

CAS Growth Accelerates


CAS Benchmark Survey

Findings from the CPA.com & AICPA PCPS
Client Advisory Services Survey Data



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High-growth.
Profitable.
In demand.
Difference-making
for clients.

The CAS Benchmark Survey findings show that Client Advisory Services practices are thriving and making an impact for their clients.

The AICPA and CPA.com define Client Advisory Services, or CAS, as a practice where firms advise clients across a spectrum of financial and accounting related decisions, with the goal to deliver higher value and deepen the trusted advisor relationship. CAS practices leverage technology and processes to provide timely updates and deeper business insights to their clients. Supported by underlying outsourced accounting services including bookkeeping and financial statement preparation, CAS services range from business process outsourcing (e.g., bill pay/expense management, payroll, etc.) to virtual, outsourced controller or CFO services, including business forecasting and modeling for clients.

This study seeks to:

- Help CAS practice leaders standardize their measures to permit peer-to-peer benchmarking so they can identify potential changes that will hone their performance.
- Bring consistency to CAS across the profession by creating an agreed-upon means of comparison between practices.

This survey summary offers best practice suggestions to help CAS practices grow and thrive. And, because the study of CAS benchmarks is still in its infancy, this summary serves to elicit inputs and suggestions that will make the data more relevant and valuable to CAS practice leaders and other stakeholders in future survey years.

"Client Advisory Services have become an increasingly strategic component of CPA firms' offerings, and this was never more clear than during the pandemic. Looking forward, we see new opportunities in business forecasting, business funding and other categories that will drive growth and provide greater value for clients."

Erik Asgeirsson,
President and CEO, CPA.com

Key Findings

Survey highlights include:

CAS practices reported a **median growth rate of 20%** – nearly twice the rate reported in 2018 – and significantly outgrew other accounting firm practice areas.

See more in the section titled [Practice Development and Growth](#).

Practices experienced solid profits with **results that are considerably higher** than those reported by other CPA industry benchmark surveys* for all firm services.

See more in the section titled [Financial Information](#).

CAS practices continued to lead by delivering **high-growth advisory services** to clients.

See more in the section titled [Organization Information](#).

To align with evolving market demands, CAS practices continued the intentional **move toward fixed fee and value billing** methods.

See more in the section titled [Financial Information](#).

CAS turnover increased slightly, from a median of 5% to 7%, an indication of an increasingly tight talent pipeline and competition for accounting professionals. At the same time, **CAS staffing matured** with more respondents using dedicated staff and making increased investments in the training and development of team members.

See more in the section titled [Staffing and Staffing Practices](#).

An overwhelming majority of CAS practices (79% of all respondents) **limited the number of general ledger programs** they use with clients, a best practice that leads to increased efficiency and capacity to serve more clients.

See more in the section titled [Technology](#).

CAS remained in demand despite the pandemic, supporting clients with **innovative new services** and even growing in the resulting crisis.

See more in the section titled [Opportunity in Crisis - The Impact of COVID-19](#).

CAS Practices made a **difference for clients** during the pandemic. 96 percent of respondents helped clients apply for forgivable loans through the Small Business Association's (SBA) Payroll Protection Program (PPP), Coronavirus Aid, Relief, and Economic Security Act (CARES) and other relief.

See more in the section titled [Opportunity in Crisis - The Impact of COVID-19](#).

* Other CPA firm benchmark surveys are an average of results from two commonly referenced surveys in the accounting profession: The 2020 Inside Public Accounting (IPA) results for Best of the Best firms and the 2020 Rosenberg Survey results for firms from \$2M in Net Fees to Over \$20M in Net Fees

Methodology

The CAS Benchmark Survey was fielded in August of 2020 and CAS practices across the United States were encouraged to participate. The survey closed in December 2020 with registration from over 250 firms, but complete data was only submitted by 111 CAS practices. These are noted throughout the survey as “**All Respondents**.” Top Performing CAS practices, marked in this report as “**Top Performers**,” were defined as CAS practices with the highest **Net Client Fees per Professional (NCFPP)**. See more about the Top Performer designation below.

The CAS Benchmark Survey results are reported as medians** and broken into segments by the size of the CAS practice, ranging from CAS practices with less than \$250,000 in annual net client fees to those with \$4 million or more. Responses reflect practices’ fiscal year 2019 financial results.

** The median value represents the middle value in a data range (not the average). Median values help to prevent unusually large or small data points (outliers) from skewing results.

Top Performer Comparison

In this survey, 25 CAS practices have been identified as Top Performers. Net Client Fees per Professional (NCFPP) was used as the measure to identify Top Performing CAS practices.

$$\begin{aligned} &\textbf{Net Client Fees per Professional (NCFPP) =} \\ &\textbf{Net Client Fees or Net Revenue} \\ &\div \textbf{FTE of Professional Staff including Equity Partners} \end{aligned}$$

In the inaugural CAS benchmark survey in 2018, Net Client Fees per Professional (NCFPP) was chosen as a measure to identify Top Performers. The concept is that the more revenue placed in the hands of each client-facing professional, the more leverage applied and the more profits a practice will earn. NCFPP was chosen as the identifying measure after the 2018 margin data skewed far above expectations and was deemed unreliable. Privacy policies in place for 2018 CAS Benchmark Survey prevented participant outreach to address data discrepancies, something that was addressed in this latest CAS Benchmark Survey.

Initially, the CAS Benchmark Survey margin data also presented some anomalies. CPA.com was able to reach out to respondents regarding their data discrepancies, resulting in more data validation, due to some practices returning to the platform to correct their input. As a result, the CAS Benchmark Survey margin data is more within the expected range, and that data is included in this summary in various places.

To ensure firm and practice leaders can use this summary to compare CAS practice performance trends over time, Top Performing CAS practices are still identified as the top 25% of CAS practices based on Net Client Fees per Professional (NCFPP) data. While not every CAS practice is striving to be a “Top Performer,” the benchmarks for Top Performers can be useful to understand the strategies of these leveraged CAS practices.

A side-by-side comparative chart on the next pages illustrates some differences in both approach and results between the 111 CAS practice respondents, 98 of whom provided NCFPP for their practices and the 25 who represent the Top Performers in the survey.

