

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

past the April tax rush and still a ways ahead of end-of-year planning. But that timing makes August and September the optimum time to work on managing your practice – an essential part of which is managing business risk.

Oct. 01, 2013

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us



From the October 2013 issue.

Summer may seem like a time where accountants can take a breath. They're just past the April tax rush and still a ways ahead of end-of-year planning. But that timing makes August and September the optimum time to work on managing your practice – an essential part of which is managing business risk.

Regardless of the time of year, accountants and tax professionals face risks from a number of fronts: they handle sensitive client information, they depend on easily damaged technology, and they often have to contend with client emotions in discussions about money and financial planning.

Here's a look at five ways accountants and other tax professionals can prevent those

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

- Maintain **three** copies of important documents (an original and two backups).
- Use **two** types of media to store information (e.g., cloud, paper, thumb drive).
- Keep **one** copy outside your office (e.g., satellite office or off-site data center).

This system allows for retrieval of important information in virtually every scenario: loss of power, property damage to your office, corruption of a file, theft of equipment, etc. And that means you'll be able to serve your clients and keep your business afloat no matter what happens.

2. Protect Valuable Resources Physically and Digitally

Any idea what a data breach costs? According to Symantec, as of May 2013, the **average cost for a U.S. company was \$5.4 million**. Because they store sensitive information, including bank accounts, Social Security numbers and incomes, accounting practices are hot targets. And studies show that 55 percent of small businesses experienced at least one breach in the last year. How can you prevent these costs from devastating your firm?

Set up robust data protections, including...

- **Physical barriers.** Paper records with sensitive information need to be under lock and key.
- **Passwords.** Both accountants and employees should follow guidelines for creating strong passwords and updating them regularly. More than three-quarters of data breaches are still caused by hackers guessing too-easy passwords.
- **Encryption.** Investing in software to encrypt your clients' data is essential to not only winning trust, but also preventing hacks.
- **Antivirus protections.** In addition to antivirus software for all machines you use for work, consider requiring your employees to complete a basic training course on avoiding hackers online.

- **Limited access.** Provide access to sensitive data (hard and digital) on an as-needed

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

If you're the type who likes to dive into your work and only surface when you've finished, client communication may not be your forte. But touching base is essential to managing your overall risks.

Here's why: small miscommunications that go unaddressed can lead to seriously unhappy clients. And seriously unhappy people are the kind who file lawsuits. When handling communications, keep two principles in mind: establish expectations at the beginning, and check in on a regular schedule (you can even set up a calendar to make sure you're maintaining contact with everyone).

A calendar system lets you alert clients immediately if a deadline changes or you uncover any problems. It also demonstrates that you're engaged with their account, which helps proactively prevent time-wasting check-in calls and keep client retention high, come next tax season.

4. Remember Your Physical Risks

Sure, your job exposes you to risks from digital threats, but it's also important to remember the physical risks you face. Your property is susceptible to storm damage, power surges, and theft – but chances are, your Homeowner's Insurance policy doesn't cover you for damages, even if you work from a home office.

Luckily, many small accountants and tax preparers are eligible for an inexpensive type of bundled insurance called a BOP (Business Owner's Policy). This coverage bundles General Liability and Property coverage for a single premium and can be customized to include the specific coverages your practice needs.

And while it's important to have a backup plan for when lightning fries your laptop, remember that you are your most important asset. Set up a plan to protect your health during the rush season: a timer for regular breaks, a commitment to healthful eating, and a little exercise can go a long way to prevent stress-related illness.

5. Bridge the Knowledge Gap

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

have taken on new types of business. To ensure that you're still covered for any new risks that have cropped up in the last several months, complete this five-point mid-year review. When you do, you'll know your business can handle any unexpected shocks and keep serving clients.

Ted Devine is CEO of [insureon](#), the nation's leading online agent for small and micro businesses, including small accounting firms. Prior to joining insureon, Devine held many senior leadership positions at Aon Corporation and spent 12 years as a Director of McKinsey & Company. He lives in Chicago with his family.

Accounting • Firm Management • Risk Management • Security • Small Business •
Technology

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved