August 2012

This electronic newsletter is prepared especially for public practitioners and is sent bimonthly to members of the Puerto Rico Society of CPAs. This e-newsletter features regular commentary from Bill Reeb, a CPA firm consultant based in Austin, Texas.

From the BILLiverse
In the fifth article of the series, Bill Reeb, CPA, discusses the goal setting process in great detail, primarily focusing on the particular "Establishing the Goal" process (the "Conclusion of the Goal" process will be covered in the final column). He provides in-depth examples of various phases of the process.
Read Reeb's Commentary

MAP Survey Deadline Extended to August 17
The 2012 National Management of an Accounting Practice (MAP) Survey, sponsored by the American Institute of CPAs Private Companies Practice Section (PCPS) and TSCPA, is open through August 17. The biennial survey covers key practice management issues that allow your firm to compare its management policies and financial results to other firms. If you have any questions, contact Dianne Rollin at 800-428-0272, Ext. 219 or drollin@tscpa.net.
Take the Survey
http://www8.intellisurvey.com/run/map2012screen
Learn More
https://www.tscpa.org/eweb/DynamicPage.aspx?webcode=NWSmapSurvey

The New Expectations Gap between Clients and CPAs
In this article, president and CEO of *CPATrendlines.com* Rick Telberg shares insight from a recent study that takes a closer look at the perceptions gaps between clients and accountants. There are a few key points in this study that might surprise you, when it comes to client sentiment and CPA firm perception.
Learn More

Accounting Technology Game Changers
Over the last few years, information technology has played a significant role in the accounting profession. Roman Kepczyk, CPA discusses four up-and-coming tech trends that are proving to be accounting "game changers" for the decade ahead. Take a look at the article below to learn more about these game changers and how they can affect productivity and your firm's preparedness for the future.
Learn More

Most U.S. Small Businesses Lack Disaster-Recovery Plan
According to the *Small Business Disaster Preparedness Study*, conducted by Sage North America, more than 60 percent of U.S. small businesses do not have a formal emergency-response plan and fail to back up their financial data off-site; leaving them vulnerable to catastrophic data loss in the event of a natural disaster. The study shows that while 94 percent of these businesses do back up the financial information stored in their computer systems, these back-ups are stored on-site. For those companies, any natural disaster that destroys their office and computer system could destroy their back-up information as well.
Learn More
http://www.cgma.org/Magazine/News/Pages/20126135.aspx

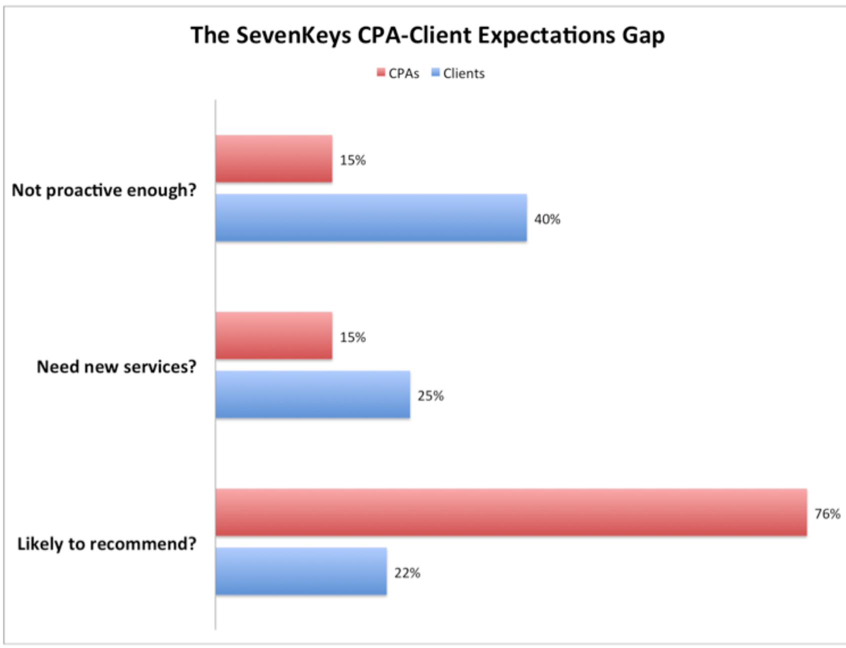
Freshen Up Your E-mail Newsletter

E-mail newsletters are a powerful way to get your message out to current clients and prospects, keeping you top-of-mind. That said, your brand reputation demands that you include valuable, well-written information. In the following article, Hugh Duffy shares a few tips that can help you improve e-newsletter content and distribution.
Learn More

