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Just in case you're running out of things to do or think about this summer, relative to your IT, we thought it would be helpful to introduce you to yet another initiative that needs to be on your strategic IT radar: workflow software. Just like document management, scanning and client portals, workflow software covers a lot of territory, so getting your arms around what it encompasses is an important first step. The objective of this article is to help you make that step.

Those of us who have been working in the profession since prior to the new millennium can certainly relate to the traditional workflow model that went something like the following scenario: The engagements I need to work on next are on the left side of my desk, perhaps on the floor. Those that I am ready to route to the next person in line are on the right side of the desk waiting for me to walk them down the hall to the appropriate person. Then, of course, the engagements that are waiting for more client information are sitting behind me on the credenza. Each of them has a routing sheet wrapped around the folder with a rubber band.

Does this sound familiar? Perhaps your office still relies predominately on this model. For most of us, however, as we have transitioned to digital workflows using document management systems, we have lost our cherished paper file folders that served as our primary workflow management tool. So the need for some sort of application to manage the flow of engagements in a paperless world becomes evident very quickly. The problem is it takes time to develop a mature software application to meet and exceed the needs of our traditional paper-based processes. So let's take a peek into the nature of workflow software and how it is likely to evolve for the accounting and tax profession.

format much like all of your other files. However, to the extent that you still have paper documents in your workflows, the distinction is important. Documents typically consist of supporting documents, workpapers, and engagement management documents such as routing sheets and checklists.

Files – In this context, we are talking about digital files: Excel spreadsheets, Word documents, QuickBooks files, etc. Basically, it's all of the files that are pertinent to an engagement. Anything we can do to improve the management of these files is a big plus.

Due Dates – Every engagement has a deadline. In many cases, there may be multiple deadlines: financial statements completed by 1/31, audit report draft reviewed with client by 2/28, final report delivered to board of directors by 3/31, etc. You get the point. Therefore, we have to make sure we identify the due dates and monitor our ability to meet them.

Deliverables – In accounting and tax practices, deliverables are usually easy to identify, but often a challenge to complete. Tax returns, financial statements, audit reports, financial plans, etc., are all examples of typical deliverables in our profession.

Procedures – This is the core of a workflow when you get right down to it. It is the collective set of tasks that are required to complete an engagement, such as scanning the source documents, creating the workpapers, preparing the tax return, etc. The key here is keeping track of who has to do what and when.

Communication – There are many different aspects

Collaboration – One of the defining characteristics of accounting and tax services is the high degree of collaboration that is required. Whether we are collaborating with our colleagues on a tax or audit engagement, or with a client to review a personal financial plan, or with a banker to review a financial projection, we rely heavily on our ability to review documents and files with multiple people and document the essence of that collaboration.

Fees & Expenses – Obviously, a key ingredient of every professional engagement is to track the time and expenses invested in the project and to record, track and collect our fees. To the extent that you can integrate the reporting of this information with the rest of the engagement data, you will be better equipped to manage the profitability of your engagements.
And that is always a good thing.

The point of reviewing all of the above workflow components is to help articulate how workflow software can assist you in dealing with the myriad of information that is a critical part of any professional tax and accounting workflow.

THE ROLE OF WORKFLOW SOFTWARE
At this point, you might be asking yourself, "So how does workflow software help me address all of the aspects of an engagement as described above?"

First, it is important to understand that the workflow automation software market is still at the embryonic stage of its evolution, in my opinion. There are, however, some very viable solutions today that are relatively mature in their individual development cycle. But even those applications can be improved

system. I believe that over the course of time this is the path it will evolve down, at least for some of the vendors.

A CLOSER LOOK
So let's take a quick tour of how a comprehensive workflow application can help to automate each of the workflow ingredients previously listed.

> **Documents & Files** – At the core of every engagement are the paper documents and electronic files. The workflow software should provide a direct link to all of the electronic files related to the engagement, wheth- er they are in a document management system or simply organized in Windows directories. To the extent you still have paper documents, a dynamic log of where those documents are located would be helpful so that you can account for them. With so many files in your systems today, the ability to automatically link to the engagement files is a key value driver.
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> **Due Dates** – The quality of your service is often measured in your ability to get things done on time (i.e., file the tax return, deliver the audit report, etc.). In addition, key milestones line the way towards completion of an engagement. The workflow soft-ware can help you establish those target dates and keep your team informed through e-mail notifications and other electronic alerts of important deadlines. An in-valuable management tool is the ability to aggregate all of these due dates for all of your engagements

so that you can quickly assess your firm's work in process, your ability

beauty of digital files; everything in one virtual folder and instantly accessible
by multiple people simultaneously.

Procedures – One of the most important functions
of the workflow software is the ability to define and document the tasks that
need to be completed, assign responsibility for them and facilitate the electronic
routing of the virtual engagement file to the "next in line."
This is the digital equivalent of the paper workpaper file management system I discussed in the introduction. This also provides an invaluable management
tool that can generate a report on every engagement in the firm, who it's currently assigned to and where it is scheduled to go next. No more e-mail or v-mail tag trying to find out where the engagement is and when it is expected
to move to the next step in the process.

Communication – There are all sorts of communications
that take place in every engagement. The workflow software should serve as a repository for all of the various notes related to the engagement: client meeting notes, engagement constraints, review notes, procedural instructions,
client idiosyncrasies, etc. This is one of the biggest challenges in going paperless: "How do we keep track of all of our engagement notes in a paperless workflow?"

Collaboration – As a profession, we have a long way

Fees & Expenses – While tracking fees and expenses does not necessarily have to be an integrated component of the workflow software, it makes for a more complete solution if we can track our actual time and expenses against budgeted amounts for the engagement. If we have that information embed- ded in the virtual engagement binder, it will encourage us to stay more focused on how we are progressing against plan and take corrective action sooner rather than later.

I have always been concerned that as a profession we have relied on the post engagement work in process file as our primary engagement profitability management tool. The problem is that this is after the fact and contributes to a high degree of write-offs and write-downs. The sooner we can iden- tify if an engagement is deviating from the plan, the sooner we can take corrective action and that will translate directly into improved profitability and cash flow. This is a big reason why I think a logical design of workflow software is to directly integrate it with the practice management system.

WHERE DO WE GO FROM HERE?

I hope this article has provided some new insight into the world of workflow software. I recommend that as the next step in expanding your knowledgebase on this potential "killer application," you should visit the websites of the vendors listed alongside this article and participate in a web demonstration of their solutions. You will discover firsthand the wide-ranging scope of features, functions and overall design approach that each vendor takes. If nothing else, I think you will find it to be a real eye-opening experience about the potential

systems and find yourself scratching your head wondering how the scope of solutions
can be so diverse.

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