CPA Practice Advisor

hope of finding some respite during these times. Problems like rising costs, loss of clients, low efficiencies, ineffective information tracking and even poor management need attention in difficult economic times.

Mike Giardina • Sep. 26, 2012

Over the last ten years, I have witnessed great changes in the area of practice management software for accounting and tax firms. As today's technology improves, it opens the door for improved design and the creation of more robust applications. The result is a gamut of new ideas and designs for today's software.

We are beginning to see applications paired together that had not been combined before. This provides new opportunity to firms who are interested in exploring the latest offerings to our industry. What our industry is experiencing is the beginning of what I call a "new breed" of practice management software.

We simply need to examine the way software companies are creating new approaches to the paperless office, workflow methods and advanced features to client portals to see the opportunities. Another area firms are interested in is how Customer Relationship Management systems, also known as CRM systems, can help them grow and even sustain growth. These are just a couple of reasons practice management discussions are at the forefront of our industry again.

Difficult economic times have also contributed to the raised interest in practice management software. Firms have had to adjust to financial pressures. One way to adjust is to review how firms get things done. Are we being as efficient as possible? Are there new ways of doing things that would reduce costs?

Firms are spending extra time reviewing current solutions to current problems in the hope of finding some respite during these times. Problems like rising costs, loss of clients, low efficiencies, ineffective information tracking and even poor management

Software vendors are beginning to react and find ways to enhance these changing firms. Creating and re-writing new software to adapt to the way accountants provide services. All of these factors have caused many to consider if now is the time to take advantage of the options afforded in new practice management systems. I believe this is what has driven the development of a "new breed" of Practice Management Software. A breed that's prepared to react and find relevant solutions to today's changing firms.

Evolving Practice Management Software

Ten years ago many firms were considering "less paper" but few had made the full commitment to evolve. Full evolution was either restricted by high costs, the lack of leadership desire or simply application short comings. When reviewing the costs many firms were resistant to evolve because the value calculated was not equivalent or higher to the cost incurred. The price and time required to purchase, implement and use the software were out of reach compared to the implied benefits. In other words the math didn't add up, which stifled the paperless evolution.

Others did not have the desire to commit to the changes required. For some they had too many obstacles like computer illiteracy with key team members or partners. In some cases, systems in place didn't allow for the changes required for success due to hardware limitations. This is easily overcome today with incredible technology available at very low costs.

In addition, many applications had too many short comings slowing evolution. One short coming was the lack of intuitive designs making applications difficult to use. Another was that some systems were simply cost prohibitive to be implemented successfully.

These factors also slowed acceptance of practice management software in the last

partially true. Firms were waiting for something with greater value and ease of use.

I believe the opportunity for a solution using new technology is here and things have changed for the profession. We are seeing improved efficiencies when using these new breeds of software that are specifically designed to overcome the obstacles to evolution. One obstacle that's been overcome is the ideas that practice management is only for large firms. Firms of all sizes are beginning to place their focus on practice management software. It has become the one area providing opportunities for improved efficiencies, even more than tax and accounting programs and evolved design is leading the way.

If by now, you are not completely paperless, you are probably making efforts to finally get there. Most of us wouldn't even consider working in an office that hasn't embraced a paperless culture. Today this is true for practice management software. Team members want effective organization and the latest tools where they work.

So, naturally, our current systems and software must evolve and support new standards. Thus, the evolution and improvement of our applications and the hardware must also support these new approaches. Naturally, the introduction and evolution of new practice management software was necessary to meet the needs of today's firms. What was once reserved for firms with large resources like national and regional firms has worked its way to firms of all sizes. Thus the evolution has begun. This "new breed" has arrived.

Greater Insight Equals Better Management

In years past practice management software was considered a glorified time and billing system providing basic metrics about revenues, profitability and productivity. Now owners and partners want to know more than just billing metrics. Firms today want all management and administration functions combined into one system. They want systems to be simplified, provide better tracking and they want it to take less of

considered in the past. Today's software helps firms increase their abilities to track, know and manage. To accomplish this goal, software must combine the tracking of client services information with workflow management and with staffing functions. These systems can no longer be separate. Software needs to do all of these in a simpler, more effective way than in the past. As you review applications in our industry, be sure they move us beyond the applications of the last decade. Look for software that provides better tracking, more knowledge and leverages the way you manage.