How to Attract Clients Like a Magnet
In this CPATrendlines.com article, Sandi Smith, CPA shares 10 tips to boost your reputation. With suggestions like collecting testimonials and getting published, relying on reputation-building techniques can help you get the word out about what your firm can offer others.
Learn More
http://cpatrendlines.com/2012/08/04/how-to-attract-clients-like-a-magnet/

The New Expectations Gap between Clients and CPAs

What accounting firms don't know about their clients could hurt them.



Source: SevenKeysCPA.com

Only 22% of clients would recommend their current CPA firm, but 76% of CPAs believe they'd be recommended by most of their clients. Some 25% of clients say the range of service offered by their current CPA is inadequate, only 15% of CPA firms are aware of the problem. 40% of clients say their current CPA firm is not proactive enough; only 15% of CPAs agree.

By Rick Telberg

CPATrendlines.com

In a business environment of rapid-fire change and tough competition, CPA firms are focusing as much as ever on client service, client retention, and, of course, client cross-selling.

But most CPA firms are at a distinct disadvantage. CPA Trendlines research conducted with the Seven Keys to Successful CPA Firm Management bares three stark facts:

1. **Most firms do not know why they are hired or why clients fire them.**
2. **The reason most firms do not know why they are hired or fired is that they do not ask.**
3. **What they think they know is mostly wrong, because they do not analyze it.**

It's no secret that customer loyalty leads to increased revenues and profits. Our survey shows, in fact, that increased customer loyalty drives revenue growth by up to 20 percent. In other industries, many business experts are convinced most firms can increase wallet share from existing clients by 10 or 20 percent. Another study shows that for most large companies (not just accounting firms) up to 95 percent of profits come from long-term customers.

You certainly know that it costs more to acquire a new client than to retain one. But do you know how *much more* it costs? You can do the math: add together marketing costs, networking costs, sales costs, and then monetize the time and effort invested by everyone involved in bringing in the client. Now calculate the amount of money you lose when you start up with a new client. Once you quantify all of the costs and compare to the revenue earned working with existing clients, it is easy to see that the profit in the accounting business is in working with existing clients.

In fact, looking specifically at the accounting profession, a five percent improvement in client retention can improve profits by 25 to 85 percent. This kind of revenue growth adds directly to your bottom line. What more compelling argument do you need to demonstrate the benefit of improving your firm's ability to retain your clients?

Fortunately, accountants already have a head start in client satisfaction, ranking among the best of all professions. Although 90 percent of accounting clients are generally satisfied with the service they receive, CPAs cannot afford take clients for granted – ever.

The SevenKeys CPA study shows a new set of perceptions gaps between clients and accountants. Clients and their CPAs routinely provide significantly different answers to questions as basic as how long they've worked together (tip: accountants say their tenure is a lot longer than most clients would say), to the critically important: Would you recommend your CPA firm? On this, only 22% of clients say they love their current CPA firm enough to be "highly likely" to recommend the firm. Most CPA firms, unfortunately, believe 76% of their clients would be happy to recommend them.

Another clear gap between client sentiment and CPA firm perception relates to the importance of new services. One-fourth of clients surveyed cited a need for additional services as a reason to leave a CPA firm. Yet only 15 percent of CPA firms recognized the importance of new services.

Being proactive with clients is another very important gap in the perception of CPAs. While 40 percent of the clients surveyed listed a lack of initiative, or being proactive, as a reason to change firms, only 15 percent of CPAs understood how important this is to their clients. Clearly, clients want their CPAs to take the lead and become more proactive and innovative in anticipating their needs and preparing themselves to meet new needs as they emerge.

As satisfied as clients may be, there remains a huge opportunity for many CPA firms to enhance client service, and reap new revenues and profits.

