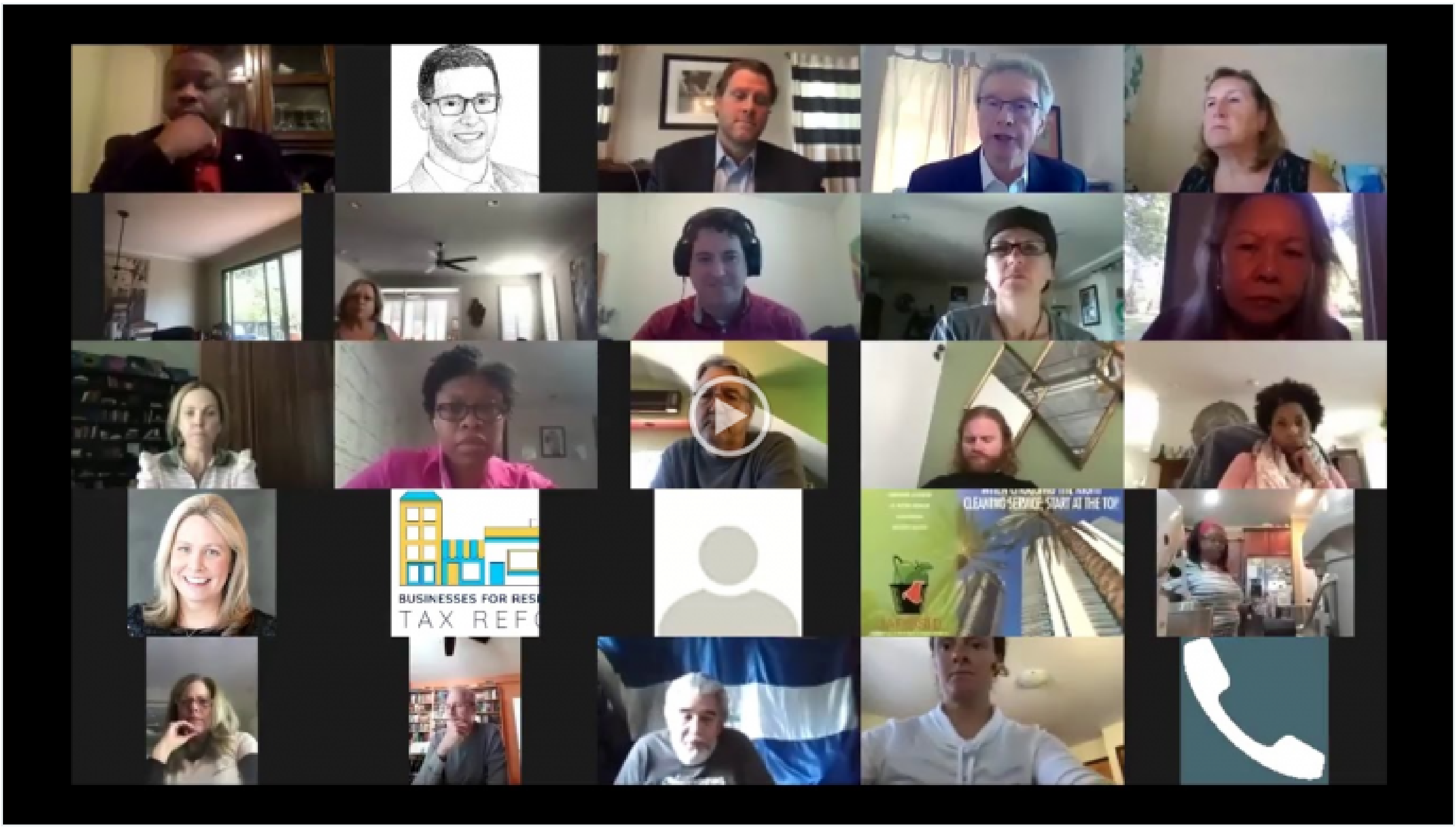

Exactly how is the accounting world coping with the pandemic? That's a topic that's been top of mind for many of us in the accounting profession, and we here at The Growth Partnership wanted to find out for ourselves.

Every year, we issue *The Rosenberg Survey*, a widely respected study that reviews the previous year's changing accounting landscape. When COVID hit, we knew immediately that it was going to be a game-changer for our industry, but there was one problem: our most recent *Rosenberg Survey* mostly covered information from the calendar year 2019, when COVID was the merest blip.

To see how accounting firms are handling the pandemic, we launched a flash survey composed of 20 questions early last December, and 179 firms responded: 20 had fees over $20 million; 41 at $10-20 million; 52 at $5-$10 million; 50 at $2-$5M; and 16 at

The popular view of accounting is that we are slow to change as a profession. But our survey demonstrates that we adapted quickly—and in the midst of last year's tax season, when the pandemic hit us with full force. In three months, we pivoted very quickly.

We also noted that the pandemic clearly will have a long-term impact on how accounting firms do business in the future: 78% are planning to institute a more expanded virtual work policy, showing they can change how their firms work.

Overall, we weren't surprised by the results. Because we work with so many firms and speak regularly at association meetings, we could witness the process of adapting to the pandemic unfolding up close. From March to December, we saw the results of how leaders of accounting firms were thinking and feeling.

We spotted several outstanding trends. Because the accounting community has been adapting to technology, it was able to pivot overnight to adapt to a distance-oriented environment. The biggest trend will be more expanded virtual work.

We have heard from firm leaders that more flexibility allowed by virtual work arrangements will help with job satisfaction. Team members will be able to work from home on a more regular basis and forgo lengthy commutes. Additionally, while working virtually will not solve the labor shortage, it will certainly ease some of the pain by allowing firms to retain employees who have to move cities for personal reasons and to attract candidates from other parts of the country.

Another point to consider: with the damage the pandemic has wrought on the economy, companies will now be eagerly seeking ways to compensate for lost revenue. Tax-intelligent planning has taken center stage, as well as consulting around operational efficiency. The pandemic has impacted the role of the accounting profession by elevating us accountants to the role of necessary advisor.

In larger firms, we are seeing more emphasis on moving from compliance to

- 54% said 2020 realization will be less than budgeted/expected, 33% reported realization will be what was anticipated, and 12% believed realization will be more than budgeted/expected.
- As a result of the pandemic, 64% said their salary adjustments were as expected/budgeted, 23% awarded salary increases but smaller than budgeted/expected, 7% delivered larger salary increases than expected, and 5% froze salaries.
- When asked if they were actively hiring new employees, 65% reported normal hiring activity, and 28% informed us of higher-than-normal hiring activity.
- 75% planned all virtual CPE in the next six months, while 25 foresaw a hybrid of virtual and live training. No one is expecting all live CPE classes.
- Reflecting on the last six months of 2020, 69% believed that the pandemic, as it related to their firm's financial performance, was better than expected, 27% thought it was as expected, and 4% felt it was worse than expected.

So when all is said and done, we learned that accounting firms are nimble, had a better-than-expected 2020, and expect to have a good 2021. About the prospect of a good 2021, we couldn't agree more—and through hard work, strong leadership, and an eye on the future, we can achieve it.

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Charles Hylan, CPA, MBA, joined The Growth Partnership as a Shareholder after dedicating 12 years consulting with, and working in, accounting firms ranging from sole-practitioners to National and Big 5 firms. During this time, Charles spent more than eight years working at Price Waterhouse and Arthur Andersen where he began his career as an auditor before transitioning into a strategic planning and marketing role. Charles entered the accounting consulting industry in 1999 as a Vice President in the Consulting Services division of Waugh & Co.