2017 ORDER FORM

Name ____________________________
Firm ____________________________
Mailing Address __________________

___________________________________
City ___________________ State ______
Zip _______________ Phone __________
Association ________________________
Email Address ______________________

Amount Due: ________________________

Payment: Check Villa MasterCard Amex
Card # _____________________________
Exp. Date ______________ Security Code __________

Name ____________________________
Billing Address ______________________

___________________________________
City ___________________ State ______
Zip ________________

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___________________________________

EXECMREPORT
THE ANNUAL
INSIDE PUBLIC ACCOUNTING
NATIONAL BENCHMARKING REPORT

2017 survey and analysis conducted by: The Platt Group / INSIDE Public Accounting
The Independent Gold Standard of Accounting Firm Benchmarking Since 1990

Published by:
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APPENDIX I

2017 INSIDE Public Accounting Firm Rankings
PREFACE

The annual INSIDE Public Accounting National Benchmarking Report is one of the most complete, independent, up-to-date sets of economic and management statistics available about the accounting profession.

“Engagement = Motivation = Performance = Productivity = Profitability”

Ian Hutchinson, Chief Engagement Officer, LifebyDesign.com.au
and author of People Glue

For 28 years, INSIDE Public Accounting (IPA) has conducted the IPA Annual Survey and Analysis of Firms, one of the longest-running and most comprehensive Management of an Accounting Practice (MAP) surveys in the U.S.

Each January, IPA sends out invitations to accounting firms to participate. The IPA Annual Survey and Analysis of Firms is open through early June. Information gathered from the IPA Annual Survey and Analysis of Firms is used to compile the IPA 100, 200 and 300, a ranking of America’s largest firms, Appendix I, which is included in the full report.

Following analysis of all participating firms’ survey data, IPA names Best of the Best firms. Articles detailing the Best of the Best designation, regional breakouts and additional analyses appear annually in the IPA newsletter and IPA National Benchmarking Report.

Over the years, the IPA Annual Survey and Analysis of Firms has grown, with 587 firms taking part this year. The most accurate apples-to-apples comparisons will always be in the IPA National Benchmarking Report tables, which segment firms by revenue bands, thereby eliminating dilution of general averages due to a larger number of smaller firms.

The IPA National Benchmarking Report provides a detailed account of results from all survey participants. Data captured and highlighted in the IPA National Benchmarking Report may differ from data previously reported in IPA’s newsletters as firms continue submitting data and clarifications past each of the monthly newsletter deadlines.
All commentary, data and tables excludes the non-Big 4 firms, but includes all participating national firms. Not all firms chose to answer all survey questions. Percentages cited in the following pages/tables/graphs are based on participating firms that answered those specific questions. The number of responses for each of the revenue bands is highlighted on page viii.

**METHODOLOGY**

Each survey submission is reviewed and examined for any outliers or errors. If a survey submission appears to be incorrect or questionable, IPA will resolve the issue with the reporting firm.

While IPA does everything possible to ensure accuracy, the participating firms bear the ultimate responsibility for providing accurate data.

Throughout this report, all data tables are presented in firm net revenue bands, geographic regions, and unique to IPA, the Best of the Best firm data. IPA does not provide data on any individual firm.
Dear Readers,

The IPA team extends our gratitude to the 587 accounting firms that participated in the 28th annual IPA Survey and Analysis of Firms.

Maintaining confidentiality is a responsibility that IPA takes seriously. That uncompromising commitment is the foundation of our business, and we appreciate the trust that hundreds of firms have placed in our company to gather data and present it in this report.

Consider IPA as a resource as you review benchmarking and performance improvement opportunities. Invite IPA, by webinar or in person, to make a customized presentation at your next partner retreat. IPA can delve deeper into the trends and provide detailed information on specific areas of interest.

We look forward to continuing to serve you and the profession, and with your feedback and suggestions, we strive to improve this report every year. Feel free to contact us.

Contact survey@plattgroupllc.com to see how the lessons learned from hundreds of firms can be used to improve performance at your firm.

