

A Growing Opportunity

# CAS Benchmark Survey

Findings from the 2022 CPA.com & AICPA PCPS  
Client Advisory Services (CAS) Benchmark Survey



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Double-digit growth.  
Strong pipelines.  
Significant client demand.  
Innovation on the rise.



In its third iteration, the CPA.com and AICPA PCPS CAS Benchmark Survey has confirmed the strong and thriving nature of the Client Advisory Services (CAS) community. More firms of all sizes are making a commitment to offer CAS, and the practices vary by size, approach, and client services offered. This survey seeks to create a community and informational platform of data-based best practices upon which CAS practices can grow and thrive.

AICPA and CPA.com define CAS as Client Advisory Services, a practice to help clients outsource their accounting needs with services spanning a spectrum of financial, accounting and advisory-related offerings. The vision of CAS is to provide higher value to clients and deepen the trusted advisor relationship, allowing clients to focus on their core competencies and deliver on their value proposition to customers. CAS offerings are enabled by technology and processes that deliver timely data and provide clients with deeper business insights to inform strategy and decision-making. While basic compliance work and operational services are foundational to CAS, continuous business planning and advisory discussions supported by financial and non-financial data delivered through industry-specific KPIs are fundamental to the differentiation and success of this service in the accounting profession.

**The objectives of the survey are to:**

- ▶ Understand Client Advisory Services and the factors driving its growth
- ▶ Bring consistency to CAS across the profession by creating an agreed-upon means of comparison between practices
- ▶ Provide CAS practice leaders with peer-to-peer benchmarking to plan and enhance practice performance
- ▶ Identify how CAS practices are implementing and structuring services and the service delivery model to adopt rapidly changing best practices

This survey report presents key findings and best practice suggestions that can help CAS leaders improve and validate their planned strategies. In addition to unique benchmarking data, the report includes observations and advice from successful CAS practice leaders.

*“For more than a decade, we’ve recognized the potential of client accounting services to help CPA firms provide more value for clients through expanded offerings. Today, firms that were intentional and strategic in building and scaling their CAS practice are thriving and poised for continued growth.”*

**Erik Asgeirsson,**  
President and CEO, CPA.com

## Key Findings

**CAS practices reported a median growth rate of 16% over the previous year.**

Since 2018, there has been an impressive double digit trend in growth for CAS practices. However, there's still plenty of room to grow and enhance pricing practices going forward.

**Firms responding to the survey are projecting a median 15% growth in their CAS practice in the current year,** a sign of great optimism and continued opportunity in this practice area.

**Net client fees per professional maintains solid growth** and continues to be a key metric for CAS.

**Client pipelines are strong.** 72% of all CAS practices that responded to the survey and 81% of Top Performers believe their pipelines indicate they have strong opportunity for growth.

**Dedicated staffing for CAS is rising.** 54% of All Respondents report that CAS staff do not support other service lines.

**CAS practices continue to standardize.** More than 70% of respondents report using a workflow tool to track and route engagements, a best practice that enables standardization.

**Innovation and business model changes continue.** CAS practices have embraced new approaches. More than a quarter (26%) of All Respondents were using outsourced bookkeeping services.

**Remote work appears to be here to stay.** 47% of All Respondents work 80% or more remotely and nearly one-fifth (19%) work remotely all the time.

# Methodology

The CAS Benchmark Survey opened for participation at the AICPA & CIMA ENGAGE conference in June 2022 and closed in August 2022 after 10 weeks of open participation. The financial and organizational data requested was for the calendar year 2021. The survey was marketed to previous respondents, to firms and practices that opted in to receive information about CAS from the AICPA and CPA.com, and broadly in advertising and social media targeting the accounting profession.

Due to these recruitment strategies, respondents self-selected into completing the survey. Therefore, a certain level of bias exists in the data since a random, nationally representative sample was not drawn. Those firms that chose to respond may not accurately represent the full picture of the practice area within the profession. However, the insights that can be drawn from the data that was collected are still valuable to learn more about the growing CAS landscape.

This year's survey was enhanced with additional methodological review around the question text and survey design. New questions were introduced regarding the sales cycle, use of outsourcing and artificial intelligence (AI), and billing practices. Questions about remote work, organizational practices and pricing were updated for clarity. Additionally, some questions were removed from the survey due to their lack of relevance or limited analytic value (e.g., questions about pandemic practices). As a result, it is not always possible to make direct comparisons with previous years' surveys.

The total number of respondents rose significantly this year, with more than 200 practices submitting some data. The number of complete, valid data sets increased to 167 practices, an increase of nearly 75% from the 2020 survey. Valid data sets were defined as having responses to key survey items and minimal missing data. The quality of this data is also better than in previous years, with more review and respondent correction to reduce misunderstandings of questions and data entry error.

