

ENGAGING YOUR STAFF IN METRICS THAT DRIVE MARGIN

ROSENBERG
ASSOCIATES

© Rosenberg Associates – Do Not Distribute

1

Learning Objectives

- Identify the key financial metrics that drive margin and profitability in a CPA firm.
- Apply a structured framework for engaging staff in productivity and profitability goals.
- Evaluate non-billable contributions that engage staff and create measurable value beyond standard production metrics.

ROSENBERG
ASSOCIATES

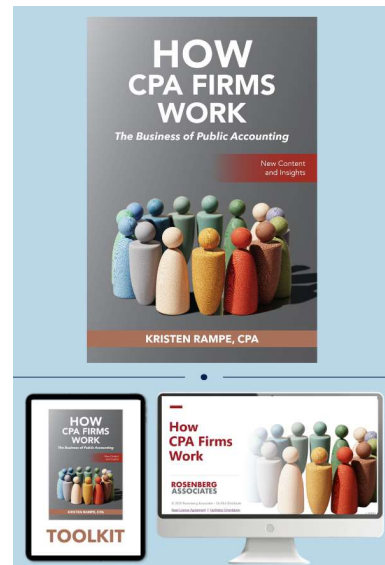
2

How CPA Firms Work

- Accelerate understanding of profitability
- Drive engagement and productivity
- Presentation available to facilitate learning.



ROSENBERG
ASSOCIATES



3

Agenda

Metrics that Matter

Engaging Your Team in Productivity

Creating Value Beyond Production

ROSENBERG
ASSOCIATES

4

Polling Question

How many total employees work at your firm?

1. <20
2. 20-50
3. 50-80
4. 80-120
5. 120+

ROSENBERG
ASSOCIATES

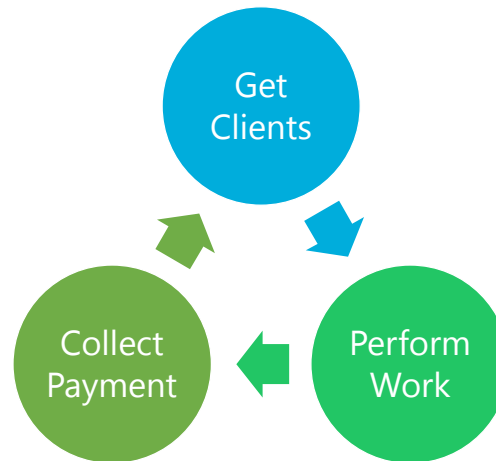
5



Metrics that Drive Margin & Profitability

6

CPA Firm Economics – The Basics



ROSENBERG
ASSOCIATES

9

Basic Firm Economics: Revenue

Understanding the basic drivers behind top line revenue gives your team the baseline for firm economics.

Related metrics:

- Gross Revenue
- Net Revenue
- Revenue per Person

Do you share top-line firm net revenue with your team? Why or why not?

ROSENBERG
ASSOCIATES

10

Poll Question: How often do you share total firm revenue with your employees?

1. Annually or more often
2. Every few years
3. Rarely
4. Never

ROSENBERG
ASSOCIATES

11

Basic Firm Economics: Productivity

Learning why high-value work creates net dollars billed is critical to foster efficiency.

Related traditional metrics:

- Charge hours by individual
- Total firm charge hours
- WIP write offs (though not always a productivity issue)

What expectations do you set for charge hours and quality of those hours?