Top Performers Designated by Net Client Fees per Professional - Side-by-Side Comparison

	Benchmark Attribute	2020 Median Top Performers	2020 Median All Respondents	2018 Median Top Performers	2018 Median All Respondents
Organization	Number of Firm Respondents in This Category	25 of 98 firms that supplied NCFPP	111	23 of 90 firms that supplied NCFPP	119
	Percent of CAS Services That Are Outsourced Accounting & Advisory (vs. Bookkeeping/Writeup)	75%	70%	NEW QUESTION IN 2020	
	Support No More Than Three G/L Software Programs	88%	79%	NEW QUESTION IN 2020	
Financial	Net Client Fees (NCF) for Overall CAS Practice	\$2,280,000	\$1,123,257	\$1,625,000	\$895,000
	Net Client Fees per Professional	\$185,000	\$112,293	\$180,000	\$94,118
	Total CAS Clients Served	115	68	125	75
	CAS NCF per Client	\$20,000	\$13,636	\$15,530	\$8,778
	CAS Margin	47%	34%	N/A	N/A
	Realization	83%	82%	78%	80%
	Realized Rate per Hour for CAS Employees	\$142	\$89	\$130	\$82
	Require Deposits or Retainers on Some, Most or All CAS Services	76%	66%	NEW QUESTION IN 2020	
Growth	CAS Growth Rate	14%	20%	10%	12%
	Projected CAS Growth Rate	15%	16%	10%	15%
	CAS Pipeline Indicates Growth	79%	70%	60%	61%
Staffing	CAS Staff 100% Dedicated to CAS Services Only / Org Provides CAS Services Only	56%	43%	39%	22%
	Equity Partner Leverage	15	13	19	13
	Average Total Billable Hours per FTE (Includes Equity Partners)	1,441	1,380	1,422	1,328
	Average Total Hours per FTE	2,131	2,074	2,108	2,080
	Average CPE and Training Hours per FTE	44	37	28	27
	Move to Remote Went Well, Expect More People Working Remotely Going Forward	75%	59%	NEW QUESTION IN 2020	

CAS Organization Information

Gathering proactive benchmark data from CAS practice leaders proved difficult during the 2020 reactive pandemic year: and the **CAS Benchmark Survey closed with 111 complete responses, eight fewer than in 2018.**

While only 98 of 111 respondents of this year's survey provided enough financial data to have their results included in the summary, **the final data set may be more robust than in 2018.** In this latest CAS Benchmark Survey, 98 respondents provided data to calculate Net Client Fees per Professional (NCFPP), a criterion for identifying a CAS practice as a Top Performer. This is up from 90 respondents providing corresponding NCFPP data in the 2018 CAS Benchmark Survey.

For the CAS Benchmark Survey population, considering **All Respondents** and **Top Performers**, the attributes of a CAS practice include:

- 81% noted their CAS practice is part of a CPA firm, compared to 76% in 2018
 - ▶ **88% for Top Performers**
 - ▶ In most cases, the larger the CAS practice, the more likely they are part of a CPA firm
 - ▶ The top three benefits to being part of a CPA firm noted by All Respondents were:
 - Access to qualified leads – 85%
 - Operational support (including IT, marketing, HR, and other) – 84%
 - Financial strength and shared organizational brand – a tie with 81% each
- 79% limited the G/L accounting software programs they use with clients to three or fewer
 - ▶ **88% for Top Performers**
- 77% used workflow tools to track and route CAS engagements
 - ▶ **87% for Top Performers**
- 70% of the respondents' total CAS offerings were outsourced accounting and advisory solutions versus bookkeeping services, an encouraging finding as the "true CAS" movement takes root
 - ▶ **75% for Top Performers**
- 66% used dashboards and alerts to deliver or enhance their CAS practice
 - ▶ **78% for Top Performers**
- 58% grew their practices organically, providing services to existing firm clients
 - ▶ **68% for Top Performers**
- 57% processed payroll for clients using a cloud-based platform
 - ▶ **60% for Top Performers**
- 55% referred to their practice as "CAS" versus 45% in 2018, deepening market awareness of this practice offering
 - ▶ **44% for Top Performers**
- 17% grew their CAS practice by transforming a traditional bookkeeping practice, as compared to 24% in 2018
 - ▶ **16% for Top Performers**
- 1% grew their CAS practices through acquisition
 - ▶ **None of the Top Performers grew by acquisition**



Top Names for CAS Practices:

- CAS [Client Accounting & Advisory Services]
- OAS [Outsourced Accounting Services]
- BPO [Business Process Outsourcing]
- Finance & Accounting Solutions
- Managed Accounting & Advisory Services
- Other branded practice name

Service Offerings

In addition to CAS, survey participant firms offered the following services:

- 90% of All Respondents offered tax services
 - ▶ **96% for Top Performers**
- 74% offered audit services
 - ▶ **88% for Top Performers**
- 38% offered wealth management services
 - ▶ **48% for Top Performers**

The **Top Five CAS Offerings offered by All Respondents** in this edition of the CAS Benchmark Survey are:

1. Financial statement preparation (96%)
2. CFO/Controller Advisory services (92%)
3. Accounts Payable (90%)
4. Forecasting/budgeting (89%)
5. 1099 Creation and Filing (89%)

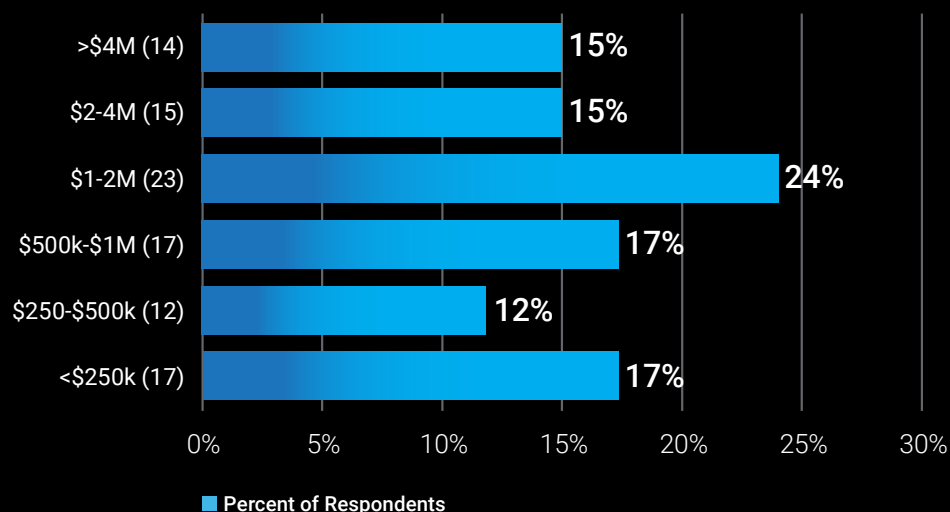
The Top Performer data was similar to the All Respondent data reported here. At a time when the profession is looking to deepen its trusted advisor role with clients, CAS practices led the way with high-growth advisory services that address the needs of the market.

