



Institute of
Certified Public Accountants
of Singapore



ICPAS' PILOT PRODUCTIVITY STUDY FOR THE ACCOUNTANCY SECTOR IN SINGAPORE

INDUSTRY REPORT

In Association with Oriel Management Consulting Pte Ltd

February 2013

ABOUT THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF SINGAPORE

Established in 1963, Institute of Certified Public Accountants of Singapore (ICPAS) is the national accountancy body that develops, supports and enhances the integrity, status and interests of the profession.

ICPAS members are professionals in accountancy, finance and business distinguished by their technical expertise, integrity and professionalism, in addition to a recognised accountancy qualification and relevant work experience. ICPAS members serve every corner of the world in every industry. Many of them helm some of the most prominent local and international corporations.

ICPAS accords the CPA Singapore designation. Working closely alongside businesses, ICPAS connects its membership to an unmatched range of information resources, events, professional development and networking opportunities. Presently, there are more than 25,000 members making their strides in businesses across all industries in Singapore and around the world.

ICPAS' international outlook and connections are reflected in its membership of regional and international professional organisations like the ASEAN Federation of Accountants (AFA), the Asia-Oceania Tax Consultants' Association (AOTCA), the International Federation of Accountants (IFAC) and International Innovation Network (IIN).

For more information, please visit www.icpas.org.sg

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FOREWORD BY ICPAS

As the national accountancy body, and in line with the national drive to raise productivity, the Institute of Certified Public Accountants of Singapore (ICPAS) initiated a pilot productivity study for public accounting firms in October 2012 to help our members.

Leveraging on SPRING Singapore's Innovation & Capability Voucher (ICV) (Productivity) Scheme, each firm participating in the study tapped on the \$5,000 ICV voucher to defray the cost of engaging a consultant to establish the productivity diagnostics and recommendations based on SPRING Singapore's Integrated Management of Productivity Activities (IMPACT) framework.

I am pleased to note that the 10 public accounting firms participating in the study, based on their feedback, have benefited from the study which not only helped them identify existing gaps and areas of improvement, but also provided them with a roadmap to implement further productivity improvement measures in the future.

A very useful outcome from the pilot study is this industry report. Based on an aggregation of the individual firm reports, the industry report helps identify common challenges and best practices, together with the consolidated productivity indicators at organizational/management, operational and activity levels. The median industry benchmark for various productivity levers derived by this study will provide a more relevant and appropriate comparison and benchmarking for public accounting firms than the data presently used for the general business services sector.

This pilot study represents a first step in ascertaining the productivity landscape of the accountancy sector in Singapore, where there is presently few or no equivalent productivity benchmark or data. We would like to encourage more public accounting firms to participate in similar studies in future and, in doing so, help establish an enhanced benchmark for productivity levers in the accountancy sector as well as with other services sectors. This benchmarking can help drive the Institute and other stakeholders in the national productivity effort to establish targeted initiatives or programmes in helping our member accounting firms raise productivity.

I wish to thank all our participating companies and also SPRING Singapore for their support in this pilot productivity study. In particular, I would like to thank our partner Oriel Management Consulting Pte Ltd for their great effort and partnership in making this joint pilot productivity study and the industry report a reality.

Going forward, ICPAS is also exploring extending the study to cover the accounting and finance functions of businesses to complete the productivity diagnostic and measurement of the accountancy sector as a whole. In raising the accountancy sector's productivity, we hope to propel the accountancy sector to become a global accountancy hub for Asia Pacific by 2020, thus achieving the vision set forth by the Committee to Develop the Accountancy Sector (CDAS).

LEE FOOK CHIEW

Chief Executive Officer

Institute of Certified Public Accountants of Singapore

FOREWORD BY ORIEL MANAGEMENT CONSULTING

The SPRING Innovation & Capability Voucher (“ICV”) scheme as launched on 1st June 2012, supports Singapore Small and Medium Enterprises (“SMEs”) in their efforts to upgrade the following four capability areas by defraying the cost of SMEs seeking advisory help from SPRING’s panel of service providers:

1. Innovation
2. Productivity
3. Human Resources
4. Financial Management

Oriel Management Consulting Pte Ltd (“Oriel”) is one of SPRING’s panel of service providers. To date, Oriel has provided advice on Productivity Improvement and Financial Management to more than 30 SMEs with the support of ICV scheme. Many of them have benefited from the ICV programs with improved operations and profitability.

It was a great privilege to partner ICPAS for this Pilot Productivity Assessment Project (“Project”) which was carried out with 10 participating CPA firms. Over the past 12 weeks, Oriel had met with the 10 CPA firms and gathered insights to the various operational and business challenges such as stiff competition, ever-changing accounting & audit rules, pressure on fees and labour shortages.

Oriel has built good rapport with the 10 CPA firms who have been very forthcoming and enthusiastic in the Project. We discussed and addressed wide range of issues which affected business growth and operational efficiencies. These issues ranged from corporate strategic goals, marketing strategies, corporate branding, management leadership capabilities, financial performance, productivity roadmap & KPIs, staff performance appraisals & incentive scheme, benchmarking/best-in-class management practices, organisational cultural change, market review, services/products mix review, training and development programs etc. We are pleased to note that Oriel’s recommendations to tackle these issues were well received by the 10 CPA firms.

I read from the news that Singapore Government is planning to boost productivity improvement efforts of SMEs by improving access to incentives and supports. In this regard, I strongly encourage more SMEs and CPA firms to embark on capability upgrading initiatives immediately and over the next few years.

I understand that ICPAS is planning to invite more CPA firms to participate in the next run of the Productivity Assessment Project. Please get in touch with ICPAS early so that you can quickly gain insights to the recommendations on how to improve your business operations and stay ahead of competition.

Most importantly, I wish to thank ICPAS for the opportunity to serve the CPA community, and partake in the betterment of the CPA profession.

Thank you,

“We Grow with You”

WEE CHIN CHUAN

Executive Director

Oriel Management Consulting Pte Ltd

3. EXECUTIVE SUMMARY

The objective of the study is to determine the productivity levels in CPA firms using the IMPACT Assessment Tool developed by SPRING Singapore. The study focuses on 2 major findings:

- (A) Productivity Management Within The Company
- (B) Assessment Of Current State In Addressing Key Productivity Levers Within The Company

Based on the Median Score of the results computed by the study for the sample size of 10 CPA firms, the following observations were made:

3(A) Productivity Management Within The Company

Productivity Management	Median Score
A. Establish Productivity Management Function	32%
B. Diagnose	50%
C. Develop Road Map	44%
D. Implement Productivity Measurement & Performance Management Systems	47%

(Median Score : 0% is weak, 100% is perfect)

3(B) Assessment Of Current State In Addressing Key Productivity Levers Within The Company

Output	Median Score
A. Increase Sales	28%
B. Increase Output Per Unit Cost of Production	45%

Input	Median Score
C. Optimise Use of Labour	55%
D. Optimise Use of Capital (including land and space)	53%

(Median Score : 0% is weak, 100% is perfect)

3(C) Top 10 Best Practices By The 10 CPA Firms

- (1) Business Partners are active and serve as gate-keepers to review, set and monitor the KPIs on productivity and performance of staff on a weekly basis. This sets the expectation of the staff to deliver and perform.
- (2) Staff performance appraisals are aligned to productivity achievements with employee incentive scheme as part of staff motivation to drive productivity performance. The productivity achievements go beyond the standard review on the individual's abilities to organise, supervise, complete task on time, neatness, communication skill, technical skill, responsibilities, integrity, appearance, commitment, etc.
- (3) Business Partners are active in "implementing marketing strategies to increase sales" rather than relying on passive referral and recurring clients.
- (4) Business Partners "carry out product development plan" to offer various services besides corporate service, tax, audit etc, and thus develop in-house competencies for targeted niche market.
- (5) Business Partners "engage in branding for products" to create market awareness and drive sales. These efforts include above-the-line advertising, business networking, as well as tapping on social media (for example, Facebook and YouTube) and individual brand name of Business Partners.
- (6) Business Partners implement best sourcing of capital equipment (for example, printers, notebook computers, and office furniture) at the lowest possible cost, as well as trade-in of capital equipment for replacement, thus ensuring high capital utilisation

3. EXECUTIVE SUMMARY

- (7) Business Partners keep minimum or zero fixed assets in the company which would free up more liquidity for strategic redeployment or usage.
- (8) Business Partners “engage in job redesign” by implementing good HR practices which include training & development programmes to prepare staff for job rotation and enlarged job scope, as well as streamline job functions for greater efficiency.
- (9) Business Partners provide flexi-work arrangements which make provisions for staggered working hours, thereby enabling staff to focus on delivering quality work.
- (10) Business Partners introduce Leadership Development Programmes for their managers and some of their high-potential executives to facilitate career progression.

