CPA
Practice Advisor

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By Andrew C. Berg, CPA.

I know I sound like a broken record when other tax pros ask me about the "busy" in busy season. My response? "The Berg Advisors' busy season runs smoothly with few surprises."

I've spent the better part of my career striking a balance between having a firm that

improve their technology and efficiencies. That pause or break in busy season action may have given the profession and staff something they sorely needed to think about for their future: more time. COVID-19 did for the tax and accounting profession what I've been preaching a long time: Plan and run your firm like a business.

To attract and keep great staff you need to evolve, provide flexibility and require technology be a big part of your future plans.

I heard a great word from Darren Root of Rootworks when he talked about preparing for busy season: friction or frictionless. We want to review every piece of the process so that its mostly frictionless for clients, support staff, and preparers. The goal is to provide a quality product to our clients as efficiently as possible, and with a consistently branded message.

I've always believed that a firm's staff is just as important as the clients. If you aren't planning for a smooth busy season, then you aren't thinking about the happiness of your staff. Berg Advisors' #1 goal is to reduce friction for our staff and clients, reduce surprises, and work as a team to be proactively smooth out deadlines.

While we've always planned for a smooth busy season, COVID-19 brought the question of change to more of the profession than ever before, and now I'm happy to share how we plan. In today's world, you will attract the right staff and clients if you evolve. That means more access to information, less friction, more delegation, and staying within your brand. This is a process we've enhanced over the last 10-15 years. There is no magic wand!

The most important ingredient to our flexible busy season is that our firm works with every business client throughout the year. We do not accept business clients who show up with their information at tax preparation time. Our clients generally engage us for monthly or quarterly services. However, in some cases, we will provide clients with lesser needs our services twice a year. We have a core value to help our

We don't have a big busy season as defined by the number of hours our staff work. Instead, busy season only means deadlines, less proactive work, and heavy compliance. All year long, we pride ourselves on being extremely proactive. Our busy season planning starts mid-year. We do heavy tax planning for all our businesses and their owners. We never want to have a poor conversation with a client that could have either been avoided with planning, or at least have warned the client months in advance. The heavy planning is all about focusing on the best guess for the client's current year taxes, build in time to make changes, and/or provide time for the client to save the necessary cash for tax. The most important part of this planning is communicating with the owners about goals, expectations, and cash flow. We understand that we can't make all tax go away, but we can allow a client to properly plan their cash flow if we just give them time.

What about individual clients? Our firm does not have a very large individual tax practice outside of business owners – and that's by design. This allows us to focus on the clients utilizing our 360-degree services and smoothing out the hours for our team.

The planning and communication continues for business clients into late December, all in the interest of making sure that any unpleasant surprises are communicated months in advance. Over the years, one of the things I've learned is that no matter how much income someone earns, they are always surprised when they owe tax. At the end of the day, our team's goal is to eliminate tax related surprises well in advance of "busy season."

1099 season

Form 1099s are another area of big stress since the IRS moved the deadline to January. 1099s are something we've always handled to support our business clients.

Once again, we looked at the biggest pain points to help clients with 1099

Our administrative team communicates to our clients beginning in October to remind them that 1099 season is approaching, gives them their responsibilities and our deadlines, and keeps our conversations proactive and positive. These reminders and support continue to the end of the year. We use a cloud-based 1099 software that provides several benefits, including automatic checking of all employer identification numbers and Social Security numbers with the IRS, electronic delivery of 1099s to vendors, and electronic filing to the Social Security Administration. Changing to electronic delivery to the IRS and our clients has reduced much friction for our administrative team.

Tax preparation

Our goal is to get through the work as quickly as possible, with as little friction for our staff or clients. Another goal is to have no extensions unless the client isn't ready. We don't want to extend tax season into multiple tax seasons, so our proactivity helps put tax season into a manageable box. We look for areas to reduce surprises for staff and clients, and smooth out the workload for our team. Also, by managing tax season, we have more time the rest of the year to proactively support clients and design better procedures for the firm.

> **Business tax preparation**
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> For efficiency, it's all about our process to close the business' bookkeeping and communicate with the tax team. We created an integrated bookkeeping period closing system that not only provides a roadmap and all supporting workpapers, but integrates communication with our tax team. Prior to this, there was a disconnect between the relationship manager who communicated with the client all year and the tax preparation team. Our period closing system is used by our accounting and tax teams so that all notes are in one location. We have a

procedure for what data is necessary for our relationship managers to collect and

where it is visible to our entire team. But, the #1 reason is to reduce surprises to our tax team and avoid missing something important on a tax return, causing the client to say, "I told your team that months ago."

Individual tax preparation

For our business owners' personal taxes, our process begins months in advance with tax planning and collecting data. We want the individual tax preparation to be smooth for the client, so communicating internally from the relationship manager through all our teams is very important. We want this process to feel smooth to the client and not embarrass our relationship managers.

For the few individual returns we do, we provide a detailed and customized organizer in advance. We accept data via our portal using a computer or mobile app. We will still collect paper data, but everything eventually moves to our cloud-based folder system for paperless review and preparation. We do not return paper documents to clients. All tax returns are provided to a client electronically, and we collect bank data from clients to pay or receive refunds. Unfortunately, we must move on from clients who require our staff to provide customized services and/or are reluctant to change. Each customized process requires heavy lifting for staff and brings opportunity for surprises that we don't want to distract our good staff.

Points to remember

- Planning means finding time to institute a policy of "no friction" for staff and clients. Look to move clients to services that occur more often than annually. This will reduce surprises, move large blocks of time from busy season, and provide opportunities for proactive communication with your clients.

- Don't be a commodity. Don't accept more volume and suffer through multiple busy

- Refocus on your purpose. Today's staff want purpose. Being a commodity seems to be all about money.
- Working 90 hours per work as a badge of honor is not a badge to anyone but yourself, and most staff don't get motivation from this work. It's the firm owner's responsibility to create an environment where new staff can provide input to improve flexibility and procedures.
- Changing habits is hard work, but who is going to be the future of your firm? Deciding to change happens in the summer and fall. Look to your staff for feedback, invest in technology, and lead your clients into the future.

If the COVID-19 pandemic provided a wake-up call for your firm, you're not alone. Making the decision to modify your firm does not happen overnight. Changing technology, communicating with staff and clients, and updating procedures takes time. Begin with small goals and wins, take on manageable projects, and then progress to a year-round approach. And, most of all, reach out to others like me in the tax and accounting community for support. The goal is changing the perception of our profession and creating the future-firms we want. Good luck!!

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