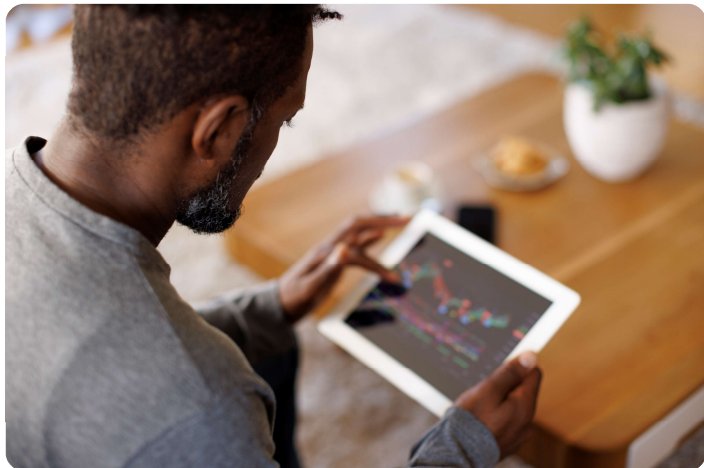
ROSENBERG
ASSOCIATES

12

Engaging Your Team in Productivity

13

Step 1: Connect Productivity to Paychecks



ROSENBERG
ASSOCIATES

14

Step 2: Explain Where Revenue Comes From

	Head Count (FTEs)	Avg. Annual Charge Hours per FTE	Avg. Bill Rate	Billable Dollars	% of Gross Revenue
Partners	5	1,000	\$ 400	\$ 2,000,000	18%
Professional Staff	25	1,400	\$ 230	\$ 8,050,000	72%
Para-Professionals	5	1,100	\$ 170	\$ 935,000	8%
Administrative Team	10	100	\$ 130	\$ 130,000	1%
Gross Revenue				\$ 11,115,000	
WIP Write Offs (90% realization)			10%	\$ 1,111,500	
Net Revenue				\$ 10,003,500	
Total Headcount				45	
Revenue per Person				\$ 222,300	
Total Firm Charge Hours				46,500	

**ROSENBERG
ASSOCIATES**

15

Step 3: Showcase Impact of Increased Productivity

	Head Count (FTEs)	Avg. Annual Charge Hours per FTE	Avg. Bill Rate	Billable Dollars	% of Gross Revenue
Partners	5	1,000	\$ 400	\$ 2,000,000	18%
Professional Staff	25	1,450	\$ 230	\$ 8,337,500	73%
Para-Professionals	5	1,100	\$ 170	\$ 935,000	8%
Administrative Team	10	100	\$ 130	\$ 130,000	1%
Gross Revenue				\$ 11,402,500	
WIP Write Offs (90% realization)			10%	\$ 1,140,250	
Net Revenue				\$ 10,262,250	
Total Headcount				45	
Revenue per Person				\$ 228,050	
Total Firm Charge Hours				47,750	

**ROSENBERG
ASSOCIATES**

16

Step 4: Showcase Impact of High-Quality Work

**ROSENBERG
ASSOCIATES**

	Head Count (FTEs)	Avg. Annual Charge Hours per FTE	Avg. Bill Rate	Billable Dollars	% of Gross Revenue
Partners	5	1,000	\$ 400	\$ 2,000,000	18%
Professional Staff	25	1,400	\$ 230	\$ 8,050,000	72%
Para- Professionals	5	1,100	\$ 170	\$ 935,000	8%
Administrative Team	10	100	\$ 130	\$ 130,000	1%
Gross Revenue				\$ 11,115,000	
WIP Write Offs (95% realization)			5%	\$ 555,750	
Net Revenue				\$ 10,559,250	
Total Headcount				45	
Revenue per Person				\$ 234,650	
Total Firm Charge Hours				46,500	

17

Step 5: Add in Modern Metrics

1. Engagement margin
 - Track and report to teams so they see how their contributions add or detract at the project level
2. Client base by manager
 - Often tracked for partner, firms interested in delegating work downstream benefit from setting targets by manager
3. Lifetime revenue and profit by client
 - Create enthusiasm around keeping long-term clients and expanding services to grow these figures
4. Non-engagement client contact
 - Build relationship and business development skills by tracking outreaches to clients that are beyond the client scope (and typically other times of year)

**ROSENBERG
ASSOCIATES**

18

Step 6: Define Individual Goals

Once you've established the metrics that drive margin that you want your team focused on, define goals by level or individual. Write them down and communicate your achievement expectations around these goals.



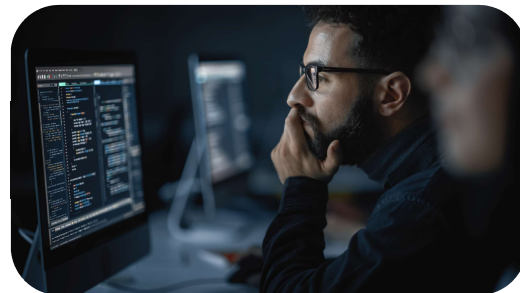
ROSENBERG
ASSOCIATES

19

Step 7: Check In for Accountability

Monitoring progress is essential. Check in on metric goal progress at least two times before final year end reviews.

If someone is off track on meeting their goals, work with them to develop a plan to adapt.



ROSENBERG
ASSOCIATES

20

Step 8: Celebrate and Reward

Find ways to celebrate reaching goals. Whether through a bonus program or lower priced celebrations and recognition programs, this goes a long way in engaging your staff in the metrics that drive margin.