3(D) Top 5 Issues/Challenges Faced By The 10 CPA Firms

- (1) **Management Practices & Leadership Competencies**

There is a gap in the management practices and leadership competencies in managing the business for growth for both the start-up and established CPA firms.
- (2) **Corporate Strategic Business Plan, Goals & Directions**

There is a lack of documentation of the “Corporate Strategic Business Plan, Goals and Directions” by the Business Partners because of their busy schedules, as well as a lack of thought process and methodology to critically review the “Corporate Strategic Business Plan, Goals and Directions” or the Business Partners have taken a “back seat” role after building the business to the current stage.
- (3) **Productivity Measurement & Performance Management Systems**

There is a lack of established productivity measurement and performance management systems in the workplace to review, set and monitor productivity performance.

- (4) **Sales & Marketing Strategies**

There is a lack of established sales & marketing strategies to generate sales, which include market review/research on product/service mix development, mainly due to most of the CPA firms relying on passive referral and recurring business from existing clients.

- (5) **Human Resources**

Most of the CPA firms do not have a full HR Department set-up. The HR functions and duties are assigned to a manager who does not have the HR technical competencies as a secondary appointment.

3(E) Moving Forward – Key Recommendations (Top 3) To Be Carried Out Within Next 12 Months

- (1) **Corporate Business Strategies and Sales & Marketing Strategies**
 - Review current company business model and map out the corporate business strategy for the company for the next 3 – 5 years.
 - Review current portfolio of services/products offered against their revenue performance, and develop the sales and marketing strategy for the customized portfolio of services/products with alignment to the corporate business strategy.
- (2) **Productivity Measurement & Performance Management Systems**
 - Develop the productivity measurement and performance management systems indicating Key Performance Indicators (KPIs) for Corporate, Department and Individual levels.
 - May consider engaging Spring ICV Productivity Management Consultant to develop the productivity measurement & performance management systems.
- (3) **Human Resources**
 - Consider engaging SPRING ICV HR Consultant and other professional expertise to review and develop:
 - Manpower Planning
 - Staff Training & Development Plan
 - Performance Appraisal Evaluation System that is linked to productivity performance
 - Staff Retention Scheme with Leadership Management Development Programme
 - Competency & Capability Development

4. BACKGROUND

In January 2012, the National Productivity and Continuing Education Council (NPCEC) identified the accountancy sector as one of the 4 business services sectors with the potential for productivity gains. To this end, the Institute of Chartered Public Accountants Singapore (ICPAS) initiated a pilot productivity study for public accounting firms in October 2012.

The pilot study involved 10 public accounting (CPA) firms with the aim to establish productivity diagnostics and recommendations for each participating firm based on SPRING Singapore's Integrated Management of Productivity Activities (IMPACT) Framework. In addition, the study endeavours to identify common challenges and best practices amongst these 10 firms, as well as derive benchmarks for key productivity indicators, as part of an industry report.

5. OBJECTIVES OF THE STUDY

1. Conduct productivity diagnosis and measurement for 10 CPA firms using the IMPACT Assessment Tool developed by SPRING Singapore, as well as offer actionable solutions for productivity improvements.
2. Consolidate the productivity indicators at the organizational/management, operational and activity levels, as well as derive or suggest, on a best-endeavour basis, appropriate industry benchmarks for the productivity indicators.

6. SPRING INNOVATION & CAPABILITY VOUCHER (ICV), PRODUCTIVITY MANAGEMENT – PRODUCTIVITY DIAGNOSIS AND MEASUREMENT

Scope

To perform the following using the IMPACT Assessment Tool:

- Analysis of company-level productivity indicators and areas that contribute to the company's productivity performance
- Identification of strengths, weaknesses, and areas for improvement
- Prioritisation of gaps identified
- Identification of key indicators to track and monitor productivity performance
- Develop an actionable road map to improve productivity, based on the results obtained from the IMPACT assessment tool
- Develop and set up a productivity measurement system

This will cover the following:

- Establish accountabilities and responsibilities for the provision and use of data
- Determine links between the productivity indicators and other performance indicators
- Determine how the indicators will be used in productivity improvement plans
- Determine the system / mechanism to collect, analyse and report the performance of the indicators
- Recommend how the company can use the indicators to incentivise / motivate employees

Deliverables

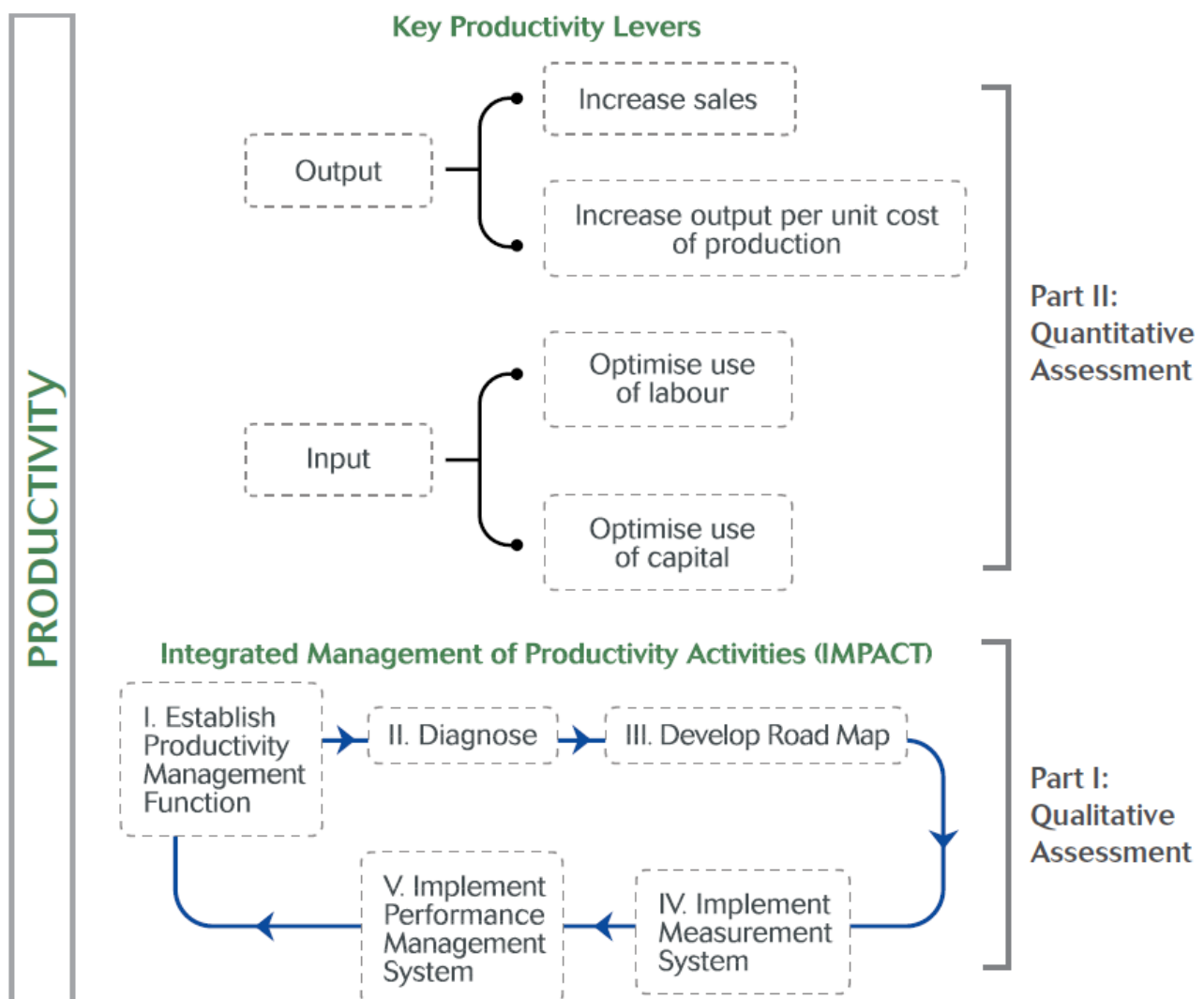
- 1) A minimum of 40 consultancy hours.
- 2) Report on:
 - Results from IMPACT Assessment Tool (results from qualitative and quantitative sections, strengths, weaknesses, areas for improvement)
 - Key productivity indicators identified
 - Productivity measurement system set up for the company
 - Roadmap to improve productivity

7. IMPACT Assessment Tool

The IMPACT Assessment Tool assesses the effectiveness of the company in managing productivity, identifies key productivity levers to focus on, and recommends areas to improve upon.

There are 3 parts to the IMPACT Assessment:

- (1) Part I – Qualitative Assessment of Productivity Management Function and Key Productivity Levers.
- (2) Part II – Quantitative Assessment of Productivity Performance Based on 10 Key Productivity Indicators.
- (3) Part III – Overall Assessment and Recommendations based on the findings from Part I and 2.



8. SAMPLE SIZE

A total of 10 CPA firms participated in this study. The profile of the 10 firms is shown in the table below:

	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10
Phase of Business Operations	Start-up	Est.	Est.	Est.	Est.	Est.	Est.	Start-up	Est.	Est.
Staff Strength	7	8	9	11	11	12	12	13	20	35

Note:

- Est. – Company has more than 3 years of business operations.
- Start-up – Company has less than 3 years of business operations.