Mike Platt, Kelly Platt and the INSIDE Public Accounting Team

Chelsea Summers

Chris Camara
FIRM PARTICIPATION SUMMARY

The population of firms that participated in the 2017 IPA Annual Survey and Analysis of Firms includes the following breakouts by revenue bands and regional data.

### Firm Size in Net Revenue

<table>
<thead>
<tr>
<th>Firm Size in Net Revenue</th>
<th>No. of Participating Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Non-Big 4</td>
<td>559</td>
</tr>
<tr>
<td>&gt;$75 Million</td>
<td>51</td>
</tr>
<tr>
<td>$50-$75 Million</td>
<td>22</td>
</tr>
<tr>
<td>$30-$50 Million</td>
<td>36</td>
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<tr>
<td>$20-$30 Million</td>
<td>66</td>
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<tr>
<td>$15-$20 Million</td>
<td>54</td>
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<tr>
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<td>92</td>
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<tr>
<td>$5-$10 Million</td>
<td>130</td>
</tr>
<tr>
<td>$3-$5 Million</td>
<td>76</td>
</tr>
<tr>
<td>&lt; $3 Million</td>
<td>32</td>
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</table>

### Regional Participation

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of Participating Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast</td>
<td>143</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>91</td>
</tr>
<tr>
<td>Northeast</td>
<td>114</td>
</tr>
<tr>
<td>Great Plains</td>
<td>87</td>
</tr>
<tr>
<td>West</td>
<td>124</td>
</tr>
</tbody>
</table>

IPA provides benchmarking survey services to international accounting firm associations, and collects data from international firms as well. Thirty additional firms from Mexico and Europe participated in the IPA Annual Survey and Analysis of Firms survey, but their results are not included in this report.
FORWARD. SIDEWAYS. BACKWARDS. FORWARD...

...That was the story of many of the nation’s accounting firms as leaders redouble efforts to implement growth strategies to gain traction in an increasingly hard-to-predict environment. For some, plotting out their success on a graph looks more like the Texas Two-Step than the consistent upward trajectory that many have experienced previously.

Average revenue per FTE, one of the best measurements of solid forward movement, was down about 2% for firms above $30 million, up just by 1% for firms under $30 million, leading to a nationwide non-Big 4 average of $179,437 - up just $140 over last year.

Average revenue per charge hour - another of the key measurements of forward momentum flatlined, losing $0.16 to an average of $158.95 this year. The biggest gains were seen in the $10-$15 million group (2.0%) and the above $75 million group (1.9%) despite billing rate increases of 3-4% in 2016.

FY 2016 saw a welcome shift as professional staff turnover decreased on average across all firms - down to 12.4% nationwide. That is no consolation for some firms, though, that continue to experience staff turnover above 20% - and in some cases above 30%.

Average profit margins took a hit in almost every revenue band, with the nationwide average dropping below 30% for the first time this decade to 29.1% for all firms.

So, what does success look like for firms today? Partners want to ensure that the lifestyle they have been accustomed to for many years can be maintained. Leaders want to ensure that their firms are positioned for the future, which means significant investments in technology and people to stay relevant. Younger staff want to ensure a healthier work-life balance and are challenging the thinking of the business model that demands the work hours the current generation of leadership
has depended on. Clients want more help in growing their businesses, side-stepping growing threats and dealing with their own succession issues.

Consider the forces shaping accounting firms: disruption, innovation, expansion, consolidation and many more. Firm leaders must re-position and re-shape their firms to ensure success, however they define it.

THE 2017 IPA 100: IS THE GLASS HALF FULL OR HALF EMPTY?

The glass-half-full view of the 2017 IPA 100 is that many owners gave up potential profits to invest in the future, through new infrastructure, people and technology. While the profits reaped in the stronger years following the recession (FY2012-FY2015) contributed to a healthy growth in net income for equity owners of America’s 100 largest firms, 2016 was a year to hire new talent and refocus partners on improving their skills in management, client service, business development and mentoring.

The glass-half-empty view is that personnel costs continue to outpace billing rate increases and organic growth is harder to achieve for all participating firms, but more noticeably for the smaller IPA 100.

Equity partners are making up an increasingly smaller percentage of total partners, as the ranks of non-equity partners continue to grow.