## 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.

Interestingly, more firms reportedly used some version of the "CAS" name in this survey (63%) than in previous surveys:

Name of primary CAS practice offering	
CAS (Client Accounting Services)	43%
CAS (Client Advisory Services)	13%
Other name including the term "advisory"	16%
Other name including the term "CFO"	7%
Other name including the term "outsourced"	17%
CAAS - Client Accounting & Advisory Services	7%

While the term "Client Advisory Services" has not been wholly adopted, the acronym CAS/CAAS seems to be gaining traction, indicating an understanding of the opportunities within this practice area.

# Top Performer Comparison

In this survey, 42 CAS practices were identified as Top Performing CAS practices. This group was classified using the top quartile based on net client fees per professional (NCFPP).

$$\text{Net Client Fees per Professional (NCFPP)} = \frac{\text{Net Client Fees or Net Revenue}}{\text{FTE of Professional Staff including Equity Partners}}$$

NCFPP was first used to categorize Top Performers in the inaugural CAS Benchmark Survey in 2018. The top performer concept is founded in the idea that the more revenue placed in the hands of each client-facing professional, the more leverage that can be 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. In 2020 and again in this survey, the reported median margin data is more within the expected range. As a result, margin data is also 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 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 following pages illustrates differences in both approach and results between the 167 CAS practice respondents providing full financial data and the top 25%, or top quartile, based on net client fees per professional (the Top Performers).



## Top Performers Designated by Net Client Fees per Professional: Side-by-Side

	Benchmark Attribute	2022 Top Performers	2022 All Respondents	2020 Top Performers	2020 All Respondents
<b>Organization</b>	Number of Respondents in This Category	42	167	25 of 98 practices that supplied NCFPP	111
	Percent of CAS Services that are Outsourced Accounting & Advisory (vs. Bookkeeping /Writeup) (Median)	60%	60%	75%	70%
<b>Financial</b>	Median Net Client Fees (NCF) for CAS Practice	\$2,067,113	\$1,000,000	\$2,280,000	\$1,123,257
	Median Net Client Fees per Professional	\$231,217	\$121,454	\$185,000	\$112,293
	Median Total CAS Clients Served	150	70	115	68
	Median CAS NCF per Client	\$19,240	\$13,750	\$20,000	\$13,636
	Median CAS Margin	42%	37%	47%	34%
	Median Realization	83%	84%	83%	82%
	Median Realized Rate per Hour for CAS Employees	\$165	\$107	\$142	\$89
<b>Growth</b>	Median CAS Growth Rate	16%	16%	14%	20%
	Median Projected CAS Growth Rate	15%	15%	15%	16%
	Percent of Practices Reporting CAS Pipeline Indicates Growth	81%	72%	79%	70%
<b>Staffing</b>	Percent of Practices Reporting CAS Staff 100% Dedicated to CAS Services Only/Org Provides CAS Services Only	67%	54%	56%	43%
	Median Equity Partner Leverage	19	16	15	13
	Median Reported Average Total Billable Hours per FTE (Includes Equity Partners)	1,425	1,345	1,441	1,380
	Median Reported Average Total Hours per FTE	2,105	2,080	2,131	2,074
	Median Reported Average CPE and Training Hours per FTE	40	40	44	37

\* Medians (the middle number of a data set) are reported for questions where the data was reported as a numeric value to help prevent unusually large or small data points from skewing the results. For multiple choice questions, the percentage of respondents selecting each answer choice is reported.

# CAS Organization Information

The 2022 CAS Benchmark Survey closed with 167 complete responses, up 75% from the number that participated in 2020 survey, demonstrating growing interest and awareness in the practice area. In addition, 31% of this year's respondents also participated in the 2020 survey, underscoring their strong commitment to the CAS community and enhancing knowledge about CAS practices.

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

**79% said their CAS practice** is part of a CPA firm

- ▶ **95% for Top Performers**, indicating that the top benefits of being part of a CPA firm contribute in part to CAS success

**The top three benefits** to being part of a CPA firm noted by All Respondents were:

- ▶ Access to qualified leads – 71%
- ▶ Financial strength – 65%
- ▶ Organizations provide structure tied with operational support (including IT, marketing, HR, and other) – 61%

**79% of respondents have been offering CAS for more than four years**

- ▶ **90% of Top Performers have been providing client advisory services for more than four years**, which contributes to higher performance due to factors such as an established client base and streamlined CAS practices

**71% used workflow tools** to track and route CAS engagements

- ▶ **74% for Top Performers**

**75% of All Respondents** and **Top Performers** grew their practices organically, providing services to existing firm clients

**17% of All Respondents grew their CAS practice** by transforming a traditional bookkeeping practice, compared to 24% in 2018

- ▶ **16% for Top Performers**

**A median of 60% of All Respondents' total offerings were CAS** (real-time or almost real-time outsourced accounting solutions) versus after-the-fact bookkeeping/writeup, which was **the same as the median for the Top Performers**.





