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The results of the 19th annual Rosenberg Survey are in and CPAs are smiling from

Exciting times indeed!

As the findings of The Rosenberg Survey are discussed, keep in mind the size of the participating firms: 61% of the firms have annual revenues of $2-10M, 18% are $10-$20M and 11% are over $20M. The average revenue of participating multi-partner firms was $10.2M.

SOLID REVENUE GROWTH

Revenues were up a solid 7.8%, a tad less than the prior year's 8.1%. Growth from mergers accounted for 26% of total growth compared to 28% the previous year and 30% the year before. So from that, one could conclude that the impact of mergers on growth, though still strong, may be waning just a tad. Organic growth at 5.8% remained the same as the prior year. Though anyone dialed into the merger arena understands that the M&A market is still quite active, the abating of the "frenzy" factor is due to (a) buyers being more selective, (b) those same buyers needing time to digest their recent mergers and   (c) the logical supposition that the universe of sellers has been somewhat "picked over."

STRONG PROFITS POSTED

Profits, as measured by income per equity partner, were $430,000, up 6% from $406,000 in the prior year. The increased profits were due to (a) solid revenue growth and (b) a dramatic increase in leverage, as measured by staff-to-equity partner ratio, which stood at 6.2 this year, up 11% from 5.6 % in the prior year. This is a trend we've been observing for the past few years. A number of factors have led to this leverage increase:

- Firms increasingly understand that the old school model of a partner's role – high billable hours, doing staff level work, opting out of mentoring and training of staff – is rapidly becoming obsolete. The new partner model calls

replace every retiring equity partner with a new one.

With all the mergers in recent years, many of the sellers' partners joined the buyers in positions

other than

equity partners, thereby swelling the "staff" ranks.

RISE IN NUMBER OF FEMALE PARTNERS

We noted with pleasure that the percentage of female partners was 18.7%, up sharply from 16.7% in the prior year. Given the dire shortage of qualified personnel, the CPA profession has long been shooting itself in the foot by failing to be effective and proactive at retaining experienced women and developing them into partners. However, as a profession, we still have a long way to go.

PARTNERS GETTING YOUNGER

The average age of partners and the percentage of partners over the age of 50 both saw decreases from prior years. Older partners are retiring and being replaced by younger partners. This trend will most definitely continue.

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