

WHITE PAPER

DT PRACTICE: SOLVING THE MOST COMMON PAIN POINTS OF PRACTICE MANAGEMENT.



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OVERVIEW

For many tax and accounting professionals, managing a practice is an enjoyable and rewarding endeavor—but one that comes with numerous challenges, which are amplified by the fast pace of today’s business world. Client expectations are more complex, as the demand for 24/7 service becomes commonplace and instantaneous responses are anticipated. Changing expectations from clients and prospects, along with the constant stream of legislative changes and a compressed tax season, cause firms to re-evaluate their internal work processes to ensure that they remain competitive and focused on providing the best client service possible. Streamlining processes and firm management are essential for success.

This white paper will address the following topics:

- The most common pain point areas in firm management
- The impact that ineffective management has on firms and their clients
- Solutions for addressing these pain points, using modern practice management techniques



PAIN POINT: ORGANIZING YOUR CLIENT DATA

Today’s tax and accounting practice typically has many software applications that are used to manage all aspects of the firm: from providing client service and tracking prospects and new business, to researching and keeping track of changing legislation and much more. It’s not uncommon for a firm to have ten or more software programs—such as tax compliance, accounting, payroll, audit, CRM, email, document management and more. All of these programs maintain and track client and contact information like names, emails, mailing addresses, phone numbers, etc.

The challenge is how to successfully keep track of all the information in various places so that, at any time, any member of the firm knows that they have the most up-to-date information.

○ **Impact**

There are many horror stories of tax returns having the wrong address, invoices going unpaid because they were sent to an old address or clients needing to contact firms multiple times to say that they’re using the wrong email address or phone number. All of these issues can lead to a poor customer experience, at a time when client expectations are higher than ever.

○ **Solutions**

So how does a firm mitigate this issue, turning the challenge into an advantage for the firm? The simple answer is a client database where data changes only have to be made one time. Although this answer might appear to be simple, implementing this in practice is a challenge. The first step is to evaluate your current firm environment and do an inventory. You’ll need to map out the processes where client and contact information is used, where that information is added and maintained for the firm and who is responsible for making those changes.

Once you have a handle on your processes and procedures around organizing client and contact information, your next step is determining how you can reduce the number of data entry and access points to ensure consistency and accuracy for the entire firm. This is where a practice management system comes into play.



A practice management system should be the one place where the most up-to-date client and contact information is always maintained—and the only place where changes should be made. The changes in this system should then cascade automatically to the other applications used by the firm, including contact information used by the firm’s employees on their mobile devices when they’re out of the office. It should be noted that this is extremely challenging for most firms to implement and maintain on an ongoing basis, especially when things get hectic in the heat of tax season.

The following are a few tips on how to ensure that a significant process change like this will be successfully implemented:

1. Ensure that the owner or partners of the firm are bought in and will be supportive of the process. If the staff sees management isn’t following the guidelines, they’re much less likely to comply.
2. Establish a champion in the firm to oversee the change. Give them accountability and clear measurements for success and make sure that they have sufficient time to manage the process.
3. Document the new process very clearly and make sure that every member of the staff knows the firm’s expectations.
4. Train the staff on the new process and then do frequent follow ups to confirm their understanding and ensure that they’re following the steps properly (after all, they’re human and have many other responsibilities).



**TRACKING
YOUR PROJECTS**

PAIN POINT: TRACKING YOUR PROJECTS

Some firms call it workflow, some call it due date tracking and still others call it project management. Regardless of what you call it, a big challenge for many firms is keeping track of all of the jobs and projects that they need to deliver. Needless to say, it's always been important for a firm to track all of the work they have in the office, any work that is expected to come in, who in the firm is working on it and what the real-time status is. However, many firms struggle with implementing a system that successfully tracks all aspects of their work, so that they can answer any question regarding the work at any time, from any location.

○ **Impact**

As the workforce becomes increasingly mobile, it's more imperative than ever to ensure that firms have a system that can track all aspects of work in their office(s). Every firm has experienced a missed deadline or didn't always deliver to client expectations because the tracking of a project got lost in the shuffle. Or, more frequently today, clients expect to call, email or text their tax and accounting firm and receive a status update in real time. If firms can't answer questions quickly and accurately, this could damage the client experience, ultimately leading to dissatisfaction and lost clients. Social media offers easy opportunities for clients to sing a firm's praises—but it's more likely that they'll go online to complain about a missed deadline or poor service.