High-Growth Advisory Services Offered in CAS Practices

In terms of CAS practice size, the survey data is organized in data bands based on CAS practices' Net Client Fees (NCF).

Service	2020 Median Top Performers	2020 Median All Respondents
Forecasting and budgeting	96%	89%
Consulting on financial planning and modeling	88%	79%
Business process design	84%	73%
Internal control consulting	76%	63%
Temporary staffing of accountants	68%	58%
Accounting staff recruiting	36%	19%

Participating CAS Practices by Net Client Fees



Financial Information

The CAS survey included financial questions to garner insights about CAS practice performance. Out of the 111 CAS practices participating in this survey, 98 provided financial data.

Financial Performance Data Based on CAS Practice Size and Net Client Fees (NCF)

Survey respondents represented a variety of CAS practice sizes. The following table provides an overview of some of the 2020 financial performance data, based on CAS practice size in revenues:

Size of CAS Practice	Number of Respondents	Median Net Client Fees (NCF) from CAS	Median # of CAS Clients Served	Median Net Client Fees (NCF) per Client	Median Net Client Fees per Professional (NCFPP)
>\$4 million	14	\$8,150,000	613	\$14,124	\$160,189
\$2 million - \$4 million	15	\$2,756,328	200	\$12,750	\$153,129
\$1 million - \$2 million	23	\$1,300,899	50	\$24,133	\$144,000
\$500,000 - \$1 million	17	\$699,621	61	\$11,348	\$106,286
\$250 - \$500,000	12	\$409,048	25	\$18,062	\$85,132
<\$250,000	17	\$98,750	8	\$6,000	\$39,444

The Net Client Fees per Professional (NCFPP) steadily increased based on CAS practice size yet grew at a slower rate after a CAS practice reached \$2 million. It is assumed that as a practice grows, professionals are able to manage more client work because of automation of tasks that comes from increased technological investment and the support of more administrative professionals. It seems that the benefits of those investments taper off as the practice grows beyond a certain size. Another possible explanation is that as firms grow past \$2 million, they may shift to a volume approach, chasing top-line growth and losing their discipline around best-fit client acceptance.

Promising growth was seen in the Net Client Fees per Professional benchmark. NCFPP grew by 17% for All Respondents to \$112,293 in 2020 from \$94,118 in 2018. Top Performers experienced 3% growth in the NCFPP, to \$185,000 in 2020 from \$180,000 in 2018.

However, CAS practices did not manage as much NCFPP as CPA firm practices traditionally do overall. All Respondents reported a median of \$112,293 per professional, while results reported by other 2020 CPA firm benchmark surveys** show \$239,405 in NCFPP. CAS practice leaders are encouraged to focus on strategies that increase fees per professional, outlined in the sidebar on this page.

We do not advocate an approach to emphasize and increase the number of clients per professional. Many accounting practices find themselves mired in a volume business of small-revenue clients that overwhelm the practice and its people. Instead, CAS leaders should clearly define their ideal target client by size of organization, the client's potential need for more than one service, the willingness of the ideal client to take advice from the CAS team, and billings potential. That way, CAS practices can sell to their ideal clients, producing fees that cover the investments needed to make a bigger difference.



Strategies that Increase NCFPP

- Automation and efficiency initiatives
- Pricing increases
- Boosting pricing self-esteem in CAS sellers
- Positioning of services as value-added CAS (vs. bookkeeping)
- Packaging and bundling of services
- Cross-selling additional services to existing clients

Room to Raise Fees

There are signs in the CAS Survey financial data that suggest CAS practice leaders may be underpricing their services.

First, **realized rate per hour for all levels in CAS came in LOW** when compared to other CPA firm benchmark studies across all services. That rate was especially low for All Respondents at \$89, while Top Performers had a realized rate per hour of \$142. In comparison, other 2020 CPA firm benchmark surveys* for all accounting firm services show an average realized rate per hour across all levels of \$165.

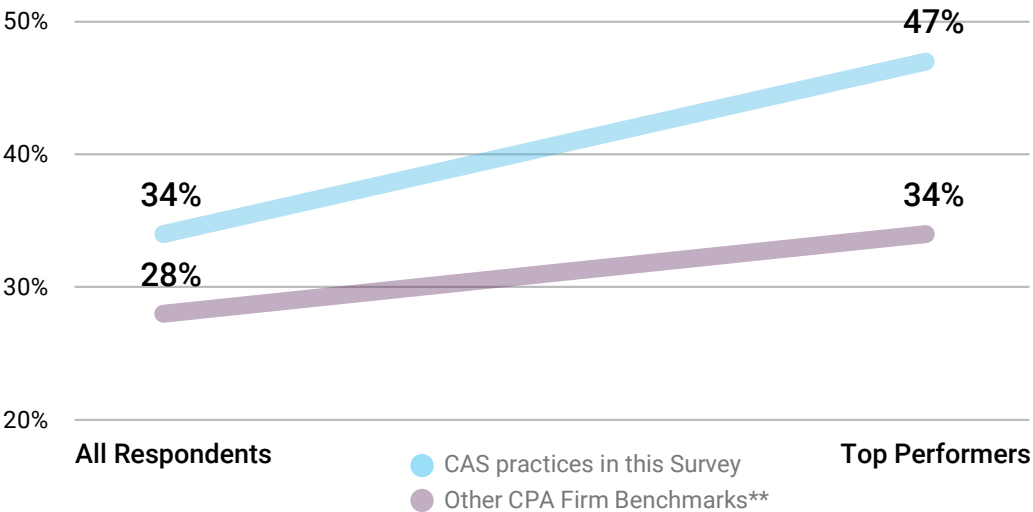
Another sign is that the **sales close rate was HIGH**, coming in at 75% for both All Respondents and Top Performers. There is a sales principle that **if you are winning “the lion’s share of your engagements,” you aren’t priced high enough**. In addition, CAS practices should be selective about finding “right-fit” clients – the ideal target client mentioned earlier. When closing such a high percentage of prospects, CAS practitioners may risk going outside their ideal target client and accepting less desirable work.

Finally, economic principles say that **in times of high demand, product and service pricing will rise**. This is definitely a time of high demand for CAS, so fees should rise. This benchmark study **shows that CAS practices are high growth, and the services are in demand and difference-making for clients**. Thus, CAS practice leaders should price work at a higher level.

Strong Profits that Exceeded Traditional Practice Areas

CAS practice profits were solid in comparison to other traditional practice areas. The margin reported for All Respondents was 34%, and 47% for Top Performers – results that are considerably higher than the 28-34% reported by other CPA industry benchmark surveys* for all firm services.