Rick Telberg is president and CEO of CPA Trendlines, a research and advisory service providing actionable intelligence to CPA firm decision-makers***, and the co-creator of*** the Seven Keys to Successful CPA Firm Management, which helps CPA firms optimize their strategies and operations***.***

ACCOUNTABILITY FOR PERFORMANCCE MANAGEMENT (COLUMN 5)

BY BILL REEB, CPA, CITP, CGMA

We pick up this column with the four phases of the managing partner goal setting process. As introduced in our last column, the phases are:

Establishing the Goals:

- Guidance
- Suggestion
- Discussion
- Directive, and

Conclusion of the Goal Process:

- Evaluation (done multiple times throughout the year, but there is a final determination at the end of the year. This step will be covered in our final column)

A quick summary of the phases in the "Establishing the Goal" process:

Guidance:

In this first phase, we want the managing partner to point each partner in the best direction for them to focus, individualized for each partner's strengths, weaknesses and firm responsibilities.

Suggestion:

In this next phase, the partner responds to the broad direction of the managing partner and puts together their recommended, detailed approach for accomplishing the articulated general expectations, while simultaneously suggesting metrics to be held accountable to. It will also include monitoring steps to ensure that the managing partner is kept abreast of the partner's actual performance.

Discussion:

During this round, the partner will sit with the managing partner and defend why his/her suggestions are reasonable, comprehensive, fair and in line with firm strategy. Often during this conversation, because of the open dialogue, the managing partner gains new insight into the problems or issues as well as a better understanding of the effort being requested.

Directive:

In this final phase, the managing partner, at his/her sole discretion, will lock in a partner's goals, the relative priority of the several goals identified for each partner, and the allocation of performance incentives towards each of those goals.

Remember, the first cut at the partner goals is based on the firm's strategic plan. When we set goals for the managing partner to implement the strategic plan and hold him or her accountable for achieving those identified objectives, know that those same expectations will be broken down and cascaded to the partners, and ultimately, to staff.

So, let's talk through this process in more detail.

Let's assume that one of the goals of a partner is to increase the Trusted Business Advisor Activity for his or her top clients. In the initial goal sheet, for this particular goal from the managing partner, it might look like this:

Guidance:

Most Trusted Business Advisor **Value of Incentive: 30%**

<u>Partner Attributes or Expectations</u>

a) Continuously updating his/her understanding of key client's current and future priorities and the personal and business needs of its management

b) Develops relationships with A and high B key clients and referral sources of the firm that go beyond the services rendered

c) Has the ability to learn quickly, a proficiency in asking open-ended questions, and an ability to patiently listen and observe

d) Is adept at analyzing information/situations, drawing conclusion and facilitating solutions (not necessarily creating the solution)

e) Maintains regular contact with key clients

f) Finds opportunity to assist the client outside of the partner's specific competency areas

<u>Actions Identified to Obtain or Improve Attributes or Achieve Expectations</u>

1. Schedule quarterly meetings with these "A" clients and semi-annual meetings with high B clients. Prepare a list or schedule to review during your meetings with MP (managing partner).

2. During those meetings update your understanding of these clients and looks for ways to develop relationships with clients that go beyond the service we render.

3. Look for cross-selling opportunities, introduction to other firm personnel and opportunities to refer other professionals from your network. During your meetings with MP, review the context of some of those meetings.

4. Some of the information which would indicate that your understanding of the A & B clients is expanding beyond merely attest and tax, would be having an understanding/knowledge of the following:
    a. Revenue goals of clients for 20XX
    b. Strategic initiatives for each client for the next years
    c. Tactical priorities for each client for the next 18 months
    d. Opportunities clients are hoping to be able to leverage
    e. Product or service offering changes, etc.

Note to partner from managing partner: *The items identified above are for your consideration. Please review the expectation and then look through the actions identified. The actions listed above are ideas. Please consider how you think you should best approach the objective of improving as your clients' Most Trusted Business Advisor and list an approach you are comfortable with to achieve this objective.*

The first round was imitated by the managing partner with the information delivered above. Note that we are only focusing on one goal to keep this simple. In a normal situation, several goals would be identified during this process and they would total up to 100 percent of the managing partner incentive offering. In this case, the managing partner has suggested that this one goal should represent 30 percent of this partner's incentive.

Next, it is time for the partner to respond, which triggers the "Suggestion" round.