9. INDUSTRY AVERAGES IDENTIFIED FOR BENCHMARKING

For the purpose of benchmarking, industry averages of the 10 IMPACT Productivity Indicators were obtained from 3 different sources, namely:

- (1) Economic Survey Series 2010:
SSIC 2010 Code 6920 – Business Services “Accounting, Book-Keeping & Audit Activities, Tax Consultancy”.
- (2) Institute of Certified Public Accountants of Singapore (ICPAS):
SSIC 2010 Code 69201 – “Accounting and auditing services (including taxation and advisory services)”.
- (3) Median Score of the sample size of 10 CPA firms in this project

Impact Assessment	Economic Survey Series 2010	ICPAS	Median Score
10 Productivity Indicators	Code 6920*	Code 69201*	(N = 10)
	Business Services - Accounting, Book-Keeping & Audit Activities, Tax Consultancy	Accounting And Auditing Services (including Taxation & Advisory Services)	
(1) Labour Productivity (\$)	\$ 109,664.16	\$ 97,379	\$ 43,720
(2) Sales per Employee (\$)	\$ 265,018.26	\$ 122,627	\$ 66,949
(3) Value Added to Sales ratio (%)	41 %	79 %	76 %
(4) Profit Margin (%)	20 %	33 %	28 %
(5) Profit to Value Added ratio (%)	50 %	41 %	37 %
(6) Labour Cost Competitiveness (x)	2.09 x	1.70 x	1.53 x
(7) Labour Cost Per Employee (\$)	\$ 52,454.12	\$ 57,465	\$ 42,044
(8) Sales Per Dollar of Capital (x)	0.51 x	** NA	46.82 x
(9) Capital Productivity (x)	0.21 x	** NA	33.85 x
(10) Capital Intensity (\$)	\$ 517,386.61	** NA	\$ 1,992

Note:

* The industry average based on SSIC Code 6920 applies to firms in both SSIC Code 69201 (Accounting and auditing services, including taxation advisory services) as well as Code 69202 (Book-keeping services). Firms which are mainly into accounting and auditing services will find it better to use industry average in SSIC 69201 as their benchmark, while those providing both accounting and auditing as well as book-keeping services may consider using the industry average in Code 6920 for their benchmark.

** NA – Data not available.

10. DEFINITION OF 10 PRODUCTIVITY INDICATORS

	Productivity Indicator	Formula	What It Measures
1	Labour productivity	$\frac{\text{Value added}}{\text{No. of employees}}$	Efficiency and effectiveness of employees in the generation of value added
2	Sales per employee	$\frac{\text{Sales}}{\text{No. of employees}}$	Efficiency and effectiveness of marketing strategy
3	Value added-to-sales ratio	$\frac{\text{Value added}}{\text{Sales}}$	Proportion of sales created by the organisation over and above purchased materials and services
4	Profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	Proportion of sales left to the organisation after deducting all costs
5	Profit-to-value added ratio	$\frac{\text{Operating profit}}{\text{Value added}}$	Operating profit allocated to the providers of capital as a proportion of value added
6	Labour cost competitiveness	$\frac{\text{Value added}}{\text{Labour cost}}$	Efficiency and effectiveness of the organisation in terms of its labour cost
7	Labour cost per employee	$\frac{\text{Labour cost}}{\text{No. of employees}}$	Average remuneration per employee
8	Sales per dollar of capital	$\frac{\text{Sales}}{\text{Fixed assets}}$	Efficiency and effectiveness of fixed assets in the generation of sales
9	Capital productivity	$\frac{\text{Value added}}{\text{Fixed assets}}$	Efficiency and effectiveness of fixed assets in the generation of value added
10	Capital intensity	$\frac{\text{Fixed assets}}{\text{No. of employees}}$	Extent to which an enterprise is capital-intensive

Note:

Two Methods for Computing Value Added

Method 1	Method 2
Value Added is the wealth created by an establishment through its production process or provision of services.	Value added is distributed as remuneration to workers, depreciation for reinvestment in machinery and equipment, taxes to government, interest to lenders of money and profits to the company.
Value Added = Sales – Cost of purchased goods and services	Value Added = Labour cost + Depreciation + Taxes + Interest + Profits after tax

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

Part I: Qualitative Assessment Of Productivity Management Function And Key Productivity Levers

Scale 0 to 4 where 0 = not at all 4 = to a great extent

Section I : Productivity Management

Section I assesses the effectiveness of the firm's Productivity Management Function

A.	Establish Productivity Management Function	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
1	There is a productivity management function / clear accountability for productivity (e.g. productivity manager)	0	0	1	2	1	2	0	3	2	3	1.5
2	Productivity improvement goals are set for the organization	0	1	1	2	2	0	2	3	2	3	2
Total Sub Score = 8		0	1	2	4	3	2	2	6	4	6	2.5

Observations

- Item (A1) – 7 CPA firms have set up their productivity management function, albeit to varying degrees. Out of these 7 firms, only 2 have more accomplished productivity management set-ups.
- Item (A2) – 8 out of the 10 CPA firms have set productivity improvement goals (e.g. sales, task completion duration, etc) for their organisations. It is also heartening to note that 2 firms (CPA firm 2 and 7) do set productivity improvement goals for their organizations, although they have yet to put in place a productivity management function. This shows that they recognize the need to improve productivity. Clearly, the way forward is to establish a productivity management function for these 2 firms for better focus and sustained progression.
- CPA firm 8 and 10 – Business Partners are very active and serve as gate-keeper to review, set and monitor KPIs on productivity and performance of staff on a weekly basis. Any shortfall would be addressed immediately by the Business Partners with the staff directly.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

B.	Diagnose	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start Up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
3	Key factors that affect output (production and sales) and use of resources, as well as their inter-linkages, are identified	0	2	2	3	4	1	3	3	0	3	2.5
4	A productivity diagnosis is undertaken to identify areas for improvement	0	2	2	1	1	0	2	3	0	2	1.5
Total Sub Score = 8		0	4	4	4	5	1	5	6	0	5	4

Observations

- Item (B3) – Most CPA firms have identified key factors (e.g. resources, competencies, limitations etc) that affect their business output. In particular, 5 of them placed rigour and emphasis on performing this task (rated 3 or 4 on the scale).
- Item (B4) – Most CPA firms have taken steps to review their business competitiveness, competencies, limitations and weaknesses for further improvement.
- 5 CPA firms have low scores (0 or 1 on the scale) for Item (B4) – This could potentially be due to lack of time, manpower resources or competencies/expertise to address the key areas for improvement in the productivity diagnosis. Another possible reason could be that Business Partners are caught up with day-to-day operations and ‘fire-fighting’ issues, leading to involuntary negligence of such ‘important but not urgent’ matters.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

C.	Develop Road Map	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start Up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
5	There is an overall productivity plan, which is integrated into the strategic plan	0	2	2	2	1	0	1	3	2	2	2
6	There are specific action plans implemented to improve productivity	0	2	2	2	1	0	2	2	2	1	2
Total Sub Score = 8		0	4	4	4	2	0	3	5	4	3	3.5

Observations

- Item (C5) – Although majority of the CPA firms have incorporated general productivity KPIs such as sales, job completion duration, cost recovery, etc into their strategic business plans, only 1 firm (scored 3 on the scale) carried this out in a more systematic and meaningful manner.
- Item (C6) – Execution and implementation of action plans appear to be somewhat lacking amongst all 10 firms (scored 2 and lower). It seems that the focus and commitment to implement mid- and long-term plans for productivity gains are absent. Only immediate operational issues such as manpower, technical skill & competencies, IT software etc would receive due attention and be addressed.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

D.	Implement Productivity Measurement & Performance Management Systems	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start Up	Est.	Est.	Est.	Est.	Est.	Est.	Start Up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
7	There is a system to measure productivity at various levels	0	2	3	3	3	0	2	3	2	3	2.5
8	Benchmarks/best-in-class performance are identified	0	1	4	2	1	0	2	3	2	1	1.5
9	Targets are set for key productivity measures	2	2	3	1	3	0	2	3	2	3	2
10	Productivity performance at various levels is monitored	2	3	3	2	1	1	1	3	2	3	2
11	Productivity audits are performed	0	0	3	2	1	0	0	2	2	1	1
12	Staff performance appraisals are aligned to productivity achievements	2	3	4	2	3	0	2	4	2	4	2.5
13	There is an employee incentive scheme that is linked to productivity achievements	0	3	3	2	0	0	1	4	0	3	1.5
Total Sub Score = 28		6	14	23	14	12	1	10	22	12	18	13