Margin Data Compared



Shifting Pricing and Billing Practices

CAS practices made a big move away from time-based billing. Data collected for this latest CAS Benchmark Survey showed a significant jump among both All Respondents and Top Performers in the use of pricing methods that are not based on time. As expected, time and materials billing was down among both groups as well.

CAS NCF by Billing or Engagement Type	2020 Median Top Performers	2020 Median All Respondents	2018 Median Top Performers	2018 Median All Respondents
Fixed or not-to-exceed fee billing	60%	60%	14%	40%
Value billing	13%	28%	10%	10%
Time and materials billing	25%	25%	60%	53%
Other	5%	5%	N/A	5%

CAS practices that shift to proactive, clearly defined pricing and packaging methodologies gain a higher level of control over revenue projections and benefit from cash receipts coming in earlier in the service delivery cycle. Clients like these pricing methodologies as well because they know what to expect and can budget for services.

Prepayments, deposits, and retainers help cover the cost of new engagements and even out cash flow. Yet more than a third (34%) of the survey population indicated they do not take deposits or retainers for engagements, a definite missed opportunity for ensuring timely payment for services and better cash flow. Top Performers were ahead of their peers in this area, with 76% securing prepayment some, most or all of the time, versus 66% of All Respondents.

Pricing and packaging are areas where CAS practices can lead the way in the profession, demonstrating to other service line leaders that offerings can be clearly outlined and scoped ahead of delivery, as well as billed in advance and/or billed on a regular monthly basis. Firms that entered the pandemic with these methodologies in place were in a stronger cash position and better poised to navigate the economic uncertainty that lay ahead.

The survey results demonstrate the importance for the profession to take meaningful strides toward a different set of service pricing and packaging methodologies. The nature of CAS, with its monthly touchpoints and regular value-added interactions, makes it a likely service line to pilot these innovative practices.

Improvement Required in Data Collection and Reporting

Of the 111 practices that submitted benchmark data, 13 did not provide financial data. Some of the financial and staffing data received was outside the data parameters expected and required confirmation or was not meaningful. As CAS practices grow, leaders will need better data management, relevant KPIs and consistent reporting to effectively run their practices and garner buy-in from firm leaders.

Finding talent across the profession has not been easy due to strong demand and low unemployment.



Staffing and Staffing Practices

Lower accounting enrollments in four-year universities and colleges, unprecedented staffing turnover in the U.S., a steady clip of baby boomer retirements, low unemployment, and high demand for CAS services form the perfect storm for staffing a CAS practice. CAS practice leaders should carefully compare their staffing practices with those of peer firms and with the Top Performers.

Recruiting to Fill the CAS Talent Pipeline

Finding talent across the profession has not been easy due to strong demand and low unemployment. CAS practice leaders used the following sources to recruit and source new talent:

Methods Used to Recruit and Source New Talent	2020 Median Top Performers	2020 Median All Respondents
Traditional online advertising	64%	60%
Social media	60%	56%
Internal recruiter	80%	55%
Campus recruiting	56%	51%
Recruiting bonus for our team member referrals	64%	48%
Headhunter	24%	22%
Fractional staffing outsourcer	4%	4%

CAS Expanded the Use of Dedicated Staff

Over half (52%) of Top Performers use dedicated staff in their CAS practices, as compared with 32% of All Respondents dedicating staff resources to CAS. CAS leaders without dedicated staff may struggle to build consistent leverage and may scramble to serve burgeoning demand. **A strong core group of CAS staff also provides continuity, engagement efficiency, and an increased quality in the level of service to clients.**

CAS Staff Allocation across Service Lines	2020 Median Top Performers	2020 Median All Respondents
CAS staff are dedicated to CAS services only	52%	32%
Some CAS staff support other service lines	44%	35%
All CAS staff support other service lines in addition to CAS	0%	21%
Organization provides CAS services only	4%	12%

Staffing Data for All Respondents and Top Performing Firms

Top Performers served clients with more CPAs, required more billable and total hours, invested more in staff training, and were more highly leveraged when compared to All Respondents. As noted in the Financial Information section of this report on page 9, it is possible that these Top Performers are employing more automation, investing in both technology and the support of administrative professionals. Supporting details are displayed in the chart below.

Benchmark Attribute	2020 Median Top Performers	2020 Median All Respondents	2018 Median Top Performers	2018 Median All Respondents
Total CAS Employees (FTEs)	10	9	10	7
Number of CPAs	4	3	3	2
Average Total Billable Hours per FTE (including Equity Partners)	1,441	1,380	1,422	1,328
Average Total Hours Worked per FTE (including Equity Partners)	2,131	2,074	2,108	2,080
Average Utilization per FTE	65%	69%	68%	66%
Average Total CPE and Training Hours	44	37	28	27
Equity Partner Leverage	15	13	19	13
CAS Employee Turnover Rate	10%	7%	8%	5%

Key Staffing Findings

The effort needed from CAS team members increased. Billable and total hours were up over 2018 for both All Respondent and Top Performer team members, with the possibility of more time needed to service the net fee growth CAS practices experienced. CAS practice leaders must look to automation, expanded hiring, non-traditional staffing and reduced administrative responsibilities to help their talent achieve the balance they desire.

CAS practices invested in talent development based on reported training hours. All Respondents took a significant leap in the 2020 survey, growing from 27 average training hours per FTE in the 2018 survey to 37 hours in the 2020 survey. Top Performers also increased their investment in training, up to 44 hours in 2020 from 28 hours in 2018.

Over 90% of both All Respondent and Top Performer groups reported that CAS staff were paid on par with other professionals in the organization. This is an essential component of practice success for what may be the fastest growing service line in the profession. As CAS practices mature and build their own ideal target staff profile, they will want to ensure that people can grow and succeed within the CAS service line. Gone are the days of CAS being a limited-growth area for team members.

Turnover in CAS practices for both Top Performers and All Respondents was lower than the average of 16% reported by other CPA firm benchmark surveys* overall. This could be caused by a number of factors: CAS practices could be doing a better job of holding on to staff, CAS employees may lack the confidence to secure a new job, or CAS employees may appreciate the lack of huge peaks in demand experienced in traditional public accounting service lines. With the rising demand for bookkeepers, accountants, CPAs, and advisors alike, turnover is likely to rise in future surveys.

Turnover was higher among Top Performers, coming in at 10% as compared to the 7% experienced by All Respondents. Top talent is always at risk of being lured away by the competition, so CAS practices should be mindful that the higher Net Client Fees per Professional (NCFPP) are not creating a higher level of work pressure for the team members of Top Performers.