Suggestion:

Most Trusted Business Advisor	**Value of Incentive: 35%**

Partner Attributes or Expectations

a) Continuously updating his/her understanding of key client's current and future priorities and the personal and business needs of its management

b) Develops relationships with A and high B key clients and referral sources of the firm that go beyond the services rendered

c) Has the ability to learn quickly, a proficiency in asking open-ended questions, and an ability to patiently listen and observe

d) Is adept at analyzing information/situations, drawing conclusions and facilitating solutions (not necessarily creating the solution)

e) Maintains regular contact with key clients

f) Finds opportunities to assist the client outside of the partner's specific competency areas

Actions Identified to Obtain or Improve Attributes or Achieve Expectations

1. I will deliver a list of my "A" and "high B" clients and referral sources to you (the managing partner). That list will identify the people in those companies that I plan on contacting.
2. I will create a calendar identifying the month I plan on visiting each of my "A" clients. I intend to see each of them during tax season, and I will schedule 3 other visits during the year on the calendar.
3. I will create a calendar identifying the month I plan on visiting each of my "high B" clients. I intend to see each of them during tax season, and I will schedule one other visit during the year on the calendar.

4. I will sit with you and do a high-level review of the visits I made as well as review my plan for the near-term visits.
5. After I have met with one of my identified “A” or “high B” clients, I will update our salesforce.com customer relationship management system (CRM system) with the information I gathered during my meeting with my clients.
6. I will also keep a running ledger of new work scheduled by each of the clients I visit.

Note to managing partner: *I am suggesting increasing this goal from 30% to 35% because of the time this process will take, and because of the benefit I think it will provide to the firm.*

After the managing partner receives the updated goals from the partner, the managing partner should review them, verify whether they are reasonable and in line with the work effort expected from the other partners (this does not mean that each goal should have a comparable work effort from partner to partner, but rather that the overall goals for each partner would require a similar work effort to complete them).

The “Discussion” phase could happen through an iteration of notes on the goal sheets; but normally the best approach is for the partner and the managing partner to sit down, go over them and have a discussion about them.

There is an important overarching theme that occurs in all of the many discussions we have facilitated between partners and the managing partner. That is, for the managing partner to ask this question, regarding every action item outlined for a goal:

> “What can we do to make sure I catch you doing this?”

In other words, the intent of the goal process is for the partner to know clearly what is expected, and then to do it, and even exceed performance expectations. And the best way to accomplish this is to build in specific monitoring activities, date expectations, meetings, performance metrics, or any other techniques to ensure that the partner can regularly and efficiently communicate his or her progress and accomplishment. So, let’s take what came out of the “Suggestion” and look at some notes the managing partner would likely write on this and use for his/her discussion of those ideas with the partner.

Again, for the sake of simplicity, let’s just focus on the “Action” section for now:

Discussion:

Most Trusted Business Advisor — Value of Incentive: 35%

<u>Actions Identified to Obtain or Improve Attributes or Achieve Expectations</u>

1. I will deliver a list of my “A” and “high B” clients and referral sources to you (the managing partner). That list will identify the people in those companies that I plan on contacting.

Note from the MP: *By when will you complete this?*

2. I will create a calendar identifying the month I plan on visiting each of my “A” clients. I intend to see each of them during tax season, and I will schedule 3 other visits during the year on the calendar.

Note from the MP: *By when will you complete this? Additionally, I would like to know the nature and circumstances of the meeting, such as whether it was a lunch meeting, did you visit at the client’s workplace, etc.*

3. I will create a calendar identifying the month I plan on visiting each of my “high B” clients. I intend to see each of them during tax season, and I will schedule one other visit during the year on the calendar.

Note from the MP: *By when will you complete this? Additionally, I would like to know the nature and circumstances of the meeting, such as whether it was a lunch meeting, did you visit at the client’s workplace, etc.*

4. I will sit with you and do a high level review of the visits I made, as well as review my plan for the near-term visits.

Note from the MP: *How often will we sit down and meet? Who is responsible for setting these meetings? What does the phase "near-term visits" mean?*

5. After I have met with one of my identified "A" or "high B" clients, I will update our salesforce.com customer relationship management system (CRM system) with the information I gathered during my meeting with my clients.

