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the last 35+ years of trying to help CPA firms...

Randy Johnston • Jul. 10, 2020



From the July 2020 Issue.

It is a pleasure to see so many CPA firms embrace the vision of Client Accounting Services (CAS). Although bookkeeping services are not as structured in the U.S. market as they are around the world, CPA firms have developed successful bookkeeping practices for small businesses. Other firms have chosen to provide higher-end controllership and outsourced CFO services.

We have enjoyed our role in the evolution of CAS in public accounting. Hopefully,

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By providing more services to choose from, clients would choose more services, and the firm would become “sticky” since the clients would be reluctant to leave a CPA firm that had become so important to their day to day operations. Value pricing and billing the clients via ACH in advance of providing the services evolved in our thinking before the year 2000. It was probably only in the last 15 years that the idea of levels of service of bookkeeping, controllership, and outsourced CFO coalesced into our models so clearly that firms can be successful providing one, two, or all three of the levels of service. You can see evidence of this in past columns.

But the Title of Your Column is CAAS. Why is that?

CAAS stands for Client Accounting and Advisory Services. It may be too late for the profession to choose to use this far better name. One of the regrets that I have from the last 35+ years of trying to help CPA firms provide services beyond the compliance services of tax and audit is that I did not promote advisory services more. Most clients need and want guidance from an outside professional advisor. It is challenging to run a small business, and it is easy to be distracted by external sales attempts, false trends, and pursuing the latest great idea. Many small business owners are entrepreneurs that love to do what they do and are not that good at making the right decisions to run a small business well.

A much better name would have been Client Accounting and Advisory Services (CAAS). CAAS is visionary, while CAS is operational. Both services are management-oriented, but advisory work takes more vision and flexibility. Further, advisory work requires more knowledge of business fundamentals. CAS leverages your existing accounting knowledge and feels more like compliance. In fact, some CAS offerings function more like grease. They make all the compliance work slide together, including monthly financials, compliance forms like 941's, W2's, 1120's and 1065's. In my past articles and consulting, I have spent too much time talking about how to

make reporting easier. How to make numbers flow from one system to another is

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even better.

Unfortunately, the COVID-19 pandemic forced many firms into advisory work for PPP and SBA loans right in the middle of tax season. Some practitioners reluctantly set aside their tax and audit work for 4-7 weeks while assisting clients with loan applications, furlough decisions, stay at home orders, and more. Later more advisory work appeared with how to handle repayment or forgiveness of the PPP loans and how to return appropriately and safely to work. As of this writing, some businesses and firms are still in work at home mode, and some will embrace a new normal after discovering productivity gains of not commuting to an office every day.

Further, much of this advisory work was reactionary, and not planned as a service offering. Worse, some firms decided to give valuable advisory work away because they believed it was the right thing to do. Some firms will never get paid for the advisory work completed because the businesses they were trying to help simply failed from a lack of cash flow or other decisions made during the COVID-19 pandemic. I continue to tell people I am not the moral judge, and you can choose to give away services, but if you want to make gifts to your clients, perhaps an invoice showing the value with a write-off to zero would have been a better strategy.

But the more important point is that advisory work exists almost every day in small businesses and that advisory work can be more strategic than the day to day Client Accounting Services work. We can create both an interesting life and business for CPA professionals with advisory services. Work with clients to make investment decisions, open new locations, grow (or perhaps just as important not to expand), make wise hiring decisions, see market trends, and develop new product and service offerings. These actions can and should be collaborative decisions with you, their accountant, and trusted advisor.

Further, I have learned to respect competent CPA professionals that have quietly been

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emphasizing CAAS and independence early in 2020, and I am thankful that they provided the prescription to improve my vision of the problem and the solution.

And What Tools Help Us Manage CAAS?