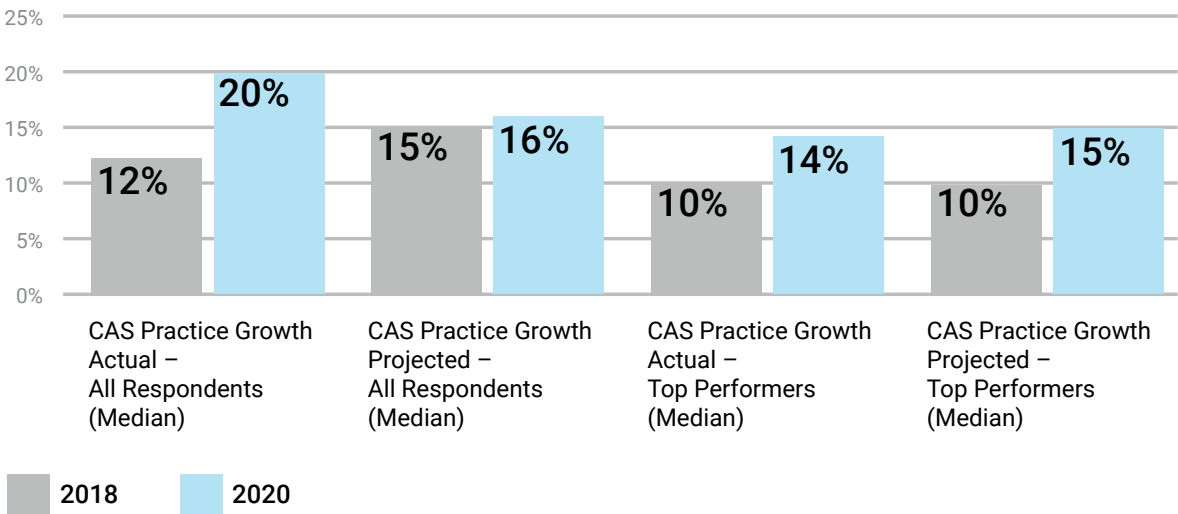


Practice Development and Growth

One of the most striking results of this latest CAS Benchmark Survey was practice growth. The survey showed that firms grew at a median rate of 20%, almost two times as fast as the 12% reported in the 2018 survey. This is over three times the average practice growth of 5.7% reported by other 2020 CPA firm benchmark surveys.*

Top Performers also grew at a higher rate than reported in 2018, 14% compared to 10% in 2018. It may feel counter intuitive that Top Performer Net Client Fees (NCF) growth is at a lower percentage than All Respondents; however, top line growth is not the basis for identifying Top Performers in this survey, because firms can grow their top line but not be running an efficient, leveraged, profitable or sustainable practice.

CAS Practice Growth



In the 2018 survey, when asked how much they expected to grow over the next year, All Respondents projected 15% growth. Actual growth reported in 2020 was a third more than that, at 20%, while Top Performers grew NCF nearly 1.5x more than they projected in 2018 (14% versus 10% projected in 2018).

CAS practices projected strong NCF growth for the upcoming year. All Respondents projected NCF growth of 16% and Top Performers projected future growth of 15%. **CAS has been the fastest growing area of consulting in public accounting and is projected to continue its impressive growth trajectory.**

Best Practices to Support Growth

CAS practice leaders were asked to share which investments they have made to develop or build their CAS practice. Reviewing the table below, it is apparent that a greater percentage of Top Performers made investments in all areas as compared to All Respondents.

Investments Made to Build or Grow CAS Practice	2020 Median Top Performers	2020 Median All Respondents	2018 Median Top Performers	2018 Median All Respondents
Attended vendor training or certification programs	84%	65%	70%	61%
Attended a CPA.com CAS Workshop	68%	60%	39%	35%
Attended vendor conferences	76%	58%	74%	63%
Invested in the creation of a marketing plan	52%	46%	43%	39%
Invested in outside learning opportunities for our staff	60%	44%	70%	50%
Attended a DCPA Conference	52%	42%	N/A	N/A
Developed an internal CAS training program	48%	37%	N/A	N/A
Consulted with an organization currently offering CAS services	36%	34%	35%	23%
Invested in the CPA.com CAS Certificate program	36%	32%	35%	23%
Conducted a strategic planning retreat	40%	32%	30%	29%
Sent CAS leader to leadership or management development program	40%	31%	N/A	N/A
Attended AICPA Trusted Client Advisor Workshop	20%	13%	22%	16%
Employed an outside consultant	16%	11%	22%	15%

Marketing spending was up slightly for CAS practices but still woefully under industry standards. Marketing spending in CAS practices rose from .75% in 2018 to 1% in 2020. A typical rule of thumb for marketing investments is 1-3% of revenue per year, so CAS has room to improve. Practices that want to grow CAS more strategically by deepening their niches and selling to ideal client profiles will need to create differentiated market positioning and execute more targeted practice development efforts. An increased marketing spend will likely be a critical component of a more intentional CAS practice development strategy.

12% of All Respondents indicated their growth was off the charts and 58% said they have the opportunity to grow “the way we want to.”



Use of a sales pipeline improves and close rates climb. When asked about sales pipeline health, 12% of All Respondents indicated their growth was off the charts and 58% said they have the opportunity to grow “the way we want to.” Only 12% of All Respondents indicated their pipeline was weak and another 8% reported they don’t track opportunities in a sales pipeline report – definitely an area for improvement for those CAS practices.

CAS Pipeline Health and CAS Sales Opportunities Close Rate	2020 Median All Respondents	2018 Median All Respondents	2020 Median Top Performers	2018 Median Top Performers
Growth is off the charts	12%	20%	8%	17%
Pipeline indicates that we can grow the way we want to	58%	41%	71%	43%
Pipeline is steady but doesn't show growth	10%	10%	13%	13%
Pipeline is weak and we need to add more opportunities	12%	15%	4%	9%
Organization does not track sales opportunities using a pipeline	8%	13%	4%	17%
CAS sales – close rate	75%	60%	75%	60%

Lead Sources and Barriers to Selling

Barriers to selling were primarily driven by client perceptions and internal stakeholders, yet existing clients and internal referrals were CAS practices' top lead sources. For both All Respondents and Top Performers, the top three areas of resistance when selling new services arose from perceptions about the value of CAS services and questions about pricing. This may reflect the relative “youth” of the CAS service line and as the practice matures, the story may solidify.