Net revenue per charge hour is up an anemic $1.62 - less than 1% growth from 2016 - while revenue per FTE is down a quarter of a percentage point to an average of $199,082 for the IPA 100.
With average leverage in the IPA 100 at a record high of 10.9 professionals per equity partner, personnel costs continue to rise as a percentage of total revenue. Personnel costs, excluding equity partners, now account for 49.3 cents of every dollar of revenue earned.

Average billing rate increases are 4% to 4.5%, while salary increases are 6% to 7% on average. That imbalance comes at a time when organic growth seems more difficult to come by, as some firms undercut the competition with below-market fees in many markets.

Traditional profit margins (net income as a percentage of net revenue) dropped to an average of 26.2% for the IPA 100 – the lowest since IPA began tracking this metric 26 years ago. Despite the aggregate view, some firms are defying the trends, scoring double-digit organic growth and pushing net income per partner to new heights.

In addition to the challenges already faced by the IPA 100 and all other firms, the coming wave of artificial intelligence, machine learning, blockchain technology and Big Data is advancing faster than anyone would have predicted even three years ago, and will be transformational. As AICPA President Barry Melancon said, “You won’t recognize this profession in 10 years.”

THE FACE OF THE PROFESSION

Baby Boomers continue their march toward retirement, making way for the Millennial generation and Generation Z behind them. Boomers accounted for 1 in 6 staff in the largest firms, and 1 in 4 staff in the smallest participating firms. Millennials, the oldest of whom are roughly 35 years old, make up approximately 45% of the staff of the large firms, and less than one-third of the smaller firms.

On average, female staff continue to outnumber males in every sized firm except for the $50 million to $75 million firms. But their place as equity owners has not grown considerably, despite focused efforts of firms, state societies, associations, the AICPA and other organizations.
While individual firms have made great strides in this area, results have changed only marginally. In the largest firms, on average, 1 in 6 owners are female, which is not significantly different from a decade ago. In firms under $10 million, women account for 1 in 4 equity owners.

Two-thirds of the firms over $30 million report that they have a Diversity Recruiting plan in place, which is down from 2013, when IPA first began tracking this specific data.

Firms will continue to be challenged to look more like the communities they serve in both diversity of staff as well as diversity of leadership. Attracting, recruiting and retaining professionals from different ethnicities, cultures, sexual orientations and religions will bring a diversity of ideas to complex issues. Firms of all sizes will need to expose minority groups - at much younger ages - to career opportunities within the profession.

**FIRMWIDE DEMOGRAPHICS**

**PERCENTAGE OF STAFF BY AGE**

<table>
<thead>
<tr>
<th>FIRM SIZE (Net Revenue)</th>
<th>Under 30</th>
<th>30-39</th>
<th>40-49</th>
<th>50-54</th>
<th>55-59</th>
<th>60 and older</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Non-Big 4</td>
<td>28%</td>
<td>26%</td>
<td>18%</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>&gt;$75 Million</td>
<td>32%</td>
<td>27%</td>
<td>17%</td>
<td>8%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>$50-$75 Million</td>
<td>31%</td>
<td>25%</td>
<td>18%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>$30-$50 Million</td>
<td>29%</td>
<td>27%</td>
<td>18%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
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<tr>
<td>$20-$30 Million</td>
<td>32%</td>
<td>27%</td>
<td>17%</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
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<tr>
<td>$15-$20 Million</td>
<td>28%</td>
<td>25%</td>
<td>19%</td>
<td>8%</td>
<td>8%</td>
<td>11%</td>
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<tr>
<td>$10-$15 Million</td>
<td>27%</td>
<td>27%</td>
<td>18%</td>
<td>9%</td>
<td>8%</td>
<td>12%</td>
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<tr>
<td>$5-$10 Million</td>
<td>26%</td>
<td>25%</td>
<td>16%</td>
<td>10%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>$2-$5 Million</td>
<td>15%</td>
<td>25%</td>
<td>25%</td>
<td>10%</td>
<td>15%</td>
<td>10%</td>
</tr>
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</table>
2016-17 HIGHLIGHTS

Top-line revenue organic growth fell this year to 5.3% and all growth fell to 7.0% down from 2016 levels of 6.3% and 8.3% respectively.

