lead the discussion and keep the "egos" in check at the roundtable.

Irwin Friedman is the managing partner of Friedman, Eisenstein, Raemer & Schwartz (FER&S), a Chicago-based accounting and consulting firm and one of the 30 largest CPA firms in the country. Founded in 1972 with only a handful of people, FER&S has enjoyed continuous and steady growth, virtually all internally. Today the firm has over 235 personnel and a projected 1988 volume in excess of \$20 million. Friedman is also active in the President's Forum and Advisory Group 'B' of the AICPA.

Allan D. Koltin, CPA is the President and CEO of Practice Development Institute (PDI), a Chicago-based management and marketing consulting firm to professional service firms. PDI has a client base of over 200 CPA firms

throughout the United States and Canada. Koltin is also a partner in FER&S, which is the parent organization of PDI. Koltin is a frequent speaker at numerous AICPA and state society management and marketing conferences.

August J. Aquila is the Senior Vice President of PDI and is in charge of product development and quality control. He is also a principal in FER&S, where he serves as the director of the firm's marketing group. Aquila conducts numerous workshops on marketing for CPA firms and law firms.

Practice Development Institute
401 N. Michigan Avenue
Chicago, Illinois 60611
1-800-227-0498; in Illinois,
312-661-0300



sophy. Just as often there is a lack of training on how to value bill and justify that bill if questioned by the client. Introducing the value billing system could have a major impact on a firm's profitability.

In my judgment, most people in the CPA profession today work much harder than they should, earn far less than they could, and they are doing it to themselves.

—Morrey Shifman

It is incumbent on management to get the partners and staff to accept value billing. This is accomplished by getting them

more involved and aware of the "how" and "why" of billing and possibly create an incentive for value billing.

Create a perception of value received in the mind of the client

But even more important than convincing staff and partners is convincing the clients. The key to getting paid more than just an hourly rate is showing your clients the value of services rendered. Make sure that the product or recommendation is presented in person and emphasizes the benefits or bottom line results the client is getting.

Capturing expenses

To improve profitability, firms are looking at ways to recapture their costs of doing business. There are some costs (beyond just the hourly rate) that can be passed on to clients because they would not be incurred except for the work being done for the client. These include:

- word processing charges
- photocopier/fax charges
- deliveries
- records storage
- long distance charges
- postage
- office supplies
- overtime pay necessary to accomplish project on time

Some firms are even passing on to clients a percentage of their liability insurance and charging clients interest on unpaid balances.

Don't just prepare the bill and send it off in the mail. If appropriate, you may want to meet with the client and explain to him the real value he received. ■

Above, Morrey Shifman. Left to right, PDI's Mark Schnoll, Cindy Kohnke, national director, marketing consulting group, and Brian McCord, editor.



Allan D. Koltin, president of PDI.



Charlie Larson.

PARTNER COMPENSATION

The Trend is Toward Performance-Based Compensation

Many of the consultants reported a trend among firms away from seniority-based or so-called lock-step systems and a growing acceptance of performance-based compensation. Across the country, they have detected a definite move away from equal compensation for all partners in a firm. And, they unanimously counsel against an equal compensation system.

It was noted that a significant reason why firms don't truly run as a business is because they don't adjust compensation to reflect the impact of an individual partner or staff person on the long-term profitability and growth of the firm. Even partners who have been in the profession 20 to 30 years are

I have worked with firms that employ equal compensation; I try to turn them around immediately. It's hurting the firms—it's disastrous.

—David Donaldson

recognizing that you have to be paid for performance.

Uncouple the issues

There are a series of distinct issues to consider in separating the compensation determination from an income allocation based on ownership. Too many firms have these issues tied up into one big ball of wax.

Three suggested components in deciding compensation, including return on investment, include:

- ownership and a return on the invested capital
- market value, the annual worth of a particular partner's services. How much could he get if he took his services to a

competitor? There should be some value, be it \$1 or \$1 million, to the partner's worth

- bonuses for extraordinary kinds of services performed during the year.

There was some reservation expressed about the use of bonuses. Many felt that bonuses are too often perceived as being seen as something due not earned. That is evidenced by the fact that bonuses rarely seem to

Below left, Don Faber; below right, Gene Cohen.



Irwin Friedman considers a point raised by August Aquila.

decrease from year to year. It was suggested that a "managing partner's discretionary fund" could be set up as opposed to a formula bonus system. The distribution of the fund could be based strictly on current year performance in excess of standards established for that year.

One model system of partners' total income

One well-received system was outlined. It is a multilevel system arranged as follows:

1. First level: return on partner's capital. Prime plus three percentage points.
2. Second level: Salary, with consideration to management responsibilities, contribution to firm profitability and, to a limited extent, seniority.
3. Third level: Bonus program, totally at the discretion of the managing partner. Based on current year performance only.
4. Fourth level: A portion of the excess profits (deficit) of the partnership is allocated to partners in proportion to their salaries.
5. Fifth level: A portion of the excess profits (deficits) is allocated to partners in proportion to their capital.

The panel agreed that successful firms enjoy a high salary ratio (highest to lowest partners), of at least 2½ to 1, but typically not more than 4 to 1.