## Service Offerings

In addition to CAS, survey participants confirmed their firm offered additional services. This finding aligns with the finding that 79% of responding firms (and 95% of Top Performers) are a part of a larger CPA firm.

	2022 Top Performers	2022 All Respondents
Tax Services	98%	91%
Audit and Assurance Services	86%	69%
Payroll Services	62%	61%

What services are the most in demand? The top CAS offerings for All Respondents were:

1. 1099 creation and filing (91%)
2. Financial statement preparation (89%)
3. CFO/Controller Advisory services (88%)
4. Accounts payable (86%)
5. Sales tax returns (85%)
6. Consulting (financial planning and modeling) (83%)
7. Forecasting/budgeting (83%)

Top Performers reported similar results.

## Top benefits realized by standalone CAS practices

20% of the respondents operated as standalone CAS practices outside of a traditional CPA firm, while the rest operated within a CPA firm or as a subsidiary of one. When asked the benefits of being a standalone practice, they selected:

- ▶ Able to pivot faster
- ▶ Greater autonomy
- ▶ Separate brand identity
- ▶ Lower cost structure
- ▶ Use of CAS measures vs. traditional CPA firm measures

# Financial Information

## Financial Performance Data Based on CAS Revenue

Overall, CAS net client fees (NCF) and CAS net client fees per professional (NCFPP) maintained their strong growth. For All Respondents, the median rose to \$121,454 per professional, up 8% over 2020. The jump was even more impressive among Top Performers, where median NCFPP leapt 25% to \$231,217.

The survey results demonstrated a wealth of opportunities for firms and practices at all levels. The following table offers an overview of key financial performance data, based on CAS revenue bands:

CAS Revenue	# of respondents	Median net client fees (NCF)	Median # of CAS clients served	Median revenue per client	Median staff FTE	Median NCF per professional
More than \$4,000,000	23	\$7,600,000	550	\$23,430	52	\$173,869
\$2,000,001-4,000,000	28	\$2,918,666	225	\$11,748	21.5	\$166,161
\$1,000,001-2,000,000	32	\$1,500,000	92	\$17,762	11.5	\$167,038
\$300,001-1,000,000	34	\$616,417	31	\$16,748	7	\$107,363
\$100,001-300,000	22	\$200,000	25	\$8,867	5	\$68,304
Less than \$100,000	22	\$73,150	9	\$6,061	3	\$16,667

The results show that net client fees per professional (NCFPP) initially grew significantly as the level of revenue expanded in the practices surveyed. In practices with \$300,001 - \$1,000,000 in CAS fees, NCFPP was 57% higher than the \$68,304 reported for practices with \$100,001 - \$300,000 in CAS fees, at \$107,363. NCFPP was another 56% higher for practices with \$1,000,001 - \$2 million in revenue, at \$167,038. The measure then levels off for practices with a higher total CAS revenue. This trend may be the result of growth supported by best practices adopted as firms make the move from bookkeeping to CAS.

This growth may also be explained by the initial investments in resources for practices that are starting a new CAS service line. As the volume of clients begins to match the startup resources (i.e., staff), practices may see more consistency in NCFPP as clients are added at the same rate the practice continues to add staff. Additionally, it is likely that NCFPP growth flattens as the CAS practice shifts the organizational structure to move to higher value business insights advisory services.

One surprising finding is the drop-off in revenue per client for the \$2,000,001 - 4,000,000 revenue band. One hypothesis to explain this dip is that as practices grow and hit this revenue band, they continue to offer lower-value services to a large number of clients while maintaining similar levels of staffing. This means that each client provides a low dollar revenue, but practices are able to maintain an NCFPP comparable to the lower revenue band (\$1,000,001 - 2,000,000). With this in mind, we believe that revenue per client alone is not the best metric to measure a successful CAS practice. Other metrics that account for number of staff may be better to use to gauge performance.



## Best Practices for Enhancing CAS NCF and NCFPP

- ▶ Raise prices to reflect value
- ▶ Use dedicated CAS staff
- ▶ Standardize processes and procedures
- ▶ Communicate the value of CAS services to clients and the professionals selling the services
- ▶ Package and bundle services
- ▶ Cross-sell CAS services to existing clients
- ▶ Offboard low-value or high-maintenance clients
- ▶ Upgrade to a tech stack that promotes automation and efficiency
- ▶ Invest in learning and development for greater efficiency
- ▶ Focus on KPIs other than utilization and realization that better capture CAS success, such as revenue per client and net client fees per professional

## Practice Development and Growth

Pipeline health is extremely robust as the demand for CAS increases. In 2022, 22% of All Respondents reported that net client fee growth was “off the charts,” a significant increase over 2020. The number of Top Performers reporting that highest level of growth also increased, indicating that client demand is strong for practices at all stages of the CAS journey.