Observations

- Item (D7, D9, D10 & D11) – Most CPAs have established systems, structures and processes at various levels (department & individual level) to measure operational productivity to ensure jobs are completed in time. However, productivity audits are either not done or performed inadequately (6 of them scored 0 or 1 on the scale).
- Item (D8) – CPA firm 4 and 8 obtained regular updates on best-in-class practices through subscription of articles. In addition, they have identified good practices by the Big 4 for adoption and adaptation in their own organisations. Evidently, the Business Partners from these 2 firms were formerly from the Big 4.
- Item (D12) – With the exception of 1 CPA firm, the rest have their staff performance appraisals aligned to productivity achievements (in addition to the standard review on the individual's abilities to organise, supervise, complete task on time, neatness, communication skill, technical skill, responsibilities, integrity, appearance, commitment etc). In other words, these CPA firms acknowledge and recognize the need to raise the productivity of their staff.
- Item (D13) – While 9 CPA firms have their staff performance appraisals aligned to productivity achievements, only 4 have incorporated some form of employee incentive scheme which is tied to productivity achievements, as a source of staff motivation to drive productivity performance. This finding highlights a severe disconnect between performance and reward, which ought to be seriously looked into and duly addressed.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

Section 2 : Key Productivity Levers

Section 2 assess the firm's current state in Addressing Key Productivity Levers

OUTPUT

A. Increase Sales

		CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start Up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Set stretch and challenging sales growth targets	3	2	2	1	0	0	0	2	2	2	2
ii.	Implement a marketing strategy to increase sales	3	2	2	1	3	1	0	2	2	0	2

Observations

- Item (ai) – Except for CPA firm 1, the other firms scored 2 and lower, suggesting that many of them rely on passive referral and recurring clients.
- Item (aii) – Only CPA firm 1 and 5 scored high on this lever. Clearly, CPA firm 1's extensive implementation of their marketing strategy to increase sales was a direct result of their stretched and challenging sales targets. On the other hand, CPA firm 5 did not set stretched and challenging targets. This finding suggests that the strategic planning/target-setting process might be non-existent, lacking or deficient.

		CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Conduct market research on potential new goods/services	4	0	2	1	2	0	0	0	0	0	0
ii.	Carry out product development plan	3	0	2	1	1	0	0	0	0	0	0

Observations

- Item (bi) – 6 out of the 10 CPA firms did not conduct any form of market research on potential new goods/services. This reinforces the point that many of them adopt a passive stance, and are contented to rely on referrals and recurring clients.
- Item (bii) – A similar pattern is observed in terms of carrying out product development plan. In essence, both findings suggest that many of the CPA firms have not embarked on any form of product diversification.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

c.	Sell more high-value goods and services in current product mix	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Identify clear market segments for products in current portfolio, and the needs of these segments	3	2	2	2	3	0	0	1	0	0	1.5
ii.	Explore different product mix	3	0	2	2	3	0	0	1	0	0	0.5

Observations

- Item (ci) – Only 2 CPA firms (firm 1 and 5) are rather active in terms of client and market needs identification and analysis.
- Item (cii) – A similar pattern is observed for this productivity lever, suggesting many firms lack the initiative to diversify for further business growth.
- Both findings indicate that many CPA firms do not provide value-added services that could better cater to the needs of clients. This could also mean that many of the CPA firms continue to be in direct competition with one another, with little or no product differentiation.

d.	Obtain higher value from existing goods and services	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Focus on service excellence/product quality improvements	4	3	3	1	3	0	3	1	2	2	2.5
ii.	Engage in branding for products	4	2	4	1	3	0	1	1	2	0	1.5
Total Sub Score = 32		27	11	19	10	18	1	4	8	8	4	9

Observations

- Item (di) – 7 out of the 10 CPA firms make conscious effort to focus on service excellence/product quality improvements. This shows that most CPA firms are headed in the right direction, but more needs to be done, particularly in view of the findings observed in items (b) and (c).
- Item (dii) – Only half of the CPA firms in this sample engage in branding for product to create market awareness and drive sales, underlining that a certain level of skepticism with respect to branding might still prevail amongst a number of CPA firms.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

B. Increase Output Per Unit Cost of Production

a.	Control cost of materials and services	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Engage in best sourcing practices	0	0	3	0	3	0	0	1	2	1	0.5
ii.	Explore shared services and/or demand aggregation	3	0	0	2	1	0	2	1	0	1	1
iii.	Engage in supply chain management and inventory management	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Observations

- Item (ai) – Only 3 out of the 10 CPA firms are actively engaged in best sourcing practices.
- Item (a ii) – Only 3 out of the 10 CPA firms tapped on IT and other shared services to save costs, as well as leveraged business alliances/networks for business referrals/demand generation.
- Item (a iii) – Supply chain management and inventory management are not directly applicable to CPA firms, due to the nature of their business.

b.	Scale up operations to optimal level	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Identify and implement measures to reach optimal level of operations to achieve economies of scale	2	2	3	2	3	0	2	1	2	1	2
ii.	Explore possibilities to achieve an optimal organisation structure	3	2	3	2	3	0	2	3	2	2	2

Observations

- Item (bi) – 7 out of the 10 CPA firms have reviewed their operational needs and implemented measures to achieve economies of scale with respect to manpower, office space, sales leads etc.
- Item (bii) – Except for one, all CPA firms have explored possibilities to achieve an optimal organisation structure. However, many of such plans remain at the exploratory stage due to resource constraints and inadequate expertise.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

c.	Improve processes to produce goods and services	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Implement measures to maximise output with given resources	3	3	3	3	3	3	1	2	2	1	3
ii.	Implement measures to reduce the amount and cost of resources / inputs used to produce the output	2	0	3	2	3	2	1	2	2	2	2
iii.	Streamline business / work processes	2	3	3	2	3	1	3	3	2	2	2.5
Total Sub Score = 32		15	10	18	13	19	6	11	13	12	10	12.5

Observations

- Item (ci), (cii) and (ciii) – All the CPA firms have made conscious and deliberate attempts to improve their processes in one way or another. Specific measures have been undertaken to maximise output, reduce cost of resources and streamline business/work processes in a bid to raise productivity.
- A notable finding is that some CPA firms reduced costs by sourcing second-hand/trade-in office equipment.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

INPUT

C. Optimise Use of Labour

a.	Deploy labour effectively	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Engage in job redesign	0	0	3	3	3	1	2	1	0	1	1
ii.	Implement real-time labour redeployment to meet demand fluctuations	3	3	3	3	3	3	0	3	2	1	3
iii.	Create flexi-work arrangement	2	0	1	1	3	0	2	4	0	0	1

Observations

- Item (ai) – 3 of the CPA firms engage in job redesign to a large extent (scored 3) by implementing good HR practices which include training and development programmes to prepare staff for job rotation and enlarged job scope, as well as streamline job functions.
- Item (aii) – Most CPA firms carry out real-time labour redeployment (e.g. part timers, interns and job-sharing) to meet demand fluctuations arising from peak periods throughout the year.
- Item (aiii) – CPA firm 5 and 8 provide more structured flexi-work arrangements (scored 3 or higher) which make provisions for staggered working hours, thereby enabling staff to focus on delivering quality work. Two other CPA firms also put in place some form of flexi-work arrangement (scored 2).

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

b.	Increase use of skilled workers for high-value work	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Analyse manpower requirements (i.e. need for skilled or unskilled workers) in business decisions	0	3	3	3	3	0	3	4	3	3	3
ii.	Upgrade skills of workforce	4	4	3	2	3	1	3	2	3	2	3

Observations

- Item (bi) – 8 out of the 10 CPA firms would conscientiously carry out manpower requirement analysis in their decision-making process. This is not surprising as talent/manpower is pivotal in the accountancy business. Nonetheless, there are 2 firms in the sample which do not conduct any manpower requirement analysis.
- Item (bii) – All the CPA firms provide structured or/and unstructured training & development (including On-the-Job Training) for the purpose of skills upgrading.
- Notably, a handful of the CPA firms shared that they have introduced Leadership Development Programmes for their managers and some of their high-potential executives to facilitate career progression.

c.	Improve management practices and work attitudes	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Improve management practices and work attitudes	0	0	3	1	3	0	2	2	0	2	1.5
ii.	Communicate productivity goals to employees	0	3	2	3	2	0	3	4	2	3	2.5
iii.	Assess work attitudes	2	4	3	2	2	1	3	2	2	3	2
iv.	Assess management practices	0	2	3	2	2	1	2	2	2	1	2
Total Sub Score = 36		11	19	24	20	24	7	20	24	14	16	19.5

Observations

- Item (ci) – 6 out of the 10 CPA firms look into improving management practices and work attitudes to engender higher productivity and harness further growth.
- Item (cii) – Majority of the CPA firms would communicate productivity goals (e.g. job timeline, desired aptitude/attitude towards a given task/project) to their employees.
- Items (ciii) – All the CPA firms would assess work attitudes of employee to affirm desired attitudes/behaviour and highlight areas for improvement.
- Item (civ) – All except CPA firm I review their management practices.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

D. Optimise Use of Capital (including land and space)

a.	Introduce appropriate technology	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Keep abreast of technology developments	4	3	4	3	4	1	2	3	3	3	3
ii.	Review state of technology in the organisation	4	3	1	2	4	1	2	3	3	2	2.5