Regardless, CAS practice leaders will benefit when they develop a consistent approach to communicating the value and benefits clients will receive when working with the firm. With the top three lead sources being clients or internal referrals, it is paramount that CAS leaders create their value proposition and regularly communicate it to stakeholders, including staff and external audiences.

Barriers to CAS Sales Success	2020 Median Top Performers	2020 Median All Respondents
Clients don't understand the value of CAS or confuse it with lower-value bookkeeping	79%	75%
Prospects are price-sensitive	71%	67%
Internal CPA Firm team members don't understand the value of CAS, confuse it with lower-value bookkeeping or push back on our more focused business model	46%	41%
We are so busy with client service that we are having a hard time managing the sales process timely	21%	32%
Referral sources don't understand CAS services and pricing and either don't refer or refer the wrong work	4%	13%
We don't encounter significant barriers	21%	17%

Top Lead Sources	2020 Median Top Performers	2020 Median All Respondents
Existing client referral	71%	73%
Internal referral	75%	46%
Existing tax client referral	33%	44%
External third - party referral	50%	41%
Converting traditional bookkeeping or accounting clients to CAS	33%	39%
Other referrals	29%	28%


Technology

Technology acts as an accelerator and enabler for growth in accounting firms, transforming the strategies used to complete the work. The profession has slowly evolved over the last 30-40 years from paper to digital, but paper-based processes have persisted and inhibited remote work during the crisis. A remote or blended talent pool and a remote client service model require digital, cloud-based systems to be successfully implemented.

CAS practices seem to flourish when work is systematized, enabling team members to work with multiple clients seamlessly, using consistent processes throughout. One key opportunity is limiting the number of general ledger accounting programs firms support. The survey supported a trend in this direction, with an **overwhelming majority of survey participants steering clients towards a select few G/L programs.**

In practice, narrowing the number of G/L's used with clients provides tangible benefits as illustrated in the sidebar on this page. Those benefits can be summarized as increased efficiency and capacity to serve more clients, potentially raising the Net Client Fees per Professional (NCFPP) and practice profits. **Essentially, these CAS practices can do more with less.** The hurdle that focused CAS practices face is convincing clients who do not already use their G/L solutions to make the move to a new G/L, which could result in narrowing the firm's prospect pool.

G/L Accounting Software Used in CAS Practice	2020 Median Top Performers	2020 Median All Respondents
We have a standardized tech stack and support only one G/L accounting software	16%	13%
We support a select few G/L accounting software programs (but no more than three)	72%	66%
We support whatever G/L accounting software the client is using	12%	21%



Tangible Benefits of Reducing the Number of G/L's Supported:

- Simplifies training for CAS practice staff
- Streamlines client onboarding
- Allows for the standardization of process
- Facilitates management of multiple clients
- Supports the development of custom automations to speed transaction posting and custom reporting creation

CAS practices are exploring new technologies that support improved service delivery inside the practice as well a higher-value experience for clients. On the service delivery front, CAS practice leaders indicated that workflow tools were their top priority. Artificial Intelligence (AI) and Robotic Process Automation (RPA) were in use by less than one-fifth of survey respondents, a relatively small but growing subset. Adoption of these applications will grow steadily over the next few years because both AI and RPA are capacity-building tools. A more automated practice can serve the same number of clients with fewer touches from the team, allowing the firm to grow the practice despite a tight labor market.

On the client experience side, dashboards and alerts were in use by over half of survey respondents and over three-quarters of Top Performers. Clients appreciate the opportunity to have updated information about their business available in real time, data that has not historically been available to make decisions. Today's CAS client is accustomed to having information available 24/7, and these tools provide that information on-demand with fewer touches or actions required from practice team members.

Data analytics is an up-and-coming service area across the accounting profession, so it is no surprise that nearly a third of survey respondents had solutions in place. Data analytics tools allow practitioners to extract, categorize and evaluate data from multiple systems at once, simplifying the ability to gather insights from data that was not easily accessible in the past. As these tools mature, and as CAS practitioners grow more comfortable employing them, more firms will dive into the data analytics business to support their clients.

An excellent way to explore the potential of a data analytics service line is to work on the CAS practice firms' data first. By illustrating the results of an internal data analytics project, other practitioners will be able to envision how these services and tools could transform their clients' businesses and confidence in the service offering will increase.

Technology Solutions Used to Deliver or Enhance CAS Services	2020 Median Top Performers	2020 Median All Respondents
Workflow tools to track and route engagements	87%	77%
Dashboards and alerts	78%	66%
Budgeting and forecasting software	48%	44%
Data Analytics	26%	33%
Artificial Intelligence (AI)	30%	21%
Robotic Process Automation (RPA)	22%	15%

Over half (57%) of survey respondents processed payroll for clients using a cloud-based payroll platform in this typically resource-intensive CAS service offering.

Client Payroll Management in the CAS Practice	2020 Median Top Performers	2020 Median All Respondents
We process payroll for clients using a cloud-based payroll platform	60%	57%
We recommend that clients contact third-party payroll provider(s)	60%	52%
We don't provide payroll services to clients	12%	15%
We process payroll for clients in-house using an on-premise application	20%	13%

In the future, it is expected that CAS practices will work with more remote team members and expand their remote service offerings. Cloud-based applications support a “remote future” by making applications more accessible from anywhere, at any time.

Opportunity in Crisis – The Impact of COVID-19

2020 was a year marked by the global COVID-19 pandemic. The survey was designed at the start of the crisis, and data was collected as the impact of the pandemic was growing, between August and December of 2020. As a result, the survey contained questions designed to measure the early impact of COVID-19 on CAS practices.

CAS Practices Showed Positive Results During the Pandemic

Crisis created opportunity for CAS practices as nearly half of All Respondents and Top Performers indicated that their revenue was up. This is likely a result of the important work CAS practitioners delivered as front-line support to business owners, providing guidance on securing funding, managing cash reserves, hiring capacity, controlling expenses, and more.

CAS Practices supported clients during the pandemic with services including:

- Applying for a forgivable loan through the Small Business Association's (SBA) Payroll Protection Program (PPP), Coronavirus Aid, Relief, and Economic Security Act (CARES) and other relief – 96% of survey respondents offering this service
- Reforecasting budgets – 36% offering this service
- Managing billing, AR, electronic receipts, bill pay – 25% offering this service
- Making connections for financing – 25% offering this assistance
- Supporting business continuity and/or wind down or exit strategies – 15% offering this service
- Reporting on loan covenants or negotiating new terms – 11% offering this service

Effect of COVID-19 on CAS Practice Revenue	2020 Median Top Performers	2020 Median All Respondents
Revenue is UP	50%	55%
No Effect on Revenue	33%	29%
Revenue is DOWN	17%	15%

COVID-19 Impacts on Staffing

Staffing demand at CAS practices remained strong, with 61% of All Respondents reporting that they were hiring during the first part of the pandemic and 29% holding staffing at stable levels. Only 1% of All Respondents and 4% of Top Performers were forced to conduct non-performance-related layoffs of CAS staff due to the pandemic.