Note from the MP: *When will you update our CRM system (the day after the meetings or when)? What level of information will you commit to updating in the system?*

6. I will also keep a running ledger of new work scheduled by each of the clients I visit.

Note from the MP: *I think this is a great idea. When will we review this ledger (will you just forward it to me monthly or will we sit down and discuss it as some interval)? In addition, new work scheduled is only one of the benefits these visits are likely to accrue to our firm; and I want to make sure you get full credit for the effort you are putting in. How about keeping track of substantial price increases or change orders for the annuity work we perform, new work scheduled, or new clients referred to you by these clients?*

Note to managing partner: I am suggesting increasing this goal from 30% to 35% because of the time this process will take, and because of the benefit I think it will provide to the firm.

Note from the MP: *Based on what you have laid out above, I don't have a problem agreeing to this effort being raised to 35%*

From this discussion, the partner modifies his/her partner goal action section as follows and resubmits it to the managing partner:

Discussion Response:

Most Trusted Business Advisor — Value of Incentive: 35%

Actions Identified to Obtain or Improve Attributes or Achieve Expectations

1. Before January 31st, I will deliver a list of my “A” and “high B” clients and referral sources to you (the managing partner). That list will identify the people in those companies that I plan on contacting.

2. Before January 31st, I will create a calendar identifying the month I plan on visiting each of my “A” clients. I intend to see each of them during tax season, and I will schedule 3 other visits during the year on the calendar (which I will identify as a breakfast meeting, lunch meeting, dinner meeting, entertainment outing, or on-site company visit).

3. Before January 31st, I will create a calendar identifying the month I plan on visiting each of my “high B” clients. I intend to see each of them during tax season, and I will schedule one other visit during the year on the calendar (which I will identify as a breakfast meeting, lunch meeting, dinner meeting, entertainment outing, or on-site company visit).

4. Quarterly, during a meeting you’ll schedule, I will sit with you and do a high-level review the visits I made during that quarter as well as review my plan for the upcoming quarter.

5. My objective is that by the end of each week during a week when I have a meeting with one of my identified “A” or “high B” clients (but I want to be held accountable for a two week compliance period), I will update our salesforce.com customer relationship management system (CRM system) with the information I gathered during my meeting with my clients. I will include in the update: the client’s expected revenues for the coming year, what we are currently doing for them, scheduled work we have in the backlog, services I think they need over the next 18 months, and the client’s current priorities during that same 18 month time frame. At your discretion, you should check the CRM system four times a year, after an appointment you know I have made to verify whether I am updating the system on a timely basis.

6. I will also keep a running ledger of new business referred by each of these clients, new work scheduled for each of these clients, and price increases of more than four percent or $1,000 (whichever is more) for existing recurring work for each of these clients, and change orders for existing work for each of these clients. I will report it to you during our quarterly meetings you schedule per item No. 4 above.

In this case, because the partner addressed each of the issues very well, the managing partner would simply send back the goal sheet as approved. The "Directive" phase of this simply involves communicating back to the partner what is expected. Had the partner left something out, or not specified a way for the managing partner to catch the partner achieving each action of his or her goals, that information would have been included in the final version sent to the partner.

The important point to make here is that the managing partner should be setting goals that are based on the normal expectations of a partner. The goals, as stated in an earlier column, shouldn't be established assuming exceptional performance. When exceptional performance is achieved, some reward calculated at something greater than100 percent for that goal incentive should be given.

This is a great place to stop. In our final column on goal setting, we will focus on the "Conclusion of the Goal Process," which is the "Evaluation" phase. We hope our first five columns are allowing this concept to come together for you!!

Freshen Up Your Email Newsletter

By Hugh Duffy

Email newsletters are a powerful way to get your message out to current client and prospects, keeping you top-of-mind. That said, your brand reputation demands that you include valuable, well-written information.

Your firm may be sending a newsletter already, but are you executing it to its potential? Whether you buy a newsletter from a third-party source, outsource its development or create it in-house, there are steps you can take to improve content and distribution.

Content Counts

1. **Think about your clients.** Are you writing about topics your clients care about? How do their

priorities relate to the services you provide? If you aren't sure, ask! A survey or a few phone calls asking for input is a great way to reach out to clients and deepen relationships.