Firms above $50 million reported organic net revenue growth averaging 7.0%, down from 8.0% in 2016. When including effects of mergers, these firms averaged 10.5% growth, an increase from last year’s 9.6% all growth rate.

Revenue per charge hour for firms above $75 million grew by $3.59 to $188.31 this year. While representing an increase of just 1.9%, it is nevertheless the largest jump of all revenue bands. Across all firms, revenue per hour dropped by

<table>
<thead>
<tr>
<th>FIRM SIZE (Net Revenue)</th>
<th>Firmwide Percentage Male</th>
<th>Firmwide Percentage Female</th>
<th>Percentage Male Equity Partners</th>
<th>Percentage Female Equity Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Non-Big 4</td>
<td>45%</td>
<td>55%</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>&gt;$75 Million</td>
<td>48%</td>
<td>52%</td>
<td>84%</td>
<td>16%</td>
</tr>
<tr>
<td>$50-$75 Million</td>
<td>51%</td>
<td>49%</td>
<td>85%</td>
<td>15%</td>
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<td>$30-$50 Million</td>
<td>50%</td>
<td>50%</td>
<td>88%</td>
<td>12%</td>
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<td>$20-$30 Million</td>
<td>45%</td>
<td>55%</td>
<td>79%</td>
<td>21%</td>
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<td>45%</td>
<td>55%</td>
<td>81%</td>
<td>19%</td>
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<td>46%</td>
<td>54%</td>
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<td>40%</td>
<td>60%</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>$2-$5 Million</td>
<td>36%</td>
<td>64%</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>
16 cents to $158.95. Regional averages in the Northeast, Great Lakes and Great Plains dropped by 1%, while the Southeast and West reported an increase of 1%.

Billing rates inched up for equity partners this year by 1.4% to an average of $345 for all firms. The largest increase was seen in the Northeast at 3.2%, averaging $359 per hour. The rates in the West remained flat at $370.

Across all firms, revenue per FTE (including partners, professional staff and administrative staff) flat-lined this year, up an anemic $140 to $179,437 from 2016. Every revenue band above $30 million experienced a decrease in revenue per FTE, down on average $2,100 to $197,829.

Merger activity remains strong, with 50% of firms above $50 million reporting at least one merger last year. Across all firms, 19% reported at least one merger, with the most merger activity in the Great Lakes region, with 30% of all participating firms acquiring at least one firm last year.

Net income growth averages slowed slightly - to 5.2% from 7.8% in the 2016. Factoring in the effects of mergers, the all growth rate slowed to 6.4%, down from 9.1% in 2016.

Firms above $50 million reported organic net income growth of 5.8% on average this year, down from 8.1% in 2016. These larger firms reported 7.1% growth including mergers, again down from the 2016 number of 9.7%.

The average equity partner compensation for all firms is 2.2 times the average non-equity partner compensation.

The highest-paid equity partner in firms above $75 million earn on average 8.2 times that of the lowest-paid equity partner, up from 8.1 in 2016. For firms between $50 million and $75 million, the ratio of highest-to-lowest is up from 5.4 in 2016 to 5.7 this year.
PROFIT

Traditional profit margins (net income as a percentage of net revenue) are down across every revenue band and region, with the national average now at 29.1%, down from 30.1% in 2016.

Firms in the $30 million to $50 million revenue band experienced the most pressure on profitability, which now averages 24.9%, down from 26.6% in 2016. This decline translates to an average net income per charge hour of $47.60, down $1. For firms above $75 million, this metric inches up to $50.83. For firms between $30 million and $75 million, average net income per charge hour is down $2.60 to $46.23.

Average charge hours per professional (excluding equity partners) are down for all revenue bands above $15 million. Firms of more than $75 million report a decrease on average of 50 hours below 2016 levels. The revenue bands below $15 million saw a moderate increase in charge hours per professional.