Some firms have even allowed their upper level managers to invest in the partnership. The underlying reason is to allow these managers some lead time in accumulating their capital contribution, if and when they are offered partnership. This practice was encouraged by the panel.

Ways to determine compensation

The tried and true paper method was discussed and agreed that it was still very popular. Under the system, partners recommend compensation for themselves and their fellow partners. Among the consultants who had worked with this practice there was agreement that it works remarkably well, that almost always the average of the recom-

mendations are within acceptable limits.

The average of the recommendations can either be the basis for the final determination of partners' compensation or a significant tool for the compensation committee or managing partner to use. In larger firms, where knowledge of all partners' value is not practical, a similar exercise could be effective at the department or office level. ■

COMMON CHARACTERISTICS OF SUCCESSFUL PARTNERS

What's the True Value of the Client Service Partner?

It is really quite simple. While skill in practice development and technical competence are important qualities for any partner to have, they take a backseat to client handling and service.

The number one partner problem for us and our industry is finding quality client service partners.

—Irwin Friedman

The client service partner is more valuable than the technical guru as it relates to client retention. Technical competence is essential for the continued existence of a firm and is certainly valuable. But, for the most part, the client doesn't know if a partner is technically able. What he knows is that the partner

never returns his phone calls, that his financial statements are two months late, that he doesn't feel valued.

The group seemed to concur that, even though many former clients of CPA firms state they left their firms due to excessive fees, fees are rarely the primary issue. Often it is really the im-



Don Scholl

balance between the perception of "value received" and fees charged. Clients would actually pay more money and ask for more services if only we spent more time developing and nurturing the relationship.

Client-Centered Service

It is difficult to find and groom the partner that has the touch and caring for serving a client on a broad range of services well. Partners don't know "how to" or "what is" quality client service.

Sensitizing and teaching CPAs and CPA staff to think like the client, so that they can see the firm as the client sees it, will be one of the major challenges facing accounting firms into the 1990s.

—Dave Cottle

It was noted that most people get better quality service from a waitress for a \$10 meal than they do from their CPA. For example, many partners will not:

- discuss with the client how much a service is going to cost up front
- keep accurate track of where the time was actually spent, and evaluate if the client is receiving value for that time
- set a firm date when the project will be completed
- inform the client if the project is not going to be completed on time.

Firms should consider naming a client service review director or client services partner. The position would be comparable to that of the quality control reviewer, but different in that the goal would be to make sure that the firm's clients were getting the quality of service they wanted and were satisfied with the firm.

Many of the consultants are also advising firms to conduct client satisfaction surveys to provide feedback on how clients are rating the services they are currently using. Such surveys provide an effective way to measure "client service" and can also be an effective marketing tool if properly constructed. ■

CONCLUSION

If we had to boil the entire day down to four key ideas, they would be:

1. Innovative marketing. Firms need to realize it is a continuous process and that everyone in the firm can participate in the activity.

2. Effective management. Firms need a strategic vision and an effective way to implement strategies. Management is really motivating others to accomplish firm goals. Someone with proper talent and dedication needs to commit the time necessary to run the business.

3. Adequate compensation program. Firms must develop compensation packages that will attract and retain the talent necessary to manage the firm and develop quality client service.

4. Quality client service. Firms must provide services that will add value to their clients' businesses and reflect a caring attitude in the delivery of those services.

Firms that embrace these four concepts and implement them effectively will meet the future well prepared. ■



The PDI team: (left to right), Irwin Friedman, Allan D. Koltin, and August Aquila.

What's Inside This Special Issue?

Guiding the Accounting Profession Into the 21st Century1

A letter from the president of Practice Development Institute announcing the first annual PDI Consultants' Roundtable.

The Future of the Accounting Profession2

Thoughts on firm culture, niche marketing, the role of strong management, and a potential golden era for the medium-sized firm.

Firm Profitability5

The consultants discuss contingent fees, commissions, value billing, and recapturing expenses as ways to increase firm profitability.

Biographical Sketches of Consultants and the PDI Roundtable Faculty6

Partner Compensation.....9

The growing acceptance of performance-based compensation is noted. The panel presents some ideas on how to determine compensation and outlines one model approach.

Common Characteristics of Successful Partners.....10

The crucial role of the client service partner in client retention is highlighted.

Conclusion11

A synopsis of four major conclusions drawn from the roundtable. They include the need for: innovative marketing, effective management, adequate compensation, and quality client service.

Photographs courtesy of *Accounting Today*

This publication is intended to provide accurate and authoritative information on the subject matter covered. It is distributed with the understanding that the publisher and distributor are not rendering legal, accounting or other professional service and assume no liability whatsoever in connection with its use. ©1988 PDI

4426DB16
Mr. Anthony Frabotta
Managing Partner
Folmer, Rudzewicz & Company, PC
30215 Southfield Road
Cranbrook Center South, Suite 220
Southfield, MI 48076

401 North Michigan Avenue
Chicago, Illinois 60611-4240

Management and Marketing Consultants
PDI
PRACTICE
DEVELOPMENT
INSTITUTE

BULK RATE
U.S. POSTAGE
PAID
Permit No. 4006
Chicago, IL