Through the years, we have covered small business accounting, which is included in this month's issue. Likewise, I have discussed reporting tools, cash flow modeling, and many more in prior articles. Writing this article for you reminding me of how many third-party add-ons and other advisory tools we have not discussed in detail, and that will serve as useful content for future columns. CAAS tools may include:

- **Accounting software** with [AccountantsWorld Accounting Power](#), [QuickBooks Desktop](#) hosted, [QuickBooks Online](#), [Sage Intacct](#), [Thomson Reuters Accounting CS](#), [Xero](#), or [Zoho Finance Plus](#).
- **Payroll software** with [AccountantsWorld Payroll Relief](#), [ADP](#), [Intuit Payroll](#), [OnPay](#), [Paychex](#), [Paycom](#), [Paycor](#), or [Thomson Reuters Accounting CS Payroll](#).
- **Third-Party add-ons** that provide a more robust or specific solution in inventory, eCommerce, manufacturing, construction/job costing, field service, professional services, expense reporting, mileage tracking, accounts payable, payments, point of sale, customer relationship management, HR, and more.
- **An integrated CAAS Suite** with [AccountantsWorld Power Practice](#) or [Thomson Reuters Accounting CS](#).
- **Dashboards and BI** with [FinJinni 1-2-3](#) (on-premises; QBO, QBD), [Jirav](#) (cloud; QBO, Xero, Intacct, NetSuite), [Microsoft Power BI](#) (cloud or on-premises; QBO, Xero, Dynamics 365, many others), [Qlik Sense](#) (cloud or on-premises; numerous integrations) and [Zoho Analytics](#) (cloud; QBO, all Zoho apps, Xero, many others) or other professional products.
- **Reporting** with [Fathom](#) (cloud; QBO, Xero, MYOB), [My Business Manager eze](#) (cloud; QBO, QBD, Xero, some Sage), [QQube](#) (on-premises; QBD), [Qvinci](#) (on-

premises; QBO, QBD, Xero) or other professional products.

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- [Intuit](#), [Sage](#), [Xero](#), [Zoho](#), [Acumatica](#), and [Epicor](#) being good examples.
- **Document management** with [Auto-Entry](#) (cloud; Sage 50 (US/CAN), Xero, QBO), [DocuXplorer](#) (on-premises; QBD), [Hubdoc](#) (cloud; QBO, Xero, Bill.com), [Neat](#) (on-premises or cloud; QBO, QBD), [SmartVault](#) (cloud; QBO, QBD, FreshBooks, Xero, Intuit tax apps), or [Vic.AI](#).
 - **Portals** with [Aero Workflow](#), [ATOM Software](#), [AVII](#), or [Clarity Practice Management](#).
 - **Workflow** with [Aero Workflow](#), or [XCM](#).
 - **Sales and Use Tax compliance** with [Avalara](#), [ONESOURCE](#), [Sovos](#), [TaxJar](#), or [VERTEX](#).
 - **And more**

Small business accounting tools have changed so much, and the demand for CAAS is stronger than ever. During the AICPA's Engage 2020 this year on June 9, Jorge Olavarrieta, Vice President of Product Management at Intuit, noted in his presentation "Better Together – Helping your firm and clients succeed" that there was a case for advisory services. Asking the question, "My practice is successful, why should I change?" Jorge answered the question with three critical points 1) Technology Enable Automation, 2) Accountants Impact on Small Business, and 3) Everything has changed, referring to the impact of COVID-19 on small businesses and firms alike.

Your Knowledge Has Enabled You to Do The Right Thing

Through the years, I have written about small business accounting products from Sage 50 to QuickBooks to Xero to Zoho. We have also looked at many of the supporting tools together throughout the years. K2 Enterprises currently has small business accounting, add-ons, and advisory services topics covered in our [K2 Technology conferences](#) or [OnDemand CPE](#), like we have covered small business accounting and CAS in the past. When it comes to small business accounting tools, it

is time to move on from transactional to transformational. It is time to move on from

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to dozens and more likely hundreds of clients. You understand the compliance functions of tax and audit in accounting. Many accountants have used their background to specialize in wealth management, fraud, litigation support, and more. The wave has turned for CAS, and many in the profession have chosen this additional service. However, the need is great for CAAS. Do you have the skills or desire to help your clients improve their businesses? Can you step up beyond bookkeeping? Can you take on the controllership, CFO, or advisory role? Small businesses need your help now, like no time before.

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