Cash collections are improving for firms under $50 million, with accounts receivable (A/R) as a percentage of net revenue at 15.1%, slightly down from 15.5% for the same group in 2016. Firms above $50 million were affected more negatively, with A/R inching up from 13.5% to 13.9%. That small increase equates to an additional $200,000 in A/R for a $50 million firm.

Cash collections improved on most overdue debts, with the percentage of A/R over 90 days dropping in every region, with a national average of 27.9%.

Retirement obligations increased to 2.1% of total net revenue (up from 1.9% in 2014) and moved from 1.6% to 1.8% for the above $75 million firms.

Personnel costs as a percentage of net revenue continue climbing to an average of 49.3% for firms above $30 million. That same group was at 48.7% last year. All firms now average 47.0% of revenue, up from 46.6% last year.
Annual staff merit increases ranged from 5% to 7% on average, across all revenue bands and professional staff positions. Billing rate increases, however, were in the 4.0% to 4.5% range.

**REVENUE**

Organic revenue growth fell this year to 5.3% and all growth fell to 7.0% down from 2016 levels of 6.3% and 8.3% respectively.

Sixty-two percent of responding firms indicate no revenue from something other than charge hours.

Firms below $50 million collectively report total net revenue of $191 million from something other than charge hours. Total revenue for this group is $6.4 billion.

Firms with more than 65% of revenue coming from audit services report net revenue per charge hour of $133.23 and revenue per FTE of $158,490.

Firms with more than 65% of revenue coming from tax services report net revenue per charge hour of $180.87 and revenue per FTE of $199,497.

Firms reporting more than 65% of net revenue generated from all other, non-traditional services report revenue per charge hour of $204.32 with revenue per FTE at $229,937.

Of all participating firms, 6.3% report organic net revenue growth above 15%.

Of all firms, 15.3% report a decrease in organic net revenue, with three-quarters of these firms in the under $15 million revenue band.

Firms above $50 million averaged organic net revenue growth of 6.92%. That number rises to 9.65% when factoring in mergers, an additional increase of 2.73%.
Those firms between $20 million to $50 million averaged organic net revenue growth of 6.70% and 8.83% factoring in mergers, representing an increase of 2.13%.

**Firms under $20 million** report average organic net revenue growth of 4.54%, which increases to 5.85% with mergers, or a 1.31% increase.

One in 11 firms, 8.9%, report net revenue per equity partner above $3 million, down slightly from 2016, at 9.2%. Fifty-percent of these firms with revenue per partner above $3 million come from firms below the $25 million revenue band.

**PARTNERSHIP**

Average charge hours per equity partner remain steady at 1,056, up just four hours from 1,052 in 2016.

Equity partner compensation is up an average of $10,000, or 2.1%, to $456,043.

One in 11 firms, 8.9%, report revenue per equity partner above $3 million, down slightly from 2016, at 9.2%. Fifty-percent of these firms with revenue per partner above $3 million come from firms below the $25 million revenue band.

**Staff leverage** (professionals per equity partner) has risen steadily in the largest firms since the recession almost a decade ago. The average for firms above $30 million is 10.8 professionals per equity partner, up from 10.6 last year.

Sixty-nine percent of firms indicated that they have non-equity partners among their professional staff. That number continues to rise from 57% in 2010. The Northeast region reported the highest percentage of firms having non-equity partners at 75%. By comparison, 57% of firms in the Great Plains employ non-equity partners.
In the largest firms, those above $50 million, non-equity partners make up 30% of the partner group. In firms below $5 million, non-equity partners make up 13%.

Of all equity partners admitted last year, an average of 26% were lateral hires, down from 35% in 2016.

The percentage of female ownership this reporting year is at 18.9%, up from 17.5% in 2016. Among firms above $50 million, the average is 15.9%, up a small percentage from 15.7% last year.

In 2012, the average age of equity partners ranged from 51 to 53 years, depending on firm size. Despite Baby Boomer retirements, this year the average age is 53, with the spread inching higher from 51.5 to 54.5 years for different revenue bands.

The average age of managing partners remains steady at 56.2 years, roughly where it has been for many years. Among the IPA 100 firms, that number is 57.6 years.