Respondents were also optimistic about future CAS practice development, with half of All Respondents noting that pipelines showed they would have the chance to grow the way they want to. Among Top Performers, 67% agreed. CAS practices appear to have plenty of opportunity ahead of them, with just 15% of All Respondents reporting that they were not seeing growth in the sales pipeline.

CAS Pipeline Health	2022 Top Performers	2022 All Respondents	2020 Top Performers	2020 All Respondents
Growth rate is off the charts	14%	22%	8%	12%
Pipeline indicates that we have the opportunity to grow the way we want to	67%	50%	71%	58%
Pipeline is steady but doesn't show growth	2%	5%	13%	11%
Pipeline is weak and we need to add more opportunities	7%	10%	4%	12%
Organization does not track sales opportunities using a pipeline	7%	10%	4%	8%

The speed of CAS practices' close rates was also impressive. Among All Respondents, 71% reported that clients were in the sales pipeline one month or less before closing. Another 11% of All Respondents indicated that clients were in the pipeline less than two weeks. Results for Top Performers were essentially the same, demonstrating once again the across-the-board demand for these services. The close rate was somewhat better for internal referrals of new clients (75%) than for clients new to the firm (65%), but that is to be expected. Extending services to an existing client is far easier and faster than attracting a new client.

### What are the top sources for CAS leads?

The chart below shows that seeking new business among existing clients and referral sources is where practices are having the greatest success.

Top lead sources	2022 Top Performers	2022 All Respondents
Existing tax clients	79%	67%
External referral (client referred by existing client or other firm contact)	60%	64%
Converting traditional bookkeeping or accounting clients to CAS	36%	45%
Existing clients (previously provided service other than bookkeeping, accounting, tax or audit)	36%	38%
Website	24%	19%
Other sources	14%	13%
Existing audit clients	14%	13%
Advertising	7%	4%
Thought leadership	2%	8%
Social media	2%	6%
Response to RFP	2%	4%

### What stands in the way of CAS sales?

Respondents cited these barriers to CAS sales:

	2022 Top Performers	2022 All Respondents
Clients don't understand the value of CAS or confuse it with lower-level bookkeeping.	71%	69%
Prospects are price sensitive.	64%	64%
We are so busy with client service that we are having a hard time managing the sales process timely.	48%	43%
Internal CPA firm members don't understand the value of CAS, confuse it with lower-level bookkeeping or push back on our more focused business model.	45%	36%
Referral sources don't understand CAS services and pricing and either don't refer or refer the wrong work.	21%	22%
We don't encounter significant barriers.	12%	13%

The challenges cited fall into two categories:

- 1. Lack of understanding of the service or value among clients, referral sources or other firm members.** This issue can hinder practice development efforts and implementation of best practices within a CAS practice. It can also lead to price sensitivity if clients do not appreciate the positive impact CAS can have on their business. CAS practice leaders must control the narrative and educate their constituents by placing the CAS value proposition front and center in all discussions.
- 2. Being too busy to take on new clients.** Given the talent pipeline crisis in the accounting profession and the general economy, this is likely due to a shortage of team members. CAS practice leaders will need to explore creative capacity-expanding strategies.

#### Top CAS industry specialties

Professional services	41%
Nonprofits	33%
Health care facilities	21%
Real estate	20%
We do not specialize by industry	16%
Construction	15%
Other	13%
Restaurants	10%
Technology	9%
Retail trade	7%
Family office	6%
Manufacturing	5%

#### What industries are CAS practices serving?

Firms considering launching or expanding CAS practices should be aware of the industries where firms are making the most headway so far. Two verticals led the pack in the survey, but there were definite opportunities in a range of industries. Most practices surveyed (77%) choose to specialize in one or more industries rather than not specializing by industry. Specializing in defined industries may give CAS practices more advantages.





### Making Investments in the Practice

How do CAS practices keep their people up to speed on emerging trends in practice and topics that concern clients? They report using a wide variety of resources, with only 4% of All Respondents claiming no investment. Additionally, Top Performers generally had higher investments in the practice.