2. **Take the "canned" out of your content.** Buying a newsletter from a service is perfectly legitimate, but oftentimes providers write on topics that may not apply to your audience. If this occurs, ask if there are options. Remember, the email newsletter provider wants to keep you as a customer, so chances are some simple tweaks in content are readily available.
3. **Tie the content to your products and services.** Make sure you have a reason for including a topic. Although there may not be a direct connection every time, the more you can tie your articles to a product or service, the better you can get at establishing your expertise. Think about your secondary services specifically when trying to come up with topics. Although the topics can cover anything you offer, small firms may want to write about incorporation services, financial planning, estate and trust planning, and other topics may increase awareness that you offer these services. Larger firms may communicate information related to litigation support, expert witness services, and estate and trust management. These are just a few examples; use your judgment and make sure what you write is a good fit for what you offer.
4. **Segment your audience.** If you have products and services that fit only a portion of your clients, only send that information to that group. This takes a little effort, but marketing the right products and services to the right audience always pays off.
5. **Avoid jargon and geek-speak.** If you're writing about 529 plans, don't cover the minutiae of setting them up. Talk about your client's goals and explain how you can help your client achieve them.
6. **Short, short, short: brevity counts.** Write short articles for a short newsletter to ensure a higher chance that your audience will read! How long exactly? Long enough to get your information across, but short enough to be interesting

Setting It Up

Write the content so that the email newsletter itself contains teasers that pique the interest of readers, and then link to the full article on a landing page on your firm's website. This drives traffic to the website where readers can read the entire article. Once on your website, the client or prospect can navigate your pages to gain a better understand of your services.

How often?

Think of your goals when determining how often to send the newsletter. Once or twice a month is probably enough to get the attention of your audience and the results you want. Remember, though, you definitely want to produce the newsletter on a regular basis because this will serve as a consistent reminder about your firm and its services.

Connect them back to you

Make your newsletter as interactive as possible. Use the newsletter to ask clients to connect with your social media efforts and post it on Facebook, Twitter and LinkedIn. Get creative and send videos and links to your YouTube channel. Provide special offers, surveys, or information and tools to download from your website.

Measure

Newsletters can help organizations achieve four goals. They:

- build loyalty with clients,
- keep you name in front of clients and prospects,
- spread the word about your services, expertise and successes, and
- make a name for yourself as an expert in your field.

Make sure your newsletter is meeting your objectives. Is it helping you retain clients? Did you get a referral as the result of some important information you shared?

How do you truly know it is being read? Use Google analytics and other tools to check how many people open your newsletter (open rate), click on your links or visit your website after receiving your newsletter.

Don't be discouraged! Typically, open rates are 30% or lower. The fact that a client saw your name associated with the newsletter can be powerful, even if they didn't open it.

So, what are you waiting for? Freshen up your newsletter and get better results!

About the Author

Hugh Duffy is co-founder and chief marketing officer of Build Your Firm, an accounting practice marketing and accounting website development firm. Hugh teaches a series of Accounting Marketing Workshops; has a LinkedIn Discussion Group called Modern Marketing Methods for Accountants; and is frequently published in various accounting publications. He can be reached at 888-999-9800 x151, or at hugh@buildyourfirm.com.

Accounting Technology Game Changers

BY ROMAN KEPCZYK

There is no doubt that information technology has had a significant effect on the accounting profession. Every few years there comes a time when the convergence of trends and technologies creates a noticeable jump in improved firm productivity and 2012 will be remembered as one of those years when the profession changed. The evolution of hardware, applications, communications, and integrated accounting workflows are proving to be the accounting “game changers” for the decade ahead. By understanding how these game changing technologies can affect productivity, firms will be better prepared to anticipate the future of their practices.

Ubiquitous Computing

The first major game changer will be truly “ubiquitous” computing, meaning that accountants will be able to access firm computer resources 100 percent of the time through the Internet, which will be commonplace within the next two years. Today, most firms have solid, reliable Internet access in their own offices and most employees have good Internet access in their homes. The majority of remote workers will say that clients provide usable Internet access 85 percent to 95 percent of the time, yet most remote workers function as if they have to be self contained and have all of the applications and data running on the local workstation when they are in the field.

When employees work on audit binders on local C: drives, it exposes the firm to the security, backup, and stability issues that make remote work inefficient. The solution is to do all possible work through the Internet, back on the firm’s protected servers where the data runs more effectively and can be accessed by anyone who is authorized to do so. The advent of 4G digital cellular data networks is expanding the coverage to the remaining 5 percent to 15 percent of the time when users need Internet access to the point where this will evolve to being the only tool used to connect back to the firm as evidenced by larger firms and government entities that have already made the transition.