As noted in the Staffing section on page 13, CAS practice talent is tough to find and retain. CAS practices are adding services and finding new ways to add value for clients. **Talent pipeline challenges, combined with revenue growth, and increasing client needs, make it unsurprising that CAS practice leaders worked to retain staff during the pandemic.**

Effect of COVID-19 on CAS staffing	2020 Median Top Performers	2020 Median All Respondents
We are hiring	50%	61%
We are stable – no hires planned, but no terminations either	25%	29%
We have taken care of some performance issues and have made some select terminations	38%	23%
We have conducted non-performance-related layoffs of CAS staff	4%	1%

New Opportunities with Remote Work and Remote Service Delivery

As expected, survey respondents reported an increase in remote work with 72% of All Respondents and 79% of Top Performers reporting that they will have more people working away from their offices or the clients' offices going forward. Breaking the 72% reported by All Respondents down further, 13% reported being completely remote and delivering all services remotely, while another 59% were surprised by how well the move to remote went. **The pandemic helped CAS practices overcome barriers to working with talented people no matter where they live.**

Going forward, remote work will open access to talent outside the CAS practices' normal recruiting geography. In addition, practices can retain strong performers when they choose to move out of area.

Remote service delivery models create an opportunity to source and serve clients in other geographies, too, which provides growth opportunities for highly niched practices or those facing limited growth within their local market. **The future of CAS will be more blended, with talent working in offices or from home, and clients both inside and outside their geographies.** CAS practice leaders will benefit from increasing their comfort and competence in managing a blended team, and in working with clients both in-person as well as using solutions like video, cloud, e-signature, and other remote-enabling technologies.

Pandemic's Impact on Organization's Approach to Remote Work	2020 Median Top Performers	2020 Median All Respondents
We are a completely remote organization with all services delivered remotely, so it was a non-issue for us	4%	13%
We have been surprised by how well the move to remote went, and we expect to have more people working remotely going forward	75%	59%
While we have had some team members working remotely, we look forward to having the majority of our people working in the office or at client offices and minimizing remote work going forward	21%	27%
We were not able to work remotely and not planning to work remotely going forward	0%	1%

During a worldwide crisis, CAS practices were flexible and nimble. They pivoted to remote and continued serving clients in a difference-making manner, growing in the process. This flexibility and the ability to support clients through challenging times reinforces the value of this advisory service going forward.



A Look to the Future of CAS

With strong growth and demand, projections for the future of CAS are incredibly positive. As the accounting profession strives to shift the focus from compliance to advisory, CAS is poised to lead the transition by delivering value-added, forward-looking services to clients. Both growth and profits are strong in CAS practices, outperforming other traditional accounting firm service areas. However, there are challenges ahead. Reflecting on the insights garnered in this latest CAS Benchmark Survey, CAS practice leaders will benefit when they:

- 1) **Continue the innovation and creativity spurred by the pandemic to enhance existing and develop new advisory services to meet clients' needs.** Firms should focus on value-added, high-demand advisory services that can be priced at levels necessary to exceed investments in staffing and technology. The COVID-19 pandemic generated incredible innovation, and CAS practices can capitalize on that enthusiasm to transform into true technology-forward practice areas.
- 2) **Benchmark the firm's Net Client Fees per Professional (NCFPP) and make a plan to increase it.** By tracking this data, CAS practices can compare to Top Performers in this report and industry benchmarks, and review factors in the Financial Information section that drive higher NCFPP. The survey shows that as a practice area, CAS NCFPP is increasing; however, a high-value and growing service should not continue to measure less than other accounting practice areas.
- 3) **Pilot changes in pricing, billing, and benchmarking** and drive innovations that will be modeled by other areas of the profession. CAS is a unique practice area with its own rhythms and success factors. As a result, CAS has more room to make the big changes that other, more mature, service lines resist. Move away from time-based measures and connect team members to meaningful, results-based measures that drive the kind of performance firms are expecting.
- 4) **Explore non-traditional talent options to build capacity to grow, including remote team members.** CAS has fewer barriers and has historically employed bookkeepers and other non-CPA professionals. Examine tasks in the workflow that do not require an accountant or bookkeeper and create new roles to manage these activities. Have these non-accountants report directly into CAS and treat them as meaningful contributors and revenue producers. In addition, expand talent pipelines by shifting to a blended, distributed workforce, with some working remotely some or all the time, and others working in the office.
- 5) **Leverage technologies to drive efficiency, automation, and highest and best use of team members.** Evaluate opportunities to implement RPA and AI or take advantage of enabled capabilities already resident in your cloud-based technology stack. IT investments will pay off by creating a much-needed capacity to serve clients. Challenge CAS team members to identify processes that can be further automated, made simpler or more efficient, positively impacting both team members and clients.
- 6) **Develop ideal target client and engagement profiles and create client acceptance guidelines to ensure only the RIGHT work for the RIGHT clients is sold. Consider whether low-value work should be moved out of the practice.** Survey respondents reported that 30% of CAS services are traditionally lower-rate-per-hour, after-the-fact bookkeeping and writeup work. These services are likely dragging down the resulting profitability of this high-value practice area.

As CAS leaders envision the future, we believe the information and recommendations in this survey will prove valuable to improve data collection, reporting and measuring success for their CAS practices. Financial data tells the story of whether time and energy committed to CAS efforts is paying off and can be used to help internal stakeholders understand the full value. This data gives CAS leaders the evidence they need to build a case for the investments required for success.

About the Survey

Below is some important information regarding this latest CPA.com & AICPA PCPS Client Advisory Services (CAS) Benchmark Survey Results Report.

About the Term Client Advisory Services (CAS)

CPA.com recognizes that many firms use Client Accounting & Advisory Services or Client Accounting Services or other terminology to refer to their practices. An intentional choice has been made to use Client Advisory Services since early 2020. Client Advisory Services (CAS) is forward-looking and best reflects our mission and belief in empowering accounting professionals to enhance their CAS offerings and provide more value for their clients.

Survey Platform

The use of a dynamic platform makes it possible for survey respondents to access comprehensive benchmarking data. Survey participants can return to the dedicated site (casbenchmarksurvey.com), making it convenient to analyze and compare data that is of greatest interest to them. Content categories include organization information, financial, staffing, business development, technology and COVID-19 impact.