	2022 Top Performers	2022 All Respondents
Invested in outside learning opportunities for our staff	62%	65%
Attended a CPA.com CAS Workshop	29%	63%
Attended vendor training or certification programs	67%	57%
Attended vendor conferences	69%	56%
Consulted with an organization currently offering CAS services	48%	47%
AICPA training	48%	44%
Invested in the creation of a marketing plan	31%	43%
Sent CAS leader to other leadership or management development program	55%	40%
Participated in Firm Association/Alliance CAS group	43%	38%
Attended DCPA Conference	48%	37%
Developed an internal CAS training program	57%	35%
Invested in the CPA.com CAS Certificate program	43%	32%
Conducted a strategic planning retreat	57%	31%
Employed new staff who worked in CAS for another firm	7%	26%
Employed an outside consultant	31%	11%
None	2%	4%

# Talent and Staffing Practices

Accounting firms and CAS practices report difficulty finding staff. To address this tight labor market, CAS practice leaders will need to explore new staffing strategies while also looking at automation and other technology solutions to expand their team’s capacity. The CAS survey results provide clues as to where CAS practices are focusing their efforts and strategies worth exploring.

## Using Dedicated Staff

Ensuring that staff members are dedicated to the CAS practice is a top strategy for CAS growth and profitability. Dedicated staffing matters for several reasons. When allowed to focus, team members develop into experienced CAS contributors faster, and they are more likely to produce consistent and quality work. CAS practice cycles provide for more regular monthly work requiring ongoing attention from personnel and dedicated team members to address them. Kristen Berdar, CPA, founder and leader of Virtual Accounting Solutions at BST & Co., supports this position by saying, “You can’t tell a client to put their business on hold or that you’ll get back to paying their bills after busy season,” if CAS staff are shared with other departments, like tax.

From the CAS leader’s perspective, knowing and controlling the capacity pipeline allows for more confidence in taking on new work from new and existing clients. Given the growth potential of CAS practices, having dedicated staff appears to be an investment worth making.

When evaluating the 2022 survey responses, Top Performers within firms with multiple services lines made progress dedicating CAS staff, with 57% reporting that their CAS staff were dedicated only to client advisory services. All Respondents with multiple service lines reported just 41% of staff working in a dedicated capacity.

CAS Staff Allocation Across Service Lines	2022 Top Performers	2022 All Respondents
CAS staff are dedicated to CAS services lines only	57%	41%
Some CAS staff support other service lines	19%	23%
All CAS staff support other service lines in addition to CAS	14%	22%
Organization provides CAS services only	10%	13%

## Leveraging Technology-Forward Staffing Innovations to Create Capacity

Today’s tight talent marketplace requires creativity, and adoption of new ideas was reported by respondents. The survey asked two new questions about bookkeeping services and how firms might creatively resource them.

	2022 Top Performers	2022 All Respondents
Does the organization outsource any bookkeeping services to a third-party provider (e.g., offshore services)? (percent responding Yes)	33%	26%
Does the organization outsource any bookkeeping services with an AI enhanced software? (percent responding Yes)	33%	27%

The results indicate that CAS practices are seeking new ways to free up staff from lower-margin bookkeeping, creating capacity for higher value client work. Based on the expectations for a continuing talent crunch, these will be key metrics to watch in the next survey.

**Filling the CAS Staffing Pipeline**

A tight talent pipeline requires resourcefulness to find talent. The survey asked participants which methods they used to recruit and source new team members.

<b>Methods Used to Recruit and Source New Talent</b>	<b>2022 Top Performers</b>	<b>2022 All Respondents</b>
Traditional online advertising (e.g., Glassdoor, Indeed, LinkedIn Jobs)	62%	72%
Recruiting bonus for our team member referrals	74%	66%
Social media (e.g., Facebook, LinkedIn social post or direct message)	62%	61%
Internal recruiter	57%	50%
Campus recruiting	52%	46%
Staff referrals (no recruiting bonus)	31%	35%
Headhunter	31%	34%

CAS practices might also benefit by thinking outside the box when it comes to recruiting. One option is to reconsider the talent “profile” for certain CAS positions. Berdar questioned whether an accounts payable specialist needs a four- or five-year accounting degree or whether someone with project management or administrative coordinator experience wouldn’t work better in this and a variety of other CAS positions. Because CAS practices reimagine what an accounting firm can do for clients, they open the door to re-envisioning what backgrounds and skillsets are best suited for CAS teams.

When recruiting, also remember that versatile skillsets and diversity of experience on your team can be a benefit given the wide range of services that can fall under the CAS umbrella. According to Nina Chmura, CPA, partner and market leader of Outsourced Accounting Systems and Services at Withum, “you’re not just doing one thing.”



## Staffing with Remote Talent

Remote work seems to have gained traction, another trend that supports the innovative nature of CAS leaders. Many participants allowed for remote work and likely hired talent regardless of location.