Observations

- Item (ai) – All the CPA firms have kept abreast of technology developments such as IT software and cloud computing capabilities through seminars, magazines, networking, vendor promotions, etc. However, such efforts seemed to be kept at a minimal level for CPA firm 6 (scored 1).
- Item (a ii) – In one way or another, all the CPA firms conduct reviews on the state of technology in their organisations to ascertain the need for further IT adoption. However, CPA firm 6's efforts in this respect appear minimal. In the case of CPA firm 3, while they are extremely plugged in on technology developments, efforts in reviewing their state of technology in-house have been rather limited.

b.	Introduce appropriate level of capital intensity and high-quality capital	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Mechanise and automate processes where possible	3	2	1	2	3	2	0	4	2	3	2
ii.	Review effectiveness of capital equipment in the various processes	0	2	1	2	3	1	0	4	2	1	1.5

Observations

- Item (bi) – Except for CPA firm 7, all the CPA firms are using IT software, to varying degrees, as the main source of automation to enhance work processes in generating data and reports.
- Item (b ii) – 5 out of the 10 CPA firms (scored 2 or higher) indicated that they would review the effectiveness of capital equipment invested to ensure proper utilisation and optimal deployment.
- Other notable observations include best sourcing of capital equipment (e.g. printers, notebook computers, office furniture, etc) at the lowest possible cost by CPA firm 8, which enables high capital utilization; as well as the practice of holding minimum or zero fixed assets by a few other CPA firms, which would essentially free up more liquidity for strategic redeployment or usage.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

c.	Increase utilisation of capital	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Set stretch/challenging targets for capital utilisation rates and track achievements	1	0	2	1	0	0	0	3	2	1	1
ii.	Implement a strategy to effect high level of capital utilization	2	0	2	2	0	0	0	3	2	1	1.5

Observations

- Item (ci) & (cii) – Across the board, the scores for these 2 levers are relatively low, except CPA firm 8 who scored 3 for the 2 levers. This is opposed to the findings under “Increase use of skilled workers for high-value work” (page 28) where most of the scores are generally high. The implication is that many of these CPA firms seem predisposed to the notion that the nature of their business is manpower-intensive, leading them to gloss over the need for a more structured approach with respect to capital utilisation.

d.	Optimise use of space	CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
i.	Review space utilisation in relation to business volume and execute an optimisation plan	2	0	2	2	4	1	3	4	2	3	2
ii.	Consider shared facilities	4	0	0	2	1	0	3	4	2	0	1.5
Total Sub Score = 32		20	10	13	16	19	6	10	28	18	14	15

Observations

- Item (di) – Majority of the CPA firms would conduct reviews on space utilisation in relation to current/future business volume. For instance, some CPA firms have relocated away from CBD area to harness cost savings.
- Item (dii) – The concept of shared facilities did not emerge as a key consideration (scored 2 or lower), possibly due to their own exclusive office space/facilities which could be a result of corporate branding and image.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

SUMMARY OF CONSOLIDATED SCORES

Section I: Productivity Management

		CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
A.	Establish Productivity Management Function	0%	13%	25%	50%	38%	25%	25%	75%	50%	75%	32%
B.	Diagnose	0%	50%	50%	50%	63%	13%	63%	75%	0%	63%	50%
C.	Develop Road Map	0%	50%	50%	50%	25%	0%	38%	63%	50%	38%	44%
D.	Implement Productivity Measurement & Performance Management Systems	21%	50%	82%	50%	43%	4%	36%	79%	43%	64%	47%

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

Section 2 : Assessment of Current State in Addressing Key Productivity Levers

OUTPUT

		CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
A.	Increase Sales	84%	34%	59%	31%	56%	3%	13%	25%	25%	13%	28%
B.	Increase Output Per Unit Cost of Production	47%	42%	75%	54%	59%	30%	46%	44%	38%	36%	45%

INPUT

		CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.	
		7	8	9	11	11	12	12	13	20	35	
C.	Optimise Use of Labour	31%	53%	67%	56%	67%	19%	56%	67%	39%	44%	55%
D.	Optimise Use of Capital (including land and space)	63%	42%	46%	50%	79%	19%	63%	88%	56%	50%	53%

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

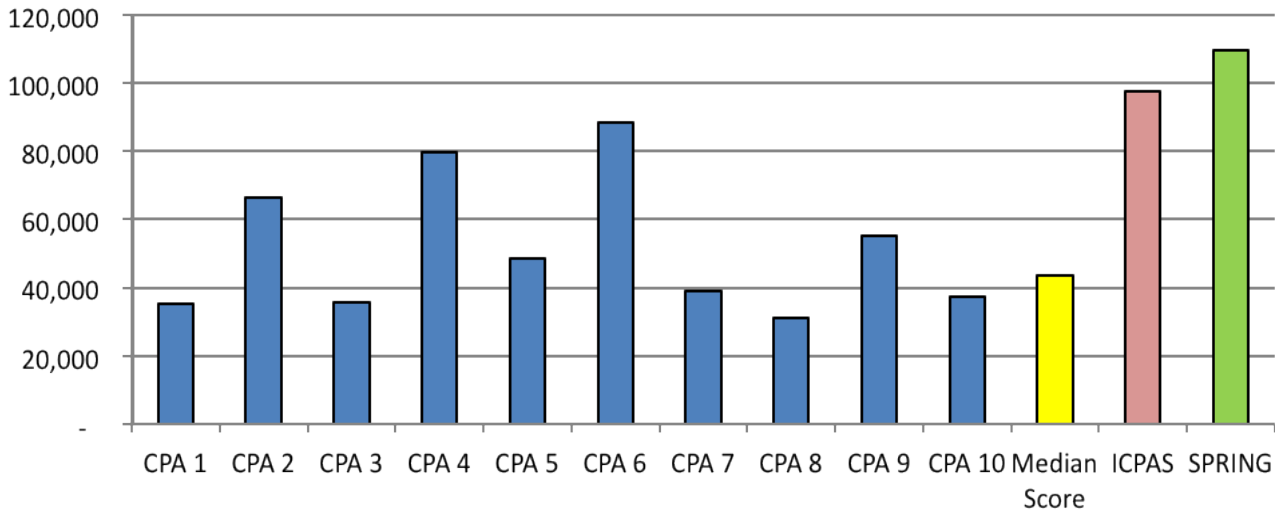
Part II Quantitative Assessment Of Productivity Performance Based On 10 Key Productivity Indicators

Impact Assessment 10 Key Productivity Indicators		CPA 1	CPA 2	CPA 3	CPA 4	CPA 5	CPA 6	CPA 7	CPA 8	CPA 9	CPA 10	Median Score*	ICPAS*	SPRING*
		Start up	Est.	Est.	Est.	Est.	Est.	Est.	Start up	Est.	Est.			
		7	8	9	11	11	12	12	13	20	35			
1	Labour Productivity (\$)	35,444	66,394	35,488	79,654	48,451	88,587	38,988	31,027	55,079	37,278	43,720	97,379	109,664
2	Sales per Employee (\$)	48,891	80,831	64,844	105,314	69,053	95,938	48,774	33,860	72,751	59,497	66,949	122,627	265,018
3	Value Added to Sales ratio (%)	73	82	55	76	70	92	80	92	76	63	76	79	41
4	Profit Margin (%)	29	31	-13	27	25	46	36	48	15	-13	28	33	20
5	Profit to Value Added ratio (%)	40	38	-23	36	36	50	46	52	20	-21	37	41	50
6	Labour Cost Competitiveness (xs)	1.52	1.6	0.84	1.54	1.57	2.02	1.10	1.65	1.27	0.82	1.53	1.7	2.09
7	Labour Cost per Employee (\$)	23,263	41,611	42,476	51,641	30,820	43,906	35,409	18,774	43,201	45,479	42,044	57,465	52,454
8	Sales per Dollar of Capital (x)	14.89	NA	221.06	69.55	9.38	174.83	13.26	NA	89.63	24.08	46.82	NA	0.51
9	Capital Productivity (x)	10.80	NA	120.98	52.61	6.58	161.44	10.60	NA	67.86	15.09	33.85	NA	0.21
10	Capital Intensity (\$)	3,283	NA	293	1,514	7363	548	3678	NA	811	2,470	1,992	NA	517,386

*Refer to the Section "Industry Averages Identified For Benchmarking" on page 10 for the data for Median Score, ICPAS & SPRING stated in the table above.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

(1) Labour Productivity (\$)