ROSENBERG
ASSOCIATES

21

Creating Value
Beyond
Production

22

Creating Value Beyond Production

Not all value is easily tracked with metrics. Acknowledging and rewarding the additional value created by team members builds stronger engagement and retention.



ROSENBERG
ASSOCIATES

23

Contributions & Evaluation

- Contributions beyond production are critical for firm success and individual development
- Evaluation of effort and progress on these contributions can be done by
 - Setting expectations in selected areas of emphasis for your firm
 - Reviewing performance via self assessment, leader assessment and dialogue

ROSENBERG
ASSOCIATES

24

Responsiveness

Be available and timely in your responses to external and internal clients.

- Internal clients include your peers, supervisors, managers, partners, and administrative team.
- Getting back to people promptly lets them know you are available to help.
- Clients pay not just for completion of services, but for access and availability.



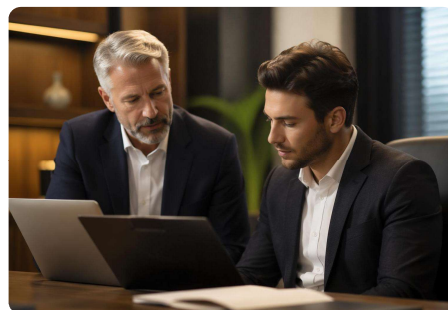
**ROSENBERG
ASSOCIATES**

25

Training & Development

Invest in growing yourself and developing those around you.

- This responsibility ramps up the further along you are in your career.
- Teaching someone else to do the less complex work frees up your time for more complex challenges.
- Effective delegation is an essential part of this process.



**ROSENBERG
ASSOCIATES**

26

Communication

Communicate with clients in a way that both informs and influences.

- Informing: Letting a client know the status of their project.
- Influencing: Getting a client to send a missing document or getting a partner to devote time to an engagement review.
- Effective communication is critical to the firm's functioning and overall success.



**ROSENBERG
ASSOCIATES**

27

Business Development

Your ability to command higher prices, expand services, and attract new clients is enormously valuable.

- Business development and networking activities are often a scarcer skill set among accountants.
- If you feel you can shine in this area, speak up and start advancing your skills.



**ROSENBERG
ASSOCIATES**

28

Adaptability

Be nimble in the face of changes to schedule, workload, clients, team members, and technology.

- Your ability to step in and step up adds value by addressing the most important needs of the team.
- Being adaptable means responding to what's needed, when it's needed.



ROSENBERG
ASSOCIATES

29

Accountability & Ownership

Take personal responsibility for your assignments and their effective completion.

- This is a struggle for many people, teams, and organizations.
- Ownership may include managing up to ensure projects stay on track.
- Accountability will propel your career forward.



ROSENBERG
ASSOCIATES

30

Curiosity

Look beyond the obvious — ask what the numbers and information are really telling you.

- Your willingness to articulate your curiosity with supervisors and clients can be a powerful value driver.
- This kind of insight may be exactly what your client wasn't anticipating but truly needs.



**ROSENBERG
ASSOCIATES**

31

Relationships

Build relationships with coworkers and clients that establish trust.

- Strong relationships enhance your ability to positively influence others.
- Trust is the foundation that makes all other value-creating activities possible.



**ROSENBERG
ASSOCIATES**

32

Q&A

33

Kristen Rampe, CPA

Kristen Rampe, CPA, managing partner of Rosenberg Associates, is a nationally recognized consultant, business leader, author, and speaker on all matters related to CPA practice management, including partner compensation, partnership agreements, partner buyout plans, and strategic planning.

Kristen has been recognized for her contributions to the accounting industry with awards from nationally and regionally respected organizations, including Woman to Watch by the California Society of CPAs (2011), 20 Under 40 by CPA Practice Advisor (2017) and Top 100 Most Influential People in Accounting by AccountingToday (2022 - 2024).

When she isn't efficiently running projects and helping small- to mid-sized CPA firms navigate their most pressing challenges, she enjoys adventuring outdoors with her husband and twin sons, cooking, traveling, and improv.

kristen@rosenbergassoc.com
616.219.0375 

ROSENBERG
ASSOCIATES



34



www.rosenbergassoc.com/join

FREE CPA FIRM LEADERSHIP RESOURCES

Leadership and practice
management tips delivered to
your inbox!

Scan to subscribe to our newsletter
to receive bi-weekly emails.

ROSENBERG
ASSOCIATES