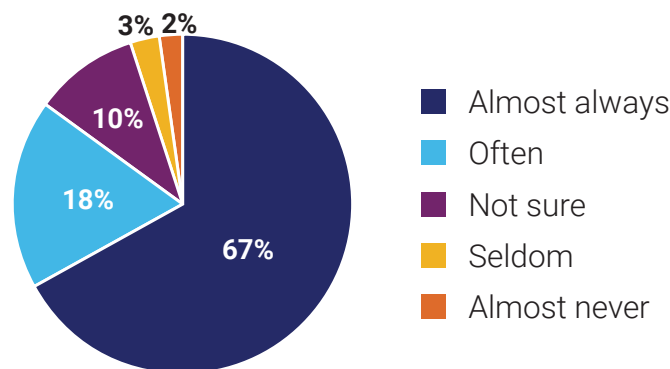
With 86% of All Respondents now reporting that staff have options to work remotely at least 20% of the time, and nearly one in five reporting that they are completely remote, it seems that CAS practices are embracing new ways of working with their teams and with clients.

What percentage of CAS practices use remote work?	2022 Top Performers	2022 All Respondents
We are a completely remote organization, and all our services are delivered remotely	10%	19%
We have staff working remotely 80% of the time or more	31%	28%
We have staff working remotely 40-79% of the time	26%	21%
We have staff working remotely 20-39% of the time	17%	18%
We have staff options to work remotely less than 20% of the time	14%	11%
We do not work remotely	0%	3%

## Paying CAS Staff on Par with Their Accounting Firm Peers

Compensation is a critical “table stakes” issue in staffing. CAS practices are “competing” against other accounting firm practice areas for top talent. As a result, it is critical that compensation keeps pace and is both enticing to new entrants as well as providing stickiness to retain existing personnel. The survey showed that, for most participants, their CAS practices paid their people on par with other staff.

### Are CAS teams paid on par with other CPA firm staff?



CAS practice leaders should regularly benchmark their compensation methodologies against comparable positions in the marketplace to ensure they are keeping pace with a market that, during the last two years, has been inflating quickly.



### Staffing Data for All Respondents and Top Performing Practices

The median number of CAS employees grew by 25% among Top Performers and 11% for All Respondents from the previous survey in 2020. In an environment of strong demand and growth, total hours worked remains about the same, indicating that CAS practices are becoming more efficient, possibly by leveraging technology and standardized procedures.

Staff turnover for surveyed practices is significantly below levels reported in other CPA firm benchmark surveys for 2021 as well as what is being discussed anecdotally in the accounting profession. We hope this indicates a more engaged workforce that is optimistic about the future of this practice area.

Benchmark Attribute	2022 Median Top Performers	2022 Median All Respondents	2020 Median Top Performers	2020 Median All Respondents
Total CAS employees (including equity partners)	12.5	10	10	9
Average Total Billable Hours per FTE (including equity partners)	1,425	1,345	1,441	1,380
Average Total Hours Worked per FTE (including equity partners)	2,105	2,080	2,131	2,074
Average Utilization per FTE	67%	67%	65%	69%
Average Total CPE and Training Hours	40	40	44	37
Equity Partner Leverage	19	16	15	13
CAS Employee Turnover Rate	6%	6%	10%	7%

# Technology

## Driving Innovation, Capacity, and Remote Work

Technology is a critical and transformational element in CAS practices. In fact, one premise of CAS is having real-time access to client data, which is accomplished through technology. Technology solutions help firms streamline their processes and minimize or eliminate time spent on repetitive tasks. As mentioned previously, technological resources can also be leveraged to address staffing shortages. In many cases, technology solutions also generate new data or information, which enable CAS practices to deliver deeper analyses and insights on a client’s business.

Technology also plays an integral part of making remote work possible, as well as efficient and successful. The talent pool expands greatly when the practice can hire remote employees to work with clients using digital, cloud-based systems. Additionally, practices that use technology such as dashboards, virtual meetings, and dedicated communication channels, can develop a trusted relationship with clients in a remote environment.

Since demand for CAS will only increase, CAS practices will need to enhance their technology capabilities, said Paul Ursich, CPA, partner of CFO Advisory Services at Wiss & Company. He estimated that his firm is now doing roughly 50% of its work through technology and automation and is aiming to bump that up to 80%. “The only way to profitably serve more clients is to increase our use of technology,” he said.

CAS practices have clearly embraced new technologies to enhance service delivery. A large percentage were using workflow tools, as was the case in 2020. Budgeting and forecasting software, a valued service option in CFO advisory services, also remained popular. However, there is room for greater use of artificial intelligence (AI) and robotic process automation (RPA) software to expand a firm’s capacity by taking on low-level tasks.