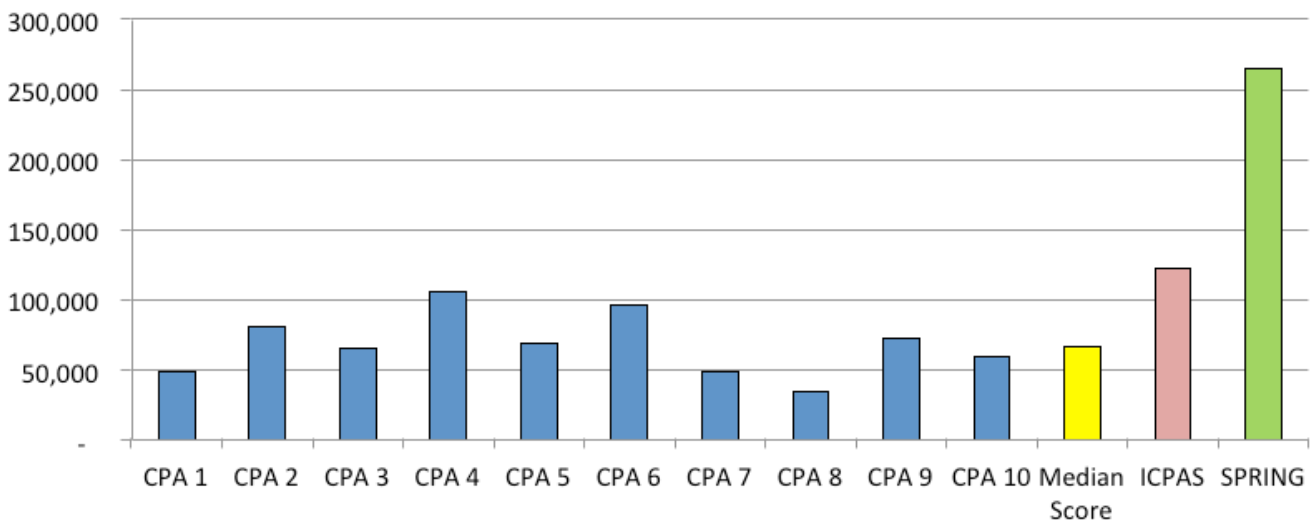


Labour productivity (Value added / No of Employees) measures the efficiency and effectiveness of employees in the generation of value added.

Observation

CPA firms 2, 4 & 6 achieved higher labour productivity among the 10 CPA firms due to higher value added generated with respect to its employee size.

(2) Sales per Employee (\$)



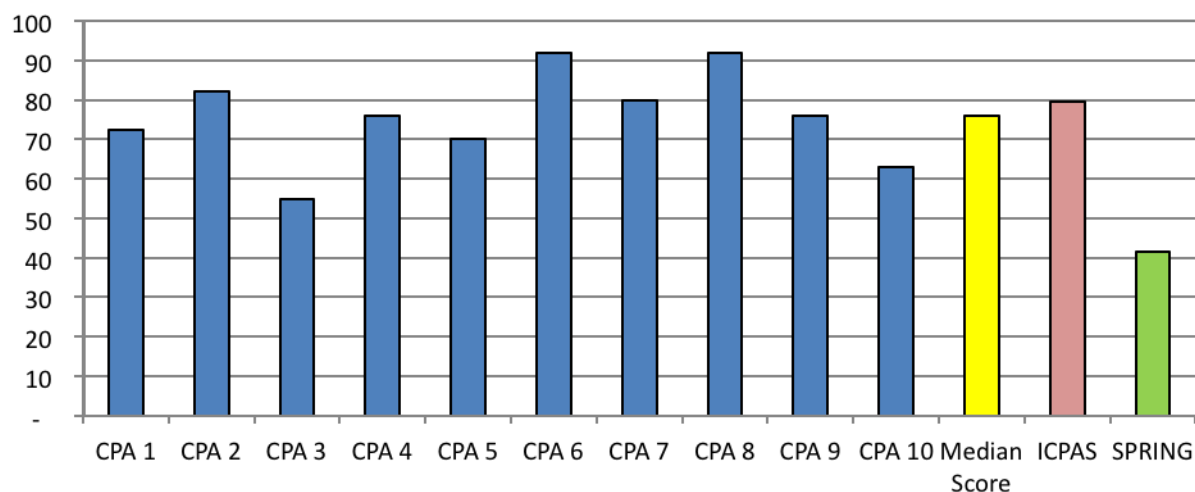
Sales per Employee (Sales / No of Employees) measure the efficiency and effectiveness of the firm's marketing strategy.

Observation

Across the 10 CPA firms, it was observed that the sales per employee underperformed against the ICPAS benchmark.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

(3) Value Added to Sales Ratio (%)

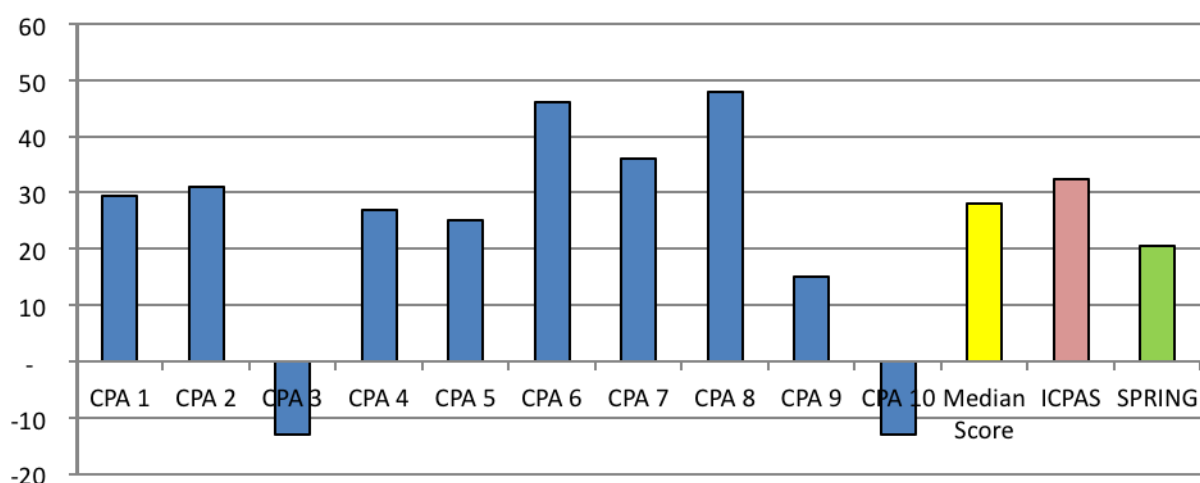


Value Added-to-Sales Ratio (Value Added / Sales) measures the proportion of sales created by the organisation over and above purchased materials and services

Observation

All the CPA firms outperformed the SPRING benchmark but only 4 out of the 10 CPA firms are comparable to the ICPAS benchmark.

(4) Profit Margin (%)



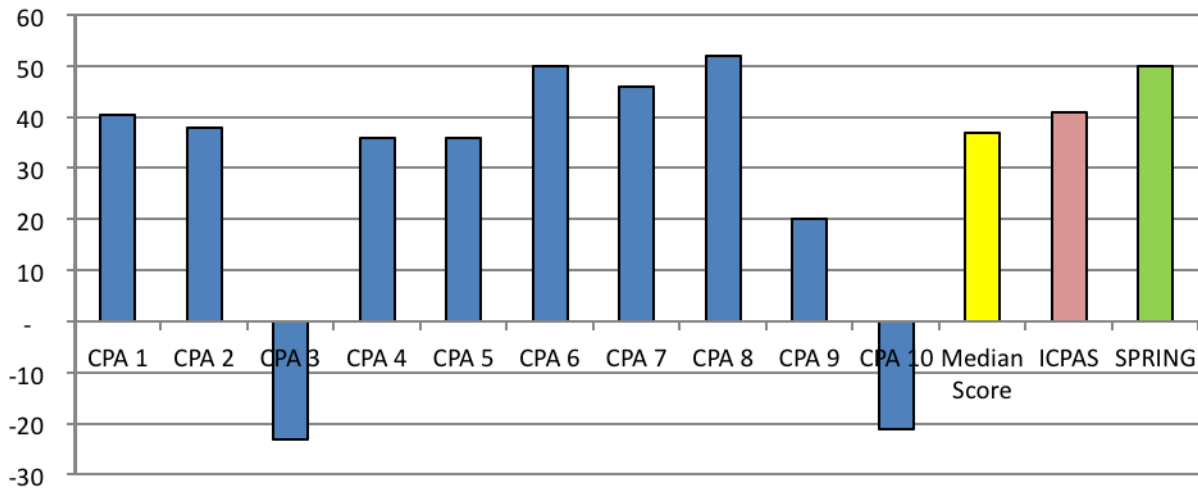
Profit Margin (Operating Profit / Sales) measures the proportion of sales left to the firm after deducting all costs.

