

CPA Practice Advisor

Today's Technology for Tomorrow's Firm

JUNE 2022

VOLUME 32
NUMBER 2



FROM THE TRENCHES:
Your Firm and Your Upgrades: Throw It Out!

THE LABOR LAW ADVISOR:
Pregnant Employees and Employer Obligations

BRIDGING THE GAP:
Your Firm's Next Hire: A Project Manager

**MOST POWERFUL
WOMEN
IN ACCOUNTING | 2022**

QuickBooks Online Recertification Window Open Through June 30, 2022

SUMMER IS A great time to assess your firm's strengths, client base, and marketing efforts. Whether you have your own firm or are part of a team, keeping your QuickBooks Online certification current is a component of life-long learning, as well as a key strategy for retaining your clients and recruiting new ones.

After all, certification is about demonstrating your efforts as a subject matter expert. It's also part of the QuickBooks ProAdvisor Program, and once you're QuickBooks Certified, you can be included in the Find-a-ProAdvisor online listing, a great way to help grow your business.

A few years ago, Intuit introduced annual recertification to keep ProAdvisors up to date with what's happened in QuickBooks since their last exam. To retain certifications you must pass all sections of the exam by June 30, 2022 at 11:59 PM PT.

WHY CERTIFICATION IS IMPORTANT

The more knowledge and experience you have in QuickBooks, the more expertise you have to evaluate and assess the overall health of your firm and your clients' businesses. Your clients trust you to deliver focused accounting services to help them make more informed business decisions. The training that comes with certification allows you to build your skills and further demonstrate your acumen.

Heather Satterley, CPA, MSI, owns her own firm in Portsmouth, RI, and has taught QuickBooks certification courses to thousands of accounting professionals. Certification is important to her for several reasons.

"Our clients rely on us to stay informed about updates and changes to QuickBooks and the greater eco-

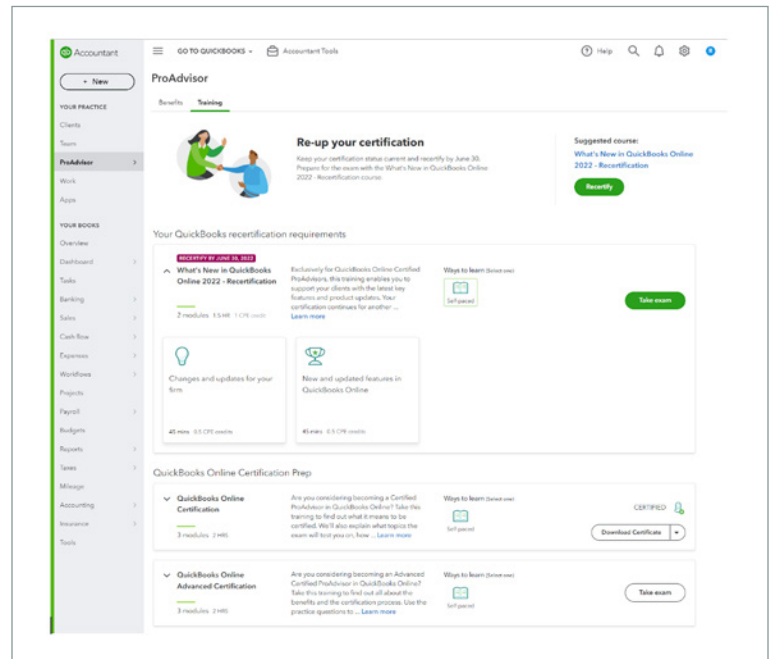
system," she says. "Staying certified is the best way to make sure a ProAdvisor stays current and proficient in the QuickBooks ecosystem. Because new features and functionality are released continuously, we owe it to ourselves, our firms, and our clients to stay up-to-date and in-the-know."

Satterley says maintaining her certifications also keeps her Find-a-ProAdvisor profile at the top of the directory in her geographic area.

"Certification ensures that my expertise is relevant, and also adds points to my tally when applying for various accounting 'best of' lists," she says. "But most of all, I recertify every year for myself."