“If you don’t go to market with a true understanding of how you are going to standardize processes and use technology to do that, then you can’t scale your [CAS] practice,” Ursich said.

These are some of the technology tools CAS practices put to work:

	2022 Top Performers	2022 All Respondents
Workflow tools to track and route engagements	76%	85%
Budgeting and forecasting software	38%	49%
Data analytics	38%	38%
Artificial intelligence (AI)	24%	26%
Robotic process automation (RPA)	12%	13%
Other	10%	7%

Notably, when compared to the previous survey data, the percentage of All Respondents reporting that they were using these technologies rose in every category except RPA (robotic process automation), which remained flat.

Another hallmark of CAS practices: providing clients with tech solutions that can help drive transformation and enable accountants to offer higher-value services and advice. At Ursich’s firm, for example, clients do not have to find their own tech solutions or train their teams on how to use or support them. Instead, the firm includes access to selected accounting systems in its CAS engagement pricing. His firm works primarily with privately held family businesses and investor-backed companies. “We can provide them with accounting support, technology, tax and wealth management,” he said. “Our ability to do so has driven our growth - it’s easier for them to manage one relationship rather than several.”

Standardization enables team members to serve multiple clients without having to learn or employ new tools or procedure for each one. Limiting the number of general ledger accounting programs that the CAS practice supports is a key example of this simplification principle. Best practice suggests that the CAS practice should develop a prescribed tech stack with minimal choice and options available for clients.

Number of G/L programs used	2022 Top Performers	2022 All Respondents
1	21%	27%
2	36%	33%
3	24%	23%
4	14%	12%
5 or more	5%	5%



# Key Takeaways for the Future of CAS

Looking at the thriving practices participating in the survey, it is clear that the CAS practice area is worthy of investment and showing strong positive signs for continued growth and development. Reflecting on the report and data insights, there are key strategies that CAS practice leaders can employ:

**Raise fees to reflect value.** Pricing strategies must evolve to reflect the heightened value that practices provide, the significant demand for services and the scarcity of resources to deliver them. If practices are using existing hourly rates as the basis for subscription or value-based fees, they are almost certainly underpricing. If practices are closing new clients at a high rate, their prices are likely too low. It may take some time to determine what price structure is best for the firm and its client base (and whether the client base needs trimming), but it is an effort well worth making, because proper pricing will strengthen the CAS practice's ability to thrive. Higher fees will better represent the work being done and lower stress on fast-growing practices.

**Educate clients and firm staff on CAS and the value provided.** An overwhelming 69% of All Respondents (71% for Top Performers) reported misconceptions or misunderstandings about CAS practice value as a top hurdle for practice growth. CAS practice leaders should be prepared to discuss the value and transformative power of the services they provide. A total of 36% of All Respondents (and 45% of Top Performers) said that "internal firm staff don't understand the value of CAS or confuse it with lower-level bookkeeping or push back on our more focused business model." To succeed, CAS practices' pricing, billing, compensation, and ways of working with clients will differ from those employed by traditional accounting firm services.

**Clients are ready for the forward-looking services that CAS can provide.** The pandemic awakened many clients to the value that CPAs can offer beyond compliance services, and these clients continue to face ongoing economic uncertainties. For example, businesses are also experiencing the staffing issues that plague firms, which can force companies to rethink how they handle their workloads and can provide CAS practices with new opportunities. "We can offer companies higher level consulting with a team of accountants, controllers and CFOs to service their needs giving them better internal controls with less risk and more strategic thinking," said Berdar.

Clients are becoming more open to outsourcing, Chmura said. "In the past, people might have been on the fence about whether they wanted to outsource their accounting department," she said. The disruptions of the pandemic have left them more willing to change.

CAS practice leaders should offboard wrong-fit clients to ensure the right focus. Given the success of his CAS practice, Ursich's firm has transitioned out numerous clients over last 12-16 months. He plans to continue to evaluate opportunities and align the firm's multiple service offerings to provide a wide range of services from outsourced accounting to higher-level CFO advisory services. He is also looking carefully at any clients that are:

- ▶ High risk
- ▶ Not digital ready or using the same technology as the firm
- ▶ Not following procedures
- ▶ Out of alignment with the CAS practice's ideal client definition



**There's value in collaborating with other practitioners inside your firm.** CAS practices had a very high close rate for new CAS clients, and it was somewhat higher for internal referrals over clients who were new to the firm (75% vs. 65%). As part of their internal education campaign, CAS practice leaders can emphasize the value to the entire firm when different areas work together. Clients appreciate a one-stop approach in which they can get all they need from one provider, said Chmura. "If we only know what our group does, we're doing our clients a disservice."