The percentage of all firms reporting they have no written succession plan in place, remains at 59%.

Sixty-three percent of firms over $50 million reported retiring equity partners last year, up from 60% in 2016.

Retirement obligations increased to 2.1% of total net revenue (up from 1.9% in 2014) and moved from 1.6% to 1.8% for the above $75 million firms.

Of the more than 10,000 equity partners reported by participating firms, 207, or just 2%, work a part-time or alternative schedule.

The percentage of all firms indicating the path to (equity) partnership is 10 years or less is at 14.7% this year. At firms above $75 million, the percentage is 9.1%.
STAFFING

**Personnel costs** as a percentage of net revenue continue climbing to an average of 49.3% for firms above $30 million. That same group was at 48.7% last year. All firms now average 47.0% of revenue, up from 46.6% last year.

**Annual staff merit increases** ranged from 5% to 7% on average, across all revenue bands and professional staff positions. Billing rate increases, however, were in the 4.0% to 4.5% range.

Professional **staff turnover declined** this year, to 12.4% nationwide from 13.9% for the 2016 reporting year.

For every professional **staff member terminated**, 3.2 left voluntarily.

Professional staff have an average **tenure of 6.6 years**, about 100 days longer than in 2016, and roughly one year longer than a decade ago. Over the last decade, the tenure of professional staff employed at the largest firms, those over $75 million, trailed the all-firm average by as little as six months in 2007 to as much as 1.4 years in 2011. At that time, the average tenure was 4.5 years for professional staff at firm of over $75 million.

The average percentage of total **professional staff with a CPA license** is slowly inching downward, as the possibilities for non-CPA professionals expand due to more non-traditional services. Across all firms, CPAs now make up an average of 57.9% of all professional staff, including all partners. This number has dipped below the 50% mark, to 48.0%, for firms of $50 million to $75 million. In 2016, the average was 52.9%.

**Average charge hours per professional** (excluding equity partners) are down for all revenue bands above $15 million. Firms of more than $75 million report a decrease on average of 50 hours below 2016 levels. The revenue bands below $15 million saw a moderate increase in charge hours per professional.
The ratio of professionals per administrative staff continues to grow. Nationally, the number is now at 5.64 professionals for every one administrative staff person, up each year from 5.0 in 2011.

Staff leverage (professionals per equity partner) has risen steadily in the largest firms since the recession almost a decade ago. The average for firms above $30 million is 10.8 professionals per equity partner, up from 10.6 last year.

The percentage of all firms indicating the path to (equity) partnership is 10 years or less is at 14.7% this year. At firms above $75 million, the percentage is 9.1%.

Formal training for emerging leaders is up in every revenue band for firms above $5 million, now in use by 59% of firms, compared to 56% of firms in 2016.

COMPENSATION

Equity partner compensation is up an average of $10,000, or 2.1%, to $456,043 as a national average.

The additional compensation that managing partners receive to manage the firm ranges from 12% higher than all equity partner compensation in firms under $3 million, to 51% higher in the $30 million to $50 million firms. At the larger firms, the difference between managing partner compensation and average equity partner compensation rises to 131% more, and jumps to 182% in the above $75 million firms.

The additional dollars for the managing partner is greatest in the Northeast, at 64% above average equity partner compensation, and is lowest in the Great Lakes, at just 37%.

The highest-paid to lowest-paid equity partner ratio for all firms has climbed to 3-to-1 for the first time in five years.
Forty-three percent of firms in the $20 million to $50 million band indicate that the managing partner is the highest-paid equity partner. All other revenue bands are above 50%, with 70% of firms over $75 million indicating that the MP is the highest-paid partner.

Non-equity partners average $206,703, up a mere 1%.

Professional staff compensation now averages $79,125, up 3.5% over 2016’s average of $76,415.

The 0- to 2-year experienced staff in the largest firms, above $75 million, now average $60,000 for the first time. Across all revenue bands, this group averages $53,739.

Open compensation systems are used in the majority of firms below $15 million. Firms in the $15 million to $20 million revenue band are evenly split between open and closed systems. Firms above $20 million favor closed systems, with a full 86% of firms above $75 million indicating a closed compensation system.