Observation

2 of the CPA firms suffered net losses. 3 of the CPA firms (firm 6, 7 & 8) achieved higher profit margin relative to both the ICPAS and SPRING benchmarks.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

(5) Profit to Value Added Ratio (%)

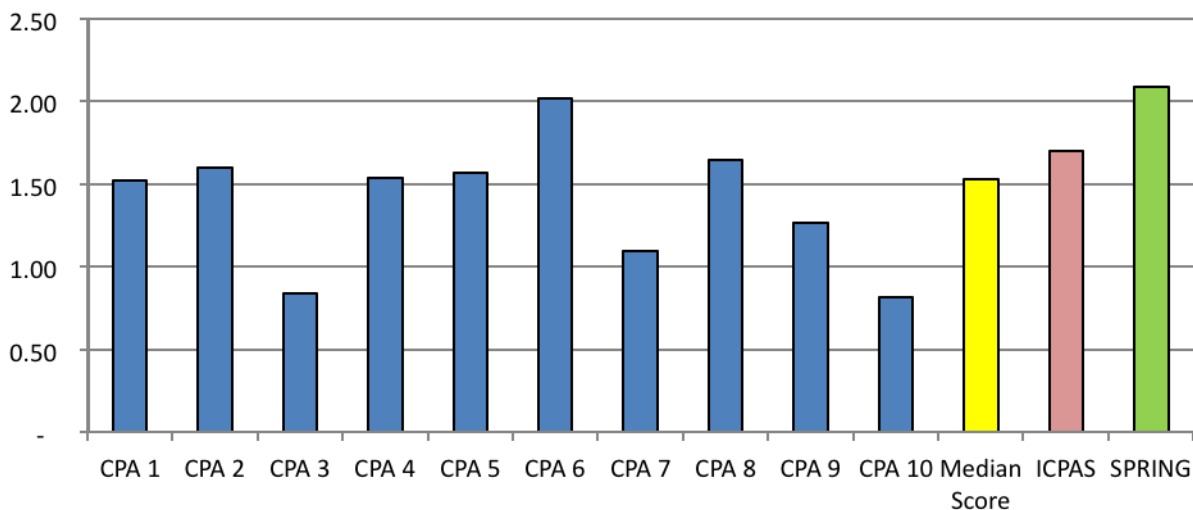


Profit-to-Value Added Ratio (Operating Profit / Value Added) measures the operating profit allocated to the providers of capital as a proportion of value added

Observation

Due to net losses incurred, CPA firms 3 & 10 posted negative Profit-to-Value Added Ratios.

(6) Labour Cost Competitiveness (x)



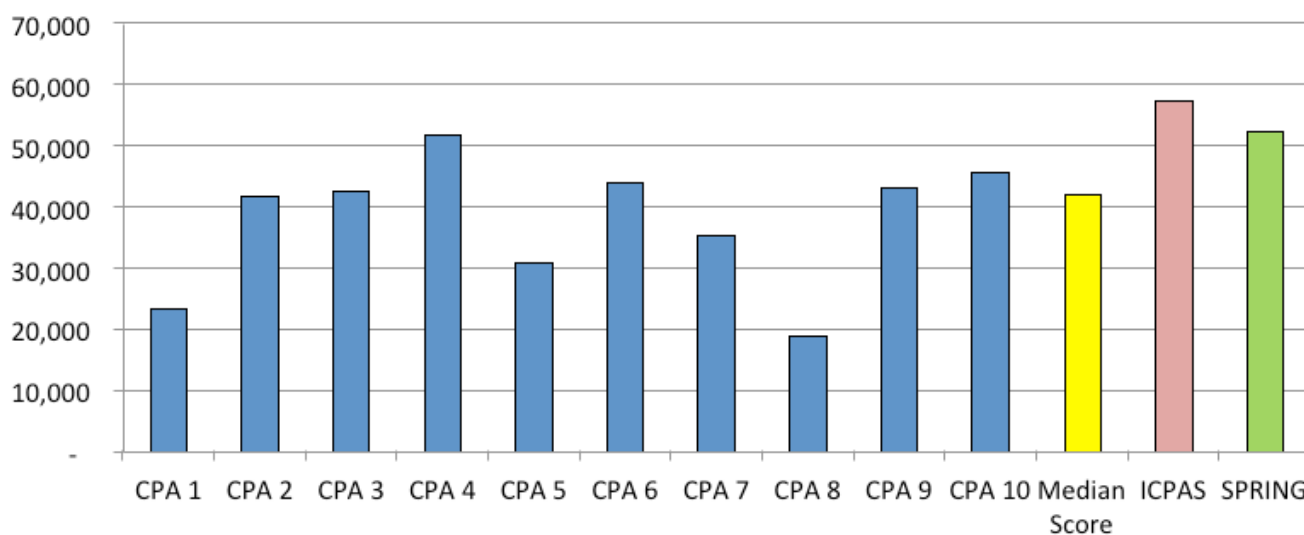
Labour Cost Competitiveness (Value Added / Labour Cost) measures the efficiency and effectiveness of the organisation in terms of its labour cost.

Observation

4 out of the 10 CPA firms (firms 3, 7, 9 & 10) are less competitive in terms of their labour cost.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

(7) Labour Cost per Employee (\$)

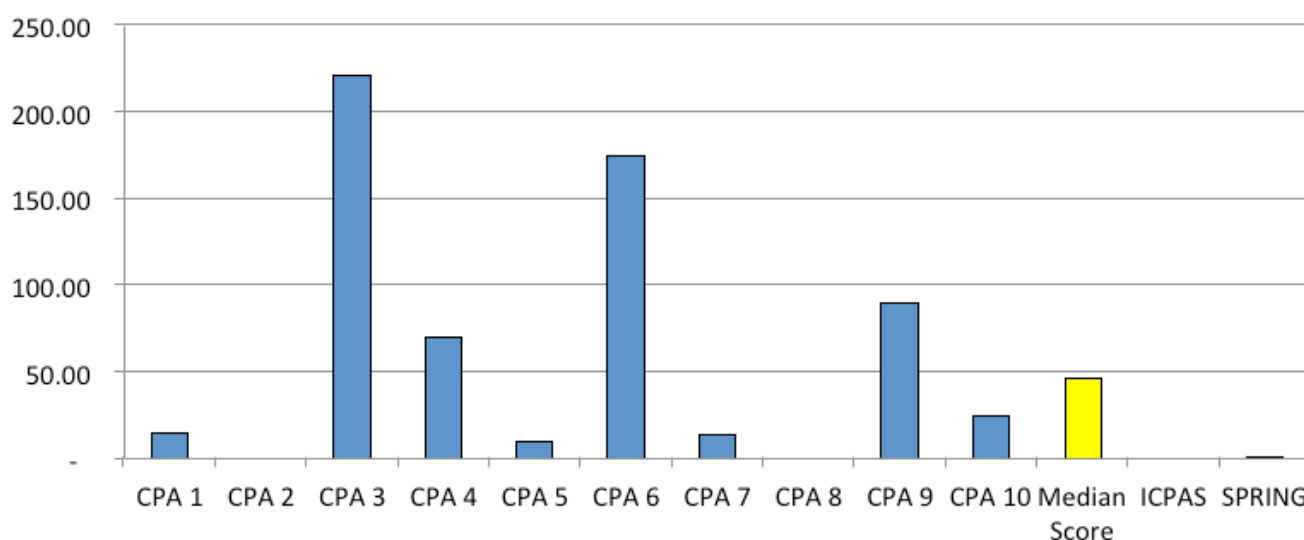


Labour Cost per Employee (Labour Cost / No. of Employees) measures the average remuneration per employee.

Observation

Generally, all 10 CPA firms seem to be offering remuneration at slightly lower than market rate.

(8) Sales per Dollar of Capital (x)



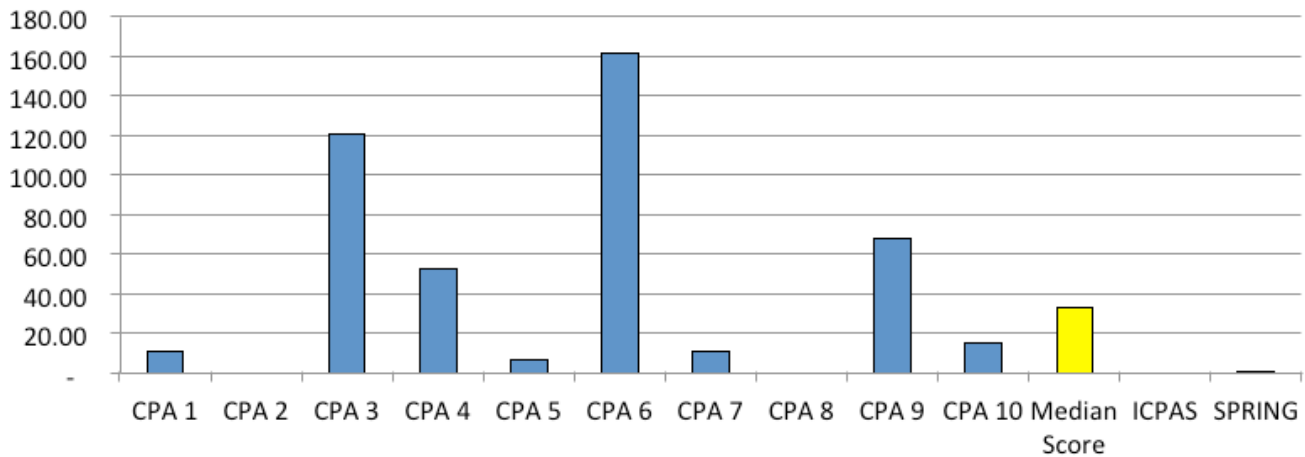
Sales per Dollar of Capital (Sales / Fixed Assets) measure the efficiency and effectiveness of fixed assets in the generation of sales.