Survey respondents can immediately access their own data on the platform and compare inputs against results for firm segments, including practice size by revenue or number of employees, traditional accounting services offered, investments in CAS business, net client fees per professional, margin percentage, and other elements. Qualifying participants can also access their pre-filtered personalized reports. With the filtering options, it is possible to micro-slice the data many ways, giving you a 360-degree view of your CAS practice and how it relates to other practices. The platform also makes it possible to compare your results against the 25th and 75th percentiles, which adds value to your benchmarking. Firms who responded to the 2018 survey will be able to compare results across the two survey datasets.

This Executive Summary and the CAS National Summary Report can be shared with colleagues and peers as many firms are still considering details of building a Client Advisory Services practice.

Medians

Statistics have been prepared using medians. The median value represents the middle value in a data range (not the average). Median values help to prevent unusually large or small data points (outliers) from skewing results.

Multiple Choice Questions

Results for multiple choice questions (e.g., Traditional Services Provided, CAS Services Offered, CAS service line reporting structures, and others) are based on firms that provided information for that section. This approach delivers the most accurate picture of the data by eliminating “nil” or “zero” answers, because not all firms provided data for all questions.

Geography Not Notably Different

The survey received input from participants across the U.S., with a solid concentration of participants in the Northeast, Midwest, South and West. Differences based on region or geography were not material. As a result, data is not reported geographically in this summary. Survey participants can run reports by geography on the survey platform if they choose to do so.

Too Few Respondent Areas

There may be some areas where not enough responses were gathered to provide meaningful benchmarking statistics according to a particular filter. At times, a particular survey question is ‘not applicable’ for a particular firm or CAS practice-sized respondent. Under these circumstances, the reports indicate a dash (“-”) where there was not enough data collected to include in the report.

Second Survey – Lessons Learned

This is the second fielding of this survey. Knowledge from the 2018 survey was leveraged as well as inputs from prior respondents, and questions were adjusted as a result. With this latest survey, additional lessons have been learned as noted in this Survey Summary, and the 2022 survey will reflect refinements to existing questions to produce improved data along with new lines of inquiry. Of special interest to the survey creators and respondents are new KPIs to help CAS practice leaders run a successful practice.

Thank you again for your participation. Please feel free to send your feedback and questions to assessments@hq.cpa.com.

DISCLAIMER:

CPA.com and the AICPA offer this information as a service. Dynamic Benchmarking LLC, the survey administrator, has taken reasonable steps to compile the data that survey respondents volunteered and to accurately calculate values based on the compiled data and ConvergenceCoaching, LLC has taken reasonable steps to represent that data in this summary. CPA.com and the AICPA make no claims with regard to the accuracy of the data, or the results produced in reports. CPA.com and the AICPA take no responsibility for any use, interpretation or application of data or results derived from the information, provided from the survey results reports.

ACKNOWLEDGMENTS:

Many organizations and individuals provided their expertise to make the 2020 CPA.com & AICPA Private Companies Practice Section (PCPS) Client Advisory Services (CAS) Benchmark Survey possible. In addition to CPA.com, the commitment of the AICPA PCPS team, the Digital CPA community, and consulting firm [ConvergenceCoaching, LLC](#) provided the support required to create this comprehensive study of Client Advisory Services practices and statistics. Over 100 CAS practices across the United States participated in this survey, and their dedication to the CAS profession is appreciated.

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About AICPA PCPS

The AICPA Private Companies Practice Section (PCPS) is a voluntary add-on firm membership section of the AICPA that supports CPA firms in the everyday intricacies of running a practice. PCPS provides customizable practice management resources in the areas of technical toolkits, business development, talent, benchmarking, and succession planning to over 6,000 firms of all sizes nationwide. Explore the cost-effective benefits of PCPS at www.aicpa.org/pcps.

Glossary of Terms

Client Advisory Services: Client Advisory Services describes a practice where firms advise clients across a spectrum of financial and accounting related decisions, with the goal to deliver higher value and deepen the trusted advisor relationship. CAS practices leverage technology and processes to provide timely updates and deeper business insights to their clients. Supported by underlying outsourced accounting services including bookkeeping and financial statement preparation, CAS services range from business process outsourcing (e.g., bill pay/expense management, payroll, etc.) to virtual, outsourced controller or CFO services, including business forecasting and modeling for clients.

Median: The median value represents the middle value in a data range (not the average). Median values help to prevent unusually large or small data points (outliers) from skewing results.

Net Client Fees (NCF): Gross fees for CAS services + Write-ups – Write-downs. Also known as Net Revenue.

Net Client Fees per Professional (NCFPP): Net Client Fees for CAS services ÷ Number of FTE Professional Staff including Equity Partners.

Margin: Net Client Fees for CAS services – CAS expenses before CAS partner salaries or draws.

Realization: Net Client Fees for CAS services ÷ Gross Client Fees for CAS services.

Utilization: Billable Hours for the period ÷ Total Hours for the period.

Leverage: (Total Billable Hours for CAS Services – Equity Partner Billable Hours for CAS Services) ÷ Equity Partner Billable Hours.

Professional Staff: Client-facing team members of the organization. If Equity Partners were included in the statistic, that will be noted.

Employee Turnover: $\{[\text{Number of CAS employees who left during the year} \div (\text{Number of CAS employees at the beginning of the year} + \text{Number of CAS employees at the end of the year})/2] \times 100\}$

FTE: Full Time Equivalents (FTEs) are calculated by dividing the total annual number of professional staff hours (including both full-time and part-time professionals) by 2,080 hours.

Technology Stack: The selected software systems used both internally and with clients to provide CAS services.

Sample Profit and Loss Statement for a CAS Practice

- + Net Client Fees for CAS Work Codes
- + Net Client Fees for Bookkeeping Work Codes
- Salaries and Benefits for All CAS Full-time Equivalent Employees EXCEPT Non-Equity and Equity Partners
- Overhead Allocation (for Any Firm-Level Expenses Assigned to the Practice)
- Software Expenses (for Programs Directly Used for CAS Work)
- Training and Development Costs (for CAS-specific Learning Programs)
- Marketing Costs (for CAS-specific Marketing)
- Other Direct CAS Practice Costs (Other Technology Investments, Outside Consultants, Supplies, Etc.)
- = CAS Practice Margin

CAS Practice Margin ÷ All CAS Net Fees = Margin Percentage for the Practice



P: 855-855-5CPA | W: [CPA.com](https://cpa.com) | E: inquire@hq.cpa.com

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