Secure Remote Access

Effective and secure remote access to the firm’s applications and data is the second major game changer, as firms effectively implement Microsoft Windows Terminal Server (WTS) and Citrix to build their own “private” cloud, or outsource applications to the cloud resources hosted by accounting and other application vendors. Firms with depth of technical resources will centralize all their servers and build their own private cloud networks for their personnel to access, either in their own data center or in a commercial provider’s facility when it is more secure and cost-effective to do so. Other firms will outsource to their accounting vendor’s cloud or with cloud integrators specializing in their applications, like Xcentric, which again will be driven by the need for reliable technical resources, disaster recovery capabilities, and Internet enabled remote access for all accounting applications on multiple screens.

Advances in Hardware

The third game changer is not surprising. It is advances in hardware that can be used to access firm resources. Although laptop and home desktop computers were traditionally used for remote work, firms are adopting a slew of Internet-enabled equipment (e.g., tablets and smart phones). These tools, including workstations, can all be lumped into a new category, which was referred to as Personal Internet Devices (PID) at the 2012 Consumer Electronics Show. Over the next few years, all accountants will choose and use the combination of these tools that best fit their personal work profile. For auditors, it may well be a smart phone with a built in “hot spot” or MiFi Internet access point and the super slim ultra-portable laptops and MMT2 and Toshiba mobile monitors. When these devices are packed together, they fit into virtually the same form factor as their previous generation of laptops, eliminating much of the weight that auditors have had to live with. Owners and tax personnel may choose to carry a tablet to review larger documents or to use as a second screen, and everyone will have the smart phone of their choosing. Whether it is an Apple iPhone, Android, or Microsoft Mobile device, all will be used effectively to access email as well as to enter daily time sheets and expenses.

Digital Workflow

Finally, the biggest game changer for the foreseeable future will be digital workflow, which is the integration of applications and tools that rewrite how data is managed and moved through the firm. Firms are finding that the key to success is being able to capture data at its “root” source when it is created and effectively manage it through final delivery of the service in a completely electronic format. This entails using secured emails and portals as a conduit to transfer data from the client to the firm. A properly implemented portal notifies the appropriate persons within the firm when documents are uploaded so they know when they can begin work. Using projects within Practice Management, or more likely dedicated workflow tools (e.g., XpiTax XCM and WorkStream) manages the capturing of these source documents and routes them to the appropriate person, while at the same time keeping firm leaders apprised of the status of all projects. Digital dashboards (i.e., Practice Intelligence) will apprise firm management on key performance indicators on a near real-time basis so they can adjust the workflow on a daily basis.

For tax personnel, the use of intelligent bookmarking tools (i.e., FxScan), onscreen annotation tools (i.e., PDFlyer), and intelligent optical character recognition (i.e., AutoFlow) is having a significant effect on production of the return, as well as integrated document management to archive the return and apply firm retention policies against them. Document management tools that natively integrate with portals, allow firms to deliver tax returns to clients with a few keystrokes, which eliminates much of the time and cost of manual printing and delivery. An increasing number of firms are also using their portals to deliver client tax organizers and invoices electronically.

Within the audit practice, portals are streamlining the accumulation of client source documents in a format that firms can use natively in their workpapers, as well as the delivery of final statements to clients. The entire production process can be tracked with the same workflow tools that the tax personnel are using, but it is customized to the requirements of each audit engagement. Intelligent audit work programs (i.e., Knowledge Coach) are now natively integrated with the audit workpaper tool (i.e., ProFx Engagement), such that updates are automatic and obvious to the audit staff, which in turn streamlines the planning on jobs. Performing all audit work on the firm’s servers through remote access technology (i.e., WTS/Citrix) virtually eliminates the impact of a lost or stolen laptop and ensures the data is synchronized, backed up, and available to any authorized firm member, whether he or she is in the office or in the field. Integrated links between both the tax and audit tools with online research and forms will further facilitate efficiency in the firm’s digital workflow.

It is apparent that the economy is showing signs of turning around and that the eventual upswing will bring more work and opportunities to accounting firms in the next few years. The difference between those firms that just survive and those that thrive will be how effectively they process their client’s data and service them, which they will do by taking advantage of today’s accounting technology game changers.