Observation

Most CPA firms tend to hold minimum or zero fixed assets which explains the much higher magnitudes of this productivity indicator.

II. IMPACT ASSESSMENT FINDING AGAINST INDUSTRY AVERAGES

(9) Capital Productivity (x)

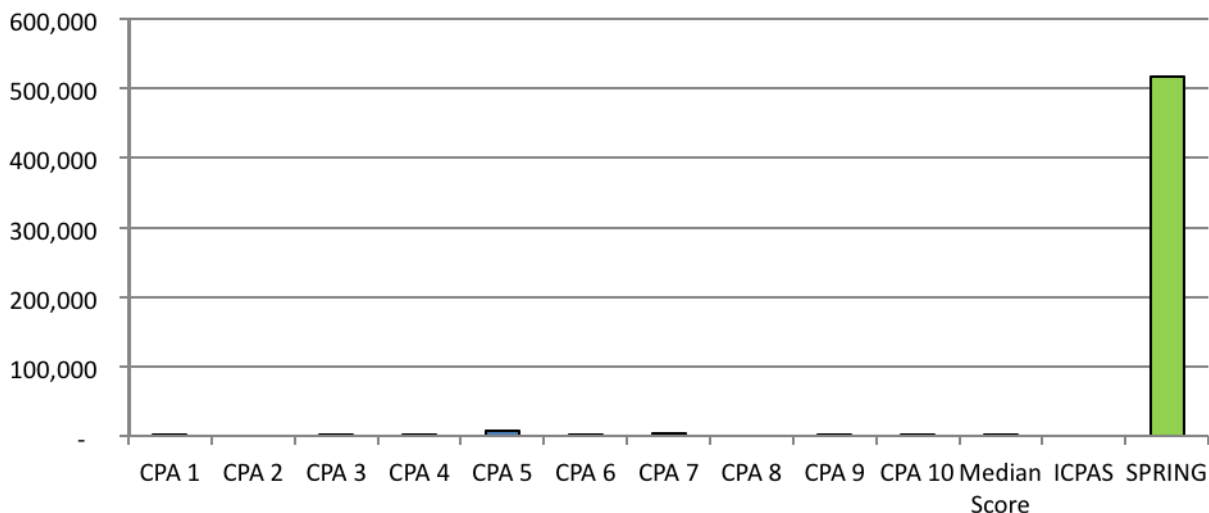


Capital Productivity (Value Added / Fixed Asset) measures the efficiency and effectiveness of fixed assets in the generation of value added.

Observation

Similarly, the holding of minimum or zero fixed assets accounted for the high magnitudes of this productivity indicator.

(10) Capital Intensity (\$)



Capital Intensity (Fixed assets / No of Employees) measure the extent to which an enterprise is capital-intensive

Observation

Capital intensity is found to be low or negligible for all the CPA firms due to the nature of the business as well as the practice of holding little or no fixed assets.

12. TOP 5 AREAS TO BE CONSIDERED FOR IMPROVING PRODUCTIVITY

The top 5 areas to be considered for improving productivity are detailed as follows:

(1) Management Practices & Leadership Competencies

Based on the observations from the pilot study, there appears to be a gap in the management practices and leadership competencies of both the start-up and established CPA firms to manage the business for growth.

For the start-ups, Business Partners are constantly juggling between sales generation, operational processes, and HR issues such as recruitment, training, organisational assimilation, amid other challenges.

For established players, succession planning is limited and not well-structured. In particular, outgoing Business Partners “retired” to the “back scene” almost too quickly, with little or no overlap with the incoming management team. In addition, greater emphasis ought to be placed on developing the leadership and management competencies for a potential Business Partner.

(2) Corporate Strategic Business Plan, Goals & Directions

In the course of carrying out this pilot study, one key observation made was that employees of several CPA firms do not have clear ideas on their respective firms’ corporate goals and directions. These employees were only aware of their individual KPIs with respect to job completion.

This can be attributed to a lack of clear documentation of the “Corporate Strategic Business Plan, Goals and Directions” by the Business Partners due to their busy schedules, as well as a lack of thought process and methodology to critically review the “Corporate Strategic Business Plan, Goals and Directions”. Clearly, this has led to the lack of communication of “Corporate Strategic Business Plan, Goals and Directions” with KPIs to the staff.

(3) Productivity Measurement & Performance Management Systems

Findings from the pilot study indicate that most of the CPA firms have not established productivity measurement and performance management systems in their organisations, specifically:

- Productivity KPIs are not established at various levels, e.g. Corporate, Department and Individual
- Productivity roadmap for improvement is not established
- Productivity diagnosis and audits are not conducted
- Employee incentive scheme is not linked to productivity achievements
- Productivity in operational processes, capital resources and human resources ought to be improved

(4) Sales & Marketing Strategies

The pilot study found that several CPA firms have not established clear sales & marketing strategies to generate sales, which should include market review/research on product/service mix. Most CPA firms also do not actively engage in corporate branding to market their services.

This implies that most CPA firms are rather passive in their business approach, and remain contented to rely on recurring and passive referral of business from existing clients.

(5) Human Resources

Findings from the study indicate that CPA firms do not have a full HR Department set-up. More often than not, the HR functions and duties are assigned to a manager as a secondary appointment. In other words, the HR functions in CPA firms are not well-defined.

Many of the HR functions in the CPA firms such as (i) manpower planning, (ii) staff training & development plan, (iii) performance appraisal system tied to productivity achievements, (iv) staff retention scheme, (v) competency and capability development are conducted at a rather preliminary level to meet basic operational needs, without being effectively established and linked to “Corporate Strategic Business Plan, Goals and Directions”, “Sales & Marketing Strategies” and “Productivity Measurement & Performance Management Systems”.

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ABOUT ICPAS INDUSTRY DEVELOPMENT

ICPAS Industry Development was established in 2012, following the CDAS 2010 recommendation to develop Singapore into a global accountancy hub by 2020.

ICPAS Industry Development focuses on raising the capabilities of public accounting firms and professional accountants in business (PAIBs) across the business enterprises, through tapping onto various government incentives and schemes. ICPAS Industry Development is also committed to raising the accountancy sector productivity through the rolling out of initiatives designed for the sector.

We will continuously seek comments from ICPAS members through our events and seminars to gather views from the CPA Singapore community. Do send your comments to industry.development@icpas.org.sg.

ORIEL CORPORATE PROFILE

ORIEL MANAGEMENT CONSULTING PTE LTD

Website: www.orielgroup.com

Building Tomorrow's Business

Founded in 1996, Oriel is a consulting boutique providing innovative & pragmatic solutions to today's business challenges, to help small businesses develop into tomorrow's business leaders.

Oriel specializes in areas of Business Finance Solutions, Corporate Consulting, Project Finance Consulting, Business Coaching & Training and Business Outsourcing Services such as corporate services and corporate governance, accounting & audit, tax planning, human capital acquisition & development, and information technology. Our Consulting Solutions have been deployed across major commercial sectors and international markets.

We have assisted many Small and Medium-sized Enterprise ("SME") leaders address their business challenges which comprise product/service commercialization, brand building & management, acquiring & assembling formidable management teams, establishing scalable business systems, and procuring financing from capital providers, with an ultimate goal of delivering long-term sustainable growth in sales, profitability, and cash flow.

We build "collaborative partnerships" with ALL our Clients along our belief and principle of "Growing together with you".

Oriel's Mission is to significantly contribute to our clients' business by providing "Corporate Strategy Thought Process, Innovative Financing Solutions and Strategies" in a synergistic way, together we grow with our clients as business partners.

ORIEL CORPORATE PROFILE

Oriel's Motto

We grow with you

We provide transaction support assistance to SMEs on matters relating to buying and selling of businesses, procuring finance and strategic partners to pursue business growth initiatives such as business mergers and acquisitions, joint-ventures, franchising, licensing, acquiring agencies or distributorships, and large asset developments such as transportation facilities (highways, sea/airports), environmental (solid waste management, water & wastewater treatment), medical (hospitals, clinics & pharmacy chains), hospitality & leisure, industrial, residential and commercial projects.

Oriel understands that many SMEs have great business ideas, and product/services readily available to be offered to international markets. However, they are often constrained by inadequate resources in Capital, Connections and Capabilities.

Oriel's has become **SME's Preferred Value Creation Partner** where many SMEs have worked with us and formulated innovative and pragmatic responses to overcome these constraints which have enabled them to achieve the above-mentioned business growth initiatives.

Oriel's Commitment

Oriel is committed to our course of building SME businesses today into business leaders of tomorrow.

Our long-term commitment is demonstrated from providing business support and guidance at every phase of your business journey: Incubation & Start-up Phase, Growth Phase, Internationalization Phase, and Cruising/Exit Phase.

Oriel carries out "collaborative partnership" with the "We Grow with You" package of services.



ICPAS INDUSTRY DEVELOPMENT

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