Practice Management Now Includes CRM

In years past, CRM was always considered a "sales tool". We in the accounting industry shunned them as unusable. Now for a variety of reasons we are beginning to embrace them. One reason is what I call "client service". It's no secret we are, as accountants, in a service industry, so it makes sense that we need put a concerted effort into improving the way we provide service. Practice Management software now offers ways to do this. Another reason is the combining our contact management and our customer relationship management into our practice management software. Previously CRM was always considered another separate program and database. This is no longer the case if we utilize our practice management software's CRM abilities.

One of the best ways to provide better client services is to engage your practice management systems to track client workflow details. Not just tax and accounting info but all related information. This is what Customer Relationship Management software can do for firms. I define "workflow" in this context as tracking all client related events whether it is an appointment, phone call, email or the actual documents and processes while performing client services.

When all members of the firm can quickly know who is working on what client and

information. We need our client emails, from all firm members in one place. We also need documents available when meeting with or talking to our clients. Systems today can embed documents in our appointments, call tracking and automatically store our emails from Outlook in an organized fashion in our document management section of our practice management systems. The alternative is to go to each staffs computer and review their emails. This is ineffective as well as unlikely that we would take the time to do this. The "new breed" of practice management software must incorporate these things.

CRM systems are now being considered for firms wanting to grow. Firms are looking to hire a marketing person, even an intern to bring in new business. Using CRM systems is imperative for any firms marketing initiative. We need the ability to sort, organize and communicate with prospects through a CRM system. CRM systems should have the ability to create unlimited groupings and be able to track when we last communicated, when and how we next communicate with prospects.

It doesn't make sense to implement another program and database when marketing duties can now be accomplished in the new Practice Management offerings.

Compliance Tracking and Due Diligence

It is important from compliance and due diligence perspective, that we track details about client transactions. Practice Management systems must support the logging of what was said on the phone call with our clients and in support of performing services like IRS correspondence and audits support. It is also really helpful to know what discussions are going on about the processing of tax returns and monthly accounting services.

This should be a part of our policies and should not be arduous but should be a natural part of our daily tasks embedded in our policies and procedures. This is a long overdue benefit firms need to take advantage of. In the past this was a matter of

in a tax program for returns. Firms are finding that these methods are inefficient. The one area I have seen Practice Management software make huge changes firms, is in the area of accounting and tax workflow. Not only should today's systems track who, what and where from a client service standpoint, but we need to internally use this information to our advantage as managers. When workflow systems are integrated with the practice management software, managers will be able to know what staff has been assigned, what the current status is and what firm deadlines are coming due. Firms can now do staff planning and budgeting from good workflow tracking systems.

What is now being added to the "new breed" of practice management is the ability to see the related documents for onscreen review and processing. We shouldn't have to go to different systems, modules or screens to see all related digital workflow, staffing, processes or documents. We can also have the client's appointments and all the other related tasks and information readily available to review too.

Another area that can transform firms is when digital workflow and process tracking is combined with time tracking. To me this is one of the biggest advances in the evolution of practice management software. Although there are many discussions about whether to track time or not and whether we are value pricing not having time sheets means we have no way to measure at a minimum costs.

One of the most difficult things to get firms to do effectively is track time regularly each day. This is especially true with owners and partners. Systems must simplify and encourage better time tracking. One way to do that is to combine it so users avoid duplication by typing in information in workflow systems and time tracking systems separately. What good workflow systems do is allow you to track the time you spend on your assignments when updating statuses and other information in workflow systems.

Having all information in one simplified system, empowers firms by reducing the

finding these questions answered when making the move to practice management software.

As owners and partners, we want our practice management software to provide greater value. We want it to provide us with simpler ways of doing things, ways to elevate information tracking and provide us with better ways to run our firms. The easier it is to log information the more likely our staff will comply in entering important information, information that we use to make firm decisions. This is real value to owners and partners.

Value means purchasing something that has a greater return than the true costs we spend and does it with less time than the predecessor system. That's why we purchase new computers and software. We believe these changes improve things and that's why we consider the changes new technology provides. We can now implement things that didn't exist ten years ago and give us an improved firm, more efficient staff and elevate the way we serve clients. That's receiving real value for our firms.

Value must be at the forefront of all new software implementations. To bring lasting, real change and value to your firm, it's more important now than ever to implement Practice Management software. I believe the time is right for Practice Management software for all firms.

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