Who has to recertify? If you recertified in 2021, or became certified before Nov. 1, 2021, you are required to recertify by June 30, 2022, to retain your certification status. If you are required to recertify, a new "Your QuickBooks Online Recertification Requirement" category will appear in the training section when you sign into QuickBooks Online Accountant. The best way to verify your status is in your Training tab. The 2022 recertification will only be visible if you need to recertify.

What if I passed the QuickBooks Online Advanced certification on or after Nov. 1, 2021? Do I need to recertify this year? The recertification requirements are based on your highest level of certification, so if you completed QuickBooks Online certification prior to Nov. 2021, and



QuickBooks Online Advanced after November, you are set until the next recertification season in 2023.

Do I need to take two recertification exams: QuickBooks Online certification and QuickBooks Online Advanced certification? No. If you are QuickBooks Online Advanced certified prior to Nov. 1, 2021, your exam will include both levels of recertification. One exam recertifies you in both certifications.

What's the best way to prepare for recertification? There are several ways to support your education to prepare for the exam:

- A short virtual training course will be offered once per day during the QuickBooks Online certification Bootcamp, June 14 -16, 2022. Register at <https://tinyurl.com/2tz44z7b>.
- Live webinars are available in QuickBooks Accountant University.
- Self-paced modules are in your ProAdvisor Training tab.

Is there a limit to the number of tries I get to pass the exam?

Yes; after three unsuccessful attempts, you are locked out of the recertification exam for 10 days (this only applies to the recertification exam). This enables you time to study the sections you didn't pass and try again. For this reason, we recommend that you begin the recertification exam at your earliest opportunity.

Don't miss this year's window!

The window will close on June 30, so now is the best time to tackle your certification exam. Find out more by clicking on the training tab in your QuickBooks account.

The ProAdvisor
Spotlight is sponsored by
 intuit quickbooks



6

14

22

ISSUE FOCUS:

12 **2022 MOST POWERFUL WOMEN IN ACCOUNTING**

By Isaac M. O'Bannon,
Managing Editor

COLUMNS

- 4 **FROM THE EDITOR:**
Summertime Blues
By Gail Perry, CPA, Editor-in-Chief
- 6 **FROM THE TRENCHES:**
Your Firm and Your Upgrades: Throw It Out!
By Randy Johnston
- 10 **TECHNOLOGY IN PRACTICE:**
Post Tax Season: 10 Tips for Getting the Most Out of Your Tax Season Debrief Meeting
By Roman Kepczyk, CPA.CITP
- 14 **THE LABOR LAW ADVISOR:**
Pregnant Employees and Employer Obligations
By Richard D. Alaniz, J.D.

- 17 **THE STAFFING & HR ADVISOR:**
Return to the Office: How to Ready Your Team for the New "Disruption"
By Paul McDonald
- 18 **THE LEADERSHIP ADVISOR:**
How to Create a Better Advisory Relationship
By Amy Vetter, CPA.CITP, CGMA
- 19 **THE MILLENNIAL ADVISOR:**
Firm Management Lessons from the Grocery Store
By Garrett Wagner, CPA.CITP
- 35 **BRIDGING THE GAP:**
Your Firm's Next Hire: A Project Manager
By Jim Boomer, CPA.CITP

FEATURES

- 9 **2022 TAX SEASON REVIEW: THE GOOD, THE BAD, AND THE UGLY**
By Christopher Stark
- 15 **THE RISK AND REWARDS OF BIG DATA**
By Mary Girsch-Bock
- 16 **HOW BUSINESSES CAN DEFEND AGAINST PAYMENT FRAUD**
By Tony Carothers

- 20 **7 PRINCIPLES FOR BECOMING A BETTER LISTENER**
By Christopher Hayden, CPA, CMA, CGMA
- 21 **CREATING DIGITAL EXPERIENCES IS THE FUTURE OF REMOTE WORK**
By Jon Hubbard
- 22 **7 WAYS TO IMPROVE YOUR WORK-LIFE BALANCE AS A FIRM OWNER AND ACCOUNTANT**
By Chris Hayden
- 24 **INDEPENDENT CONTRACTOR UPDATE**
By Nellie Akalp
- 25 **WHY CPA FIRMS NEED A TOP-NOTCH WEBSITE**
By Mary Girsch-Bock
- 26 **8 STEPS TO FINDING THE RIGHT SOFTWARE SOLUTIONS**
By Judie McCarthy
- 29 **R&D TAX CREDITS CAN HELP WITH SOFTWARE DEVELOPMENT**
By Heidi Henderson

