

**INFORMAL ROUND TABLE  
ON  
VARIOUS ASPECTS OF PRACTICE MANAGEMENT**



**SOME THOUGHTS TO PONDER UPON**

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**ISSUES TO BE DISCUSSED BY THE PARTICIPANTS****Case Study 1 (Existential crisis for SME firms)**

Consider a mid-sized CA firm, M/s A & Co., based in Mumbai:

- The firm has 4 partners and ~25 staff.
- Its core revenue comes from statutory audits, GST compliance, and income tax filings.
- Over the past 3 years:
  - Audit fees have stagnated due to intense competition.
  - Clients are demanding tech-enabled services and faster turnaround.
  - Large firms are attracting high-value clients.
  - Compliance work is increasingly automated.

The partners are now debating whether their firm has a sustainable future and what strategic changes are required.

**Points to be discussed:**

- a) What does the group feel about the future of SME CA firms in India?
- b) If the future does not seem bright, then what are the 3 main reasons for that?
- c) What should CA firms do to deal with these 3 top reasons?
- d) If the future seems bright then why?

**Case Study 2 (Succession Planning)**

Consider the case of M/s R K Jajodia & Associates, a 30-year-old CA firm:

- Founded by Mr. R.K. Jajodia, a well-known practitioner with strong client relationships.
- The firm has:
  - 3 partners (including the founder)
  - 40 employees
  - A stable portfolio of clients, largely dependent on the founder's network
- Key observations:
  - Most major clients interact directly with Mr. Jajodia.
  - Branding of the firm is closely tied to his personal reputation.
  - There is no formal succession plan in place.
  - Younger partners are technically sound but lack visibility in the market.

Recently, Mr. Jajodia has started considering retirement within the next 3–5 years. However, no concrete steps have been taken to transition leadership or client relationships.

Unexpectedly, Mr. Jajodia faces a medical emergency and becomes inactive for an extended period. Clients begin reaching out for clarity, some considering shifting to other firms. Internally, decision-making slows down due to lack of clear authority.

This situation raises serious concerns about the firm's continuity, valuation, and long-term sustainability.

**Points to be discussed:**

- a) **Do you believe that your firm should continue to function even after you retire?**
- b) **If yes, what steps have you taken to ensure that this continuity happens?**
- c) **If and when a proprietor retires or as and when there is a demise, what would the retiring partner / legal heirs expect to get from the surviving firm?**
- d) **If the star partner / promoter of the firm is suddenly no longer in the picture, how will the firm cope? Does your firm have enough leadership in place which has recognition both internally as well as externally to ensure that the firm continues without any problems?**

**Case Study 3 (Coping with challenges from larger firms)**

Consider M/s S & V Associates, a growing CA firm in Mumbai:

- 5 partners and ~35 employees
- Core services: statutory audit, GST, income tax, and internal audits
- Client base: mid-sized companies and a few startups

Over the last 3 years, the firm has observed:

- Loss of 2 large audit clients to Big 4 firms
- Increasing demand from clients for end-to-end advisory and tech-enabled services
- Difficulty in attracting top articled students
- High attrition—qualified staff leaving for Big 4 opportunities
- Internal processes still largely manual and partner-driven

The partners are divided:

- Some believe Big 4 firms are the primary threat
- Others feel the issue lies within their own lack of evolution and strategy

**Points to be discussed:**

- a) Is it really the Big 4 that always becomes a hindrance to the growth of an SME firm? Or is there anything else?**
- b) In the last 3 years, have you implemented any practice management initiative in your firm based on what the larger firms do in their offices?**
- c) Most small practitioners feel that articled students are interested in joining only the Big 4. Do you agree? If yes, what steps have you taken to attract students to your firm?**
- d) Many small practitioners feel that their firm is a poaching ground for the Big 4 and that they spend time in training people and then the larger firms poach the qualified staff. Do you agree? If yes, what steps have you taken to retain people in your firm?**

**Case Study 4 (need for having role clarity & compensation for non billable functions)**

Consider M/s K D Saraf & Co., a mid-sized CA firm:

- 4 partners and ~30 staff
- Core services: audit, taxation, ROC compliance, and advisory
- No dedicated departments for HR, IT, or business development

Over time, the firm has evolved informally:

- One partner handles finance & accounts of the firm itself
- Another looks after HR, recruitment, and student management
- A third partner manages IT systems and compliance tracking
- The fourth focuses on client delivery and advisory

However:

- None of these roles are formally defined or compensated
- Business development is passive and referral-based
- Partners are overwhelmed with multiple roles beyond core professional work
- There is little time left for learning, upskilling, or strategic growth

The firm is now questioning whether its internal structure is sustainable and fair.

**Points to be discussed:**

- a) There are several non billable or non revenue generating activities that need to be performed in any firm. For example, finance & accounts, HR, admin, student management, training, IT etc. In your firm, who does all this work? If a partner does it, does the firm compensate that partner for the time spent? Do you think such activities need to be duly recognized and compensated?**
- b) Do you believe that business development is necessary for a CA firm? If yes, what are your thoughts on how a CA firm can increase its business without violating the ICAI Code of Conduct / Ethics?**
- c) Do you compensate any partner for getting work to the firm? Does your firm actively encourage partners to do cross selling of services? If yes, how is this measured?**
- d) Do you function as an office boy cum accountant cum treasurer cum admin head cum CA cum advisor in your firm? If yes, how do you find time to remain updated with knowledge, latest amendments to various laws, CPE requirements of ICAI?**

## **Case Study 5 (need for performance appraisal)**

Consider M/s P N Rao & Co., a mid-sized CA firm:

- 6 partners and ~50 staff
- Multiple service lines: audit, tax, advisory, and compliance
- Growing rapidly over the last 5 years

The firm recently faced internal friction:

- Staff complain that appraisals are subjective and lack transparency
- Some high-performing employees feel under-recognized
- A few partners bring in significant revenue, while others focus on execution or internal management
- No formal KPIs exist for partners or staff
- Profit-sharing among partners is largely fixed and seniority-based

An external consultant suggested implementing a formal performance appraisal system, including evaluation of partners—leading to resistance within the firm

### **Points to be discussed:**

- a) Does your firm have clearly laid down KPIs for everyone in the firm? Are these clearly conveyed to the team members (including partners) well in advance?**
- b) Should the performance appraisal of partners be done by an external agency/advisor?**
- c) How should non financial goals be set and how should they be measured for appraisal purposes?**
- d) Would you agree to be appraised for your performance and would you agree to cut down your remuneration / share of profit if your performance is below par?**