**FIRM GOVERNANCE**

Firms utilize different governance tools, based on their size and complexity.

But if you are running a $15 million firm and want to grow to $30 million, why wait until you get there to use some of these tools? The following graph highlights the top 10 governance tools in order of the largest differential between percentage use at the largest firms and percentage use at the smaller firms.
Firm Governance Tools
Source: INSIDE Public Accounting

![Bar chart showing the distribution of firm governance tools across different revenue categories.]

- Written Partner Performance Reviews
- Formal Marketing Plan
- Formal Training Program - Current Partners
- Formal Training Program - Emerging Leaders
- Diversity Recruiting Plan
- Department Strategic Plan
- Formal Requirements to Become Non-Equity Partner
- Formal Training Program - All Professional Staff
- Written Succession Plan
- Formal Requirements to Become Equity Partner

- Revenue Categories:
  - > $50M
  - $30 - 50M
  - $20 - 30M
  - $10 - 20M
  - $5 - 10M
  - < $5M
REGIONAL DATA

The following data is compiled from the 2017 IPA 100 firms, highlighting growth, turnover and compensation across the United States.

**WEST**
- Organic Revenue Growth: 9.4%
- Revenue per Employee: $215,306
- Organic Income Growth: 8.2%
- Professional Staff Turnover: 17.3%
- 0-2 Years’ Experience Comp: $62,234
- Average Professional Staff Comp: $95,154

**GREAT LAKES**
- Organic Revenue Growth: 5.0%
- Revenue per Employee: $189,228
- Organic Income Growth: 5.0%
- Professional Staff Turnover: 15.7%
- 0-2 Years’ Experience Comp: $57,960
- Average Professional Staff Comp: $75,167

**NORTHEAST**
- Organic Revenue Growth: 7.4%
- Revenue per Employee: $218,649
- Organic Income Growth: 4.7%
- Professional Staff Turnover: 14.9%
- 0-2 Years’ Experience Comp: $60,186
- Average Professional Staff Comp: $95,644

**GREAT PLAINS**
- Organic Revenue Growth: 4.9%
- Revenue per Employee: $181,245
- Organic Income Growth: 4.3%
- Professional Staff Turnover: 14.7%
- 0-2 Years’ Experience Comp: $53,742
- Average Professional Staff Comp: $73,160

**SOUTHEAST**
- Organic Revenue Growth: 6.9%
- Revenue per Employee: $185,963
- Organic Income Growth: 3.0%
- Professional Staff Turnover: 14.9%
- 0-2 Years’ Experience Comp: $60,186
- Average Professional Staff Comp: $87,231
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The Platt Group/INSIDE Public Accounting provides firm leaders with innovative concepts to improve their firms.

The Platt Group publishes two award-winning publications: the subscription-based INSIDE Public Accounting newsletter and the annual IPA Benchmarking Report. These tools, along with other benchmarking tools, assist leaders in shaping their firms towards being not only more efficient, growth-minded and profitable, but also forward-looking, innovative and attractive to a new generation of professionals.

The Platt Group is dedicated to helping firm leaders, and their firms, achieve their ultimate potential. Whether they are researching the latest trends, benchmarking the leading firms, or working with leaders to share and garner knowledge, we are always looking for ways to help.

Kelly Platt and Mike Platt
Principals, The Platt Group / INSIDE Public Accounting

“I have subscribed to INSIDE Public Accounting for more than 10 years. They are one of the best sources for breaking industry news, articles, practice management analysis and best practices within the profession. All firm leaders should consider IPA as a trusted advisor in the industry.”

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Katz Sapper & Miller
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For close to four decades, firm leaders have entrusted IPA with their firms’ financial and operational data to compile one of the longest-running, most comprehensive benchmarking studies within the profession. More than 575 accounting firms participate annually in IPA's benchmarking survey, which benchmarks firms ranging in size from more than $1 billion to $1 million across North America.

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d) A complimentary copy of the August issue of the award-winning INSIDE Public Accounting newsletter. This issue highlights the annual IPA 100 firm rankings, along with a detailed financial and operational analysis of the rankings.
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