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allocate partner income is no surprise to CPA industry observers – the trend seems to gather steam every year, according to The Rosenberg Survey.

Marc Rosenberg • Sep. 03, 2014

The correlation between size of firm and use of a compensation committee to allocate partner income is no surprise to CPA industry observers – the trend seems to gather steam every year, according to The Rosenberg Survey.

Now 61% of firms with 8 partners or more report the CC as their method of choice, and after working with hundreds of firms on matters of partner compensation, we have a pretty good idea why committees keep gaining momentum.

Here are our top reasons – you may have some too, and if so, we'd like to hear them.

1. Compensation committees (CC) are the best way to achieve a balance between partner production and intangible contributions such as developing staff, management, teamwork and core values.
2. CC promotes partner teamwork by keeping the firm away from the “eat what you kill” mentality.
3. CC encourages partners to work hard and smart every year and avoid coasting on high, cumulative metrics such as book of business.
4. CC promotes a sense of fairness because partners elect CC members who are the most credible and trustworthy partners in the firm.
5. CC members are often the highest earners, so they tend to err on the side of being generous to the other partners at their own expense.
6. CC lessens the burden on the managing partner to explain the allocation of income because decisions were made by a panel of impartial judges and not just one person's (the MP) opinion.

7. A critically important duty of a CC is to explain compensation decisions to each

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to do a thorough job of modeling income for a group, the CC will have a broader perspective.

0. CCs aren't perfect, but they are way better than any other system, especially formulas.

Marc Rosenberg is a nationally known consultant, author and speaker on CPA firm management, strategy and partner issues. President of his own Chicago-based consulting firm, [The Rosenberg Associates](#), he is founder of the most authoritative annual survey of mid-sized CPA firm performance statistics in the country, The Rosenberg Survey. He has consulted with hundreds of firms throughout his 20+ year consulting career. He shares his expertise regularly on [The Marc Rosenberg Blog](#).

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