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*By Mark van Leeuwen, CEO of **VOGSY**.*

Accounting leaders know there are few things as important as maintaining cash flow at their firms. Retaining customers is also critical and building upon relationships is a key to success. **Analysts at Gartner** estimate 80% of a business' future revenue will come from just 20% of its existing customer base.

How do you control that cash? An efficient model for invoicing and accurate tracking is vital for ensuring quick time to payment. Despite the best invoicing efforts,

though, situations can arise in which the time tracking, project activity, billing data

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communication builds trust that creates assured revenue and a foundation for future growth.

The following advice addresses areas that accounting firms should look at that directly, and indirectly, impact cash flow and customer relationships.

Focus on what delivers

Typically, accountants that bill services on an hourly basis spend **three days a month** completing timesheets, progress reports and billing. Multiply that six weeks annually across your staff and that's a daunting amount of time to commit to a process that generates no value.

The timesheet is a classic example of a manual, time-consuming activity. Chances are, your accountants weren't drawn to the profession by the dazzle of tracking billable hours, yet they are a necessity to help estimate the time (plus resource and personnel costs) of various projects. It's important to seek ways to improve the firm with more automation and speedier ways to shrink the time staffers spend on administrative tasks, including timesheets or chasing invoices, so they can focus on the actual accounting work at hand.

In an ideal world, billing systems should integrate with work management functionality. They should allow customized information from service rates to invoice formats. A/R should be visible, payments easily applied in understandable ways, time and cost should always be available to make sure work is carried out cost-effectively and more.

Advances in technology can automate many tasks, enhance operations and free up personnel to focus on client relationships. As accounting firms are professional services organizations, the good news is there's a class of professional services

automation (PSA) and tools specifically geared to help leaders maximize resources

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each is different – and the devil can be in the understanding of the details.

The standard is hourly billing. A firm bills for the amount of time to complete tasks from auditing to preparing taxes to general counsel. It's a straightforward process and billing comes after completion of work. However, if clients are surprised with higher-than-expected costs because work takes longer than anticipated, immediate cash flow and long-term relationships are at risk.

With a fixed-fee billing approach, a price is set on a specific scope – both sides know the cost and outcome. The potential downside is you really need to have a grasp on time and labor to ensure profit margin. Additionally, your team needs to be able to immediately spot and communicate work that creeps outside the scope to avoid cost overruns.

Value pricing is the newcomer, a less used approach but winning some converts. Firms often price services according to the value they create for the client, which reassures clients looking for set pricing instead of hourly billing fluctuations. With value pricing, clients with greater urgency for some services, like upcoming mergers or deals, will value accounting services differently than those that are considering outsourcing tax preparation next year. Many firms require payment prior to work or auto-bill on a subscription model. It's good for cash flow and building relationships: You can get to know a client's business and understand the services they value and want most. Still, it's a time-consuming model to implement because customized billing is required.

Here's the thing. We don't often think about communication when it comes to billing, but it's just as important as it is in other areas of business. The first step toward avoiding work creep or billing mismatches on expectations or schedules isn't the communication we usually think of — emails, calls, etc. In this case, we're talking about clearly outlining activities, contract and payment terms to avoid excess

back-and-forth when it comes time to bill. You can't expect to get prompt payment if

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The right approach acts as a single point of engagement, allowing firms to track deliverables, check resources, plan timelines and allow for team collaboration. When connected to real-time insights, senior CPA leaders can examine the exact status of any portion of the business simply by opening the relevant pane. Pre-populated timesheets can provide 24/7 real-time reporting, with stopwatch capability for tracking and sending notifications for approval to any device. They also automate flexible billing, chart accounts, examine accounts payable and receivable, and profit and loss.

When choosing ways to manage your business from a single point of engagement, look for one that integrates easily with existing business tools, or already includes functionality that can help take a few tools off your plate, offering "one tool to rule them all." Cloud-based solutions are designed for that, deploy rapidly and eliminate IT maintenance issues. Also, one key to success is a user interface that's simple. If not, adoption will stall.

It's all about creating a flow and providing the easiest, best service to clients. Through this, you can ensure cash streams, customer satisfaction, new business and profitability into the future.

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