

Letter from the Chair

We now know that the problems that have been affecting the economy for a long time have actually been signs of a recession, one that officially began in December of 2007. That's not real news to many of our members, who are already working with clients to help them address a tightening of credit or a slowdown in demand for their goods and services.

In the midst of a recession, it's important to remember that every challenge also offers an opportunity. Many firms have experienced rapid growth in recent years. If you have found that your firm's own growth is beginning to cool, this is a good chance to examine your internal processes. During the last few years, some firms have not had the chance to institute best practices in their internal operations as they scrambled to keep up with growing demand. Now is the time, then, to reconsider your own procedures to ensure that your firm can run as efficiently and effectively as possible.

This is also a good time to revisit your approach to recruiting and retention. The 2008 PCPS/TSCPA National MAP Survey found that 31% of firms had lost professionals in 2007, down from 45.6% in the last survey performed two years earlier. Although firms have struggled with staffing issues for years, the MAP Survey results may be an early indicator that this situation is improving. And the recession may provide a chance to hire some talented professionals who are being laid off by larger firms. This is also a time to perform a realistic evaluation of your own staffing needs in the near future and consider how to identify and hold on to your best people going forward. And keep in mind that skills that many firms haven't emphasized in a while — such as practice development and

Letter from the VP

I regularly travel around the country to track the trends facing our member firms and brainstorm ways to address their needs. In recent months, I've spoken to hundreds of CPAs about how the recession has affected their firms and their clients. Here are some of the issues that crop up most often:

Tighter credit for clients. This problem is hitting both businesses and individuals. Companies trying to borrow are facing tougher covenant restrictions or their banks are asking for more assurance about creditworthiness. Individuals are having home equity and other credit lines frozen or denied. CPAs have also seen both companies and individuals taking out loans or opening credit lines before they need the money in the belief that credit will only get tighter down the road.

Slower payments for CPAs. Firms report that even some of their best clients may be falling behind in payments. Some practitioners ask for upfront or monthly payments from new clients. Others strengthen their own billing and collection procedures to ensure they have good practices in place — and that these practices are uniformly followed.

Clients need their CPAs more than ever. Practitioners are being called on to help in many ways, including working out a payment plan with a bank on a troubled loan, providing specific agreed-upon procedures to help a client obtain credit or advising on how to streamline operations to better reflect declining sales.

Communication is key. Regular communication is the best first step for

Mark Your Calendars for Next PCPS Practice Management Forum

A timely update, "SAS 115 Amends and Replaces SAS 112", presented by Chuck Landes, AICPA Vice President and director of Professional Standards and Services and Steve Bodine, Chair of AICPA, PCPS, Technical Issues Committee (TIC), will take place on January 20. This will be the final online PCPS Practice Management Forum of the current series before this popular program takes a busy season break. The Forum will take place from 2 to 3.30 p.m. ET. Look for your e-mail invitation with instructions on how to register. For more information about the Forums, [click here](#).

PCPS Conference Discount

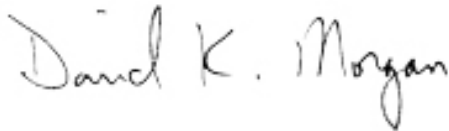
The following conferences offer PCPS members a \$100 discount. When registering, use coupon code SECTION100.

- **January 15-16, 2009**
AICPA Accounting Firm Marketing, , AICPA Boardroom, New York, NY
- AICPA International Business, Accounting, Auditing and Tax Conference, Grand Hyatt, New York,

marketing — may be important assets once again in the coming years. The PCPS Human Capital Center — an exclusive free benefit of PCPS membership--contains resources that can help you address many of your staffing questions. You can find it [here](#).

Remember, too, that many staff members may be worried about their own job security in the midst of a recession. To reassure them, and prevent unnecessary distractions, consider firmwide meetings or other communications that acknowledge the current situation and explain how your organization is responding.

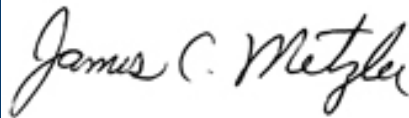
As always, PCPS is monitoring developments that affect our members. Please visit our [Web site](#) regularly to find out about new resources and news updates.



All the best,
David Morgan, CPA/PFS Chair, PCPS
Executive Committee

addressing the economic troubles we are facing. Sitting down with clients gives you the chance to learn about the problems they are facing and consider how the firm can help. It also provides the opportunity to resolve collection issues with a great client who is going through a rough patch. And, as David Morgan notes in his letter this month, it's a good way to restore staff members' confidence that your firm is taking the necessary steps to meet the challenges of a troubled economy.

I'd like to remind PCPS members that PCPS has created a Client Credit Crisis Communication that reviews problems that businesses are facing and offers advice on how to address them. You can use the communication as a letter to clients or as talking points in a meeting. You can find it [here](#).



Best regards,
Jim Metzler, CPA.CITP AICPA Vice
President, Small Firm Interests

- **May 4-6, 2009** AICPA Practitioners Symposium, Bellagio, Las Vegas, NV

- AICPA National Advanced Accounting and Auditing Technical Symposium (NAAATS), Hilton San Diego Bayfront, San Diego, CA

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