**Investigate creative staffing and capacity-building measures.** Explore offshoring, outsourcing, contract workers, non-accounting graduates, administratively minded service coordinators, and more to address staffing shortages and bring new capabilities into the practice.

**CAS practices will continue to expand and evolve.** Since reinvention is in their DNA, they will keep seeking new opportunities and innovations. "You can't be afraid to take the eraser out and rethink a process," Berdar said. She is working on a realignment plan that will focus on onboarding new staff and clients while expanding the services offered, among other topics.

As awareness of CAS grows, Chmura expects there will be a positive impact on recruitment. "People will see the value of the training they receive in a CAS practice and the client service relationship and soft skills they develop," she said.

**The bottom line is that this practice area offers great opportunity.** Steady growth confirms that the market is not saturated, and that there are continuing opportunities for existing and new practices.

At the same time, there's certainly room for more growth, greater profitability, and more new CAS practices. Participants in this area haven't yet taken full advantage of all the practice efficiencies that set CAS practices apart. Even CAS practices at the top have room to improve their game, using this report to identify the right innovations to prioritize.

# About the Survey

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

## **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](https://casbenchmarksurvey.com)), making it convenient to analyze and compare data that is of greatest interest to them. Content categories include organization information, financial, staffing, and business development.

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. Practices that responded to the 2020 survey will be able to compare results across the two survey datasets. This CPA.com and AICPA PCPS CAS Benchmark Survey Report 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. This measure of central tendency represents the middle value in a data range (not the mean). Median values help to prevent reporting a mean that may be higher than the range of data would suggest, thereby giving a more realistic picture of the data when the data set is skewed.

## **Multiple Choice Questions**

Results for multiple choice questions (e.g., firm services provided, CAS services offered, CAS service line reporting structures, and others) are based on practices that provided information for that section and are reported as the percentage of non-null responses given. This approach delivers the most accurate picture of the data by eliminating “nil” or “zero” answers, because not all respondents provided data for all questions.

### 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.

### Third Survey – Lessons Learned

This is the third fielding of this survey. Knowledge from the 2018 and 2020 surveys 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, and the next 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 business development 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](mailto:assessments@hq.cpa.com).





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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 CPA.com 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 2022 CPA.com & AICPA Private Companies Practice Section (PCPS) Client Advisory Services (CAS) Benchmark Survey possible. In addition to CPA.com, the AICPA PCPS team, the Digital CPA community, and consulting firms [ConvergenceCoaching, LLC](#), and [Succession Institute, LLC](#) provided the support required to create this comprehensive study of Client Advisory Services practices and statistics. Over 200 CAS practices across the United States participated in this survey, and their dedication to the CAS profession is appreciated.

## About CPA.com

CPA.com brings innovative solutions to the accounting profession, either in partnership with leading providers or directly through its own development. The company has established itself as a thought leader on emerging technologies and as the trusted business advisor to practitioners in the United States, with a growing global focus.

The company's core mission is to drive the transformation of practice areas, advance the technology ecosystem for the profession, and lead technology research and innovation efforts for practitioners.

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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 firms of all sizes nationwide. Explore the cost-effective benefits of PCPS at [www.aicpa.org/pcps](http://www.aicpa.org/pcps).

# Glossary

AICPA and CPA.com define CAS as **Client Advisory Services**: a practice to help clients outsource their accounting needs with services spanning a spectrum of financial, accounting, and advisory-related offerings. The vision of CAS is to provide higher value to clients and deepen the trusted advisor relationship, allowing clients to focus on their core competencies and deliver on their value proposition to customers.

CAS offerings are enabled by technology and processes that deliver timely data and provide clients with deeper business insights to inform strategy and decision-making. While basic compliance work and operational services are foundational to CAS, continuous business planning and advisory discussions supported by financial and non-financial data delivered through industry-specific KPIs is fundamental to the differentiation and success of this service in the accounting profession.

**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.

**Leverage:**  $(\text{Total billable hours for CAS} - \text{equity partner billable hours for CAS}) \div \text{equity partner billable hours}$ .

**Margin:** Net client fees for CAS services – CAS expenses before CAS partner salaries or draws.

**Median:** The median value represents the middle value in a data range (not the mean). 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  $\div$  number of FTE professional staff including equity partners.

**Realization:** Net client fees for CAS services  $\div$  gross client fees for CAS services.

**Professional staff:** Client-facing team members of the organization. If equity partners were included in the statistic, that will be noted.

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

**Utilization:** Billable hours for the period  $\div$  total hours for the period.

## Sample Profit and Loss Statement for a CAS Practice

+ Net client fees for CAS 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 CAS 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://www.cpa.com) | E: [inquire@hq.cpa.com](mailto:inquire@hq.cpa.com)**

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