○ **Solutions**

It's critical to have an integrated project management system that is part of an overall practice management system. There are many different options out there today, but the best system is one integrated with all aspects of the firm (client/contact management, resource management, notes and interaction tracking, etc.).

Here are some considerations that should be part of your evaluation and implementation of a project management tracking system:

- Ensure that the system is not only easy to set up and implement but also allows for future growth and refinement, as the staff in the firm become more adept at tracking and updating the system.
- Demand that the system has a real-time dashboard and reporting that allows any staff member in the firm to check on the status of a project in real time, in order to address any client inquiry quickly.
- Start small and add complexity later. If your firm hasn't been tracking projects in detail, then start small by tracking the due date and the name of the person managing the project. Later, you can start to add additional tracking steps and staff assignments that allow the firm to track the project to a detailed degree.
- Be flexible. You can track certain types of projects at a detailed level, but high-level tracking might be sufficient for other projects.
- Stay committed to making sure that the staff uses the system and updates it continually. If the system is too complex and difficult to maintain, the staff will quit using it, which could result in a firm-wide breakdown in project tracking.



**MANAGING
YOUR FINANCES**

PAIN POINT: MANAGING YOUR FINANCES

The last topic is near and dear to tax and accounting practices. How do we make money, and how do we know that we're running as efficiently and effectively as possible? It may seem surprising that the business of running a tax and accounting practice is an area in which significant improvement is needed. As accountants, it seems that running a firm would be easy, but with all of the challenges of finding new business, ensuring control, tracking projects and more, it's an area that can often be overlooked.

A common challenge is successfully tracking the work that the firm and staff do, in order to easily determine profitability and productivity. Many firms think they have a handle on where they're making and losing money, and don't see the need to keep track of it in detail. Since they work in the firm every day, they have a "feel" for the finances.

○ **Impact**

These firms are often surprised at the incredible visibility they get into their business when they implement a practice management system, realizing that there are a lot of details they didn't know before. Additionally, many firms have moved to flat-fee or value billing and are no longer tracking their time (or are at least tempted to ditch their timesheets). However, without insight into the cost and time aspects of a job, firms miss out on an important piece of the equation.

In order to ensure that the practice is running at its most optimal state, it's important that firms are able to answer questions about the type of work they do best and which staff members are most productive and contributing most to the bottom line. It's also vital to know which clients are the most profitable, as well as those clients for which firms should raise fees or let go.

○ **Solutions**

There are many metrics that a practice management system can track and they all have potential to be valuable, depending on the makeup of the firm. However, there are some critical metrics that firms should start tracking if they aren't already doing so. It bears repeating that if you're not tracking the time associated with all work done by the firm, you're going to have a tough time getting visibility into your profitability and productivity.

Take some time to evaluate and identify key areas for your firm. Here is a list to start with:

- Profitability by client
- Profitability by engagement/project/activity code
- Profitability by staff person
- Utilization/productivity by staff
- Utilization/productivity by staff and by engagement/project/activity code
- Billing effectiveness by staff

If you're not tracking or reporting on some of the items listed above, there's a good chance that you'll be surprised by what the data shows once you do start tracking them. When you start to get accurate data from your practice management system, it will likely lead to more requests from the management of the firm for additional data and refinement of the data that the system produces.



CONCLUSION

Running a tax and accounting practice can be challenging and rewarding. A few universal pain points in running a tax and accounting practice have been identified above, with some common sense approaches to addressing those issues. The journey to get to (and stay on) the rewarding end of the spectrum starts with identifying the major challenges of practice management, and then devising a system and plan to address those challenges.

However, without the firm truly wanting to change and adopting a system that can lead to positive change, it will be difficult to make progress. Take some time to evaluate your firm, identifying your goals and your pain points. Then, do some research to see how a firm practice management system can help you overcome the pain points and contribute to meeting your firm's goals.

RELATED RESOURCES

For additional information on managing your practice with an advanced practice management solution, check out DT Practice, the leading practice management system for the tax and accounting profession. Visit us online at DTPractice.ca for more information, or call 1 866 653-8629.



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