MARKETING YOUR FIRM

- 30 How Accounting Firms Can Target a Niche Using SEO
By Becky Livingston
- 31 **IS YOUR FIRM AT THE CROSSROADS OF CHANGE?**
By Ernie Villany, CPA
- 32 **THE SECURE ACT AND THE GROWING POPULARITY OF ROTH CONVERSIONS?**
By Joseph Graziano, CFP®
- 33 **HOW TO KNOW WHEN YOU'RE READY TO MOVE TO ADVISORY SERVICES**
By Jasen Stine and Jim Buffington
- 2 **THE PROADVISOR SPOTLIGHT:**
Sponsored Content
QuickBooks Online Recertification Window Open Through June 30, 2022
- 34 **AICPA NEWS**
A round up of recent association news and events.

WEB EXCLUSIVES

CHECK OUT OUR PRODUCT & SERVICE GUIDE

www.CPAPracticeAdvisor.com/directory

IRS COLLECTED \$4 TRILLION IN 2021

www.CPAPracticeAdvisor.com/21269352

HOW TO PROTECT CLIENTS FROM SURGING SALES TAX AUDITS

www.CPAPracticeAdvisor.com/21268414

GEN Y WORKERS INSIST ON REMOTE FLEXIBILITY

www.CPAPracticeAdvisor.com/21268049

ARCHIVED
WEBCASTS



www.CPAPracticeAdvisor.com/webinars

- What Does Innovation Mean for Your Firm?
- Driving Digital Transformation in Your Firm
- Case Studies in Success: Tax Best Practices
- Embrace Automation, Empower Staff, & Reduce Frustration
- Innovations in Nonprofit Client Accounting Services



GAIL PERRY, CPA
 Editor-in-Chief
gail.perry@cpapracticeadvisor.com
[@gperrycpa](https://www.linkedin.com/in/gperrycpa)

Summertime Blues

WHEN I WAS a student, from childhood into my 20s, I would spend much of the school year looking forward to the summer. June would arrive, classes would end, and the unscheduled days would stretch out in front of me like the waving fields of wheat that reach all the way to the horizon. Adulthood carries with it the expectations and responsibilities that translate into schedules and requirements, but somehow summertime gives us permission to put some of that aside and be a bit easier on ourselves.

Even today, with childhood memories living like relics in the corners of my mind, I feel like summer is a regenerating season. I thrive on the warm weather and the days with extra hours of sunlight. Many people use New Year's Eve as the time to determine their resolutions and plans for the future. I prefer to use the summer. It's easier for me to look at life as a big picture when I'm immersed in the same feeling of freedom that the end of the school year used to bring each June.

I rely on the sounds of summer – lawn mowers, summer bugs, children playing, soft breezes – to keep myself focused on the small joys that life brings us. I'm pretty easily excited by the tastes of summer – corn on the cob, watermelon, tomatoes off the vine, anything that grows in my garden – because that fresh local goodness is only available seasonably. I look forward to the events of summer – county and state fairs, outdoor concerts, baseball games, road trips – as reminders that some glorious things don't change. And as

for the blues, the name of this little missive, summertime always seems to bring with it the most beautiful blue skies – both day and night – the bright blues of swimming pools and the deep blues of lakes, blue birds, blue flowers – and all of it is accessible because we can be outside to enjoy it.

And so this brings me in a very slow, summery, roundabout fashion, to the point of this piece. Coming out of COVID-19, we have an opportunity to think about our work the way we used to think about school being over. Sure there will be a lot more work to come, more clients with more needs, more busy seasons, new technologies to learn, new challenges to overcome

– but right now, as summer begins, it is a great opportunity to take some time to look around, enjoy the simple beauty of where we are, revel in the great work that we do, and appreciate who we do that work with. If you slow down and let yourself embrace the summer months, the pleasure associated with the knowledge that we are all coming back together can be just as precious as those long days of childhood summers.

I hope you too will be able to capture the joy of summer and take it with you into the fall and winter and the future of your work and your work relationships.



CPA Practice Advisor
Today's Technology for Tomorrow's Firm

NSA Practice Advisor
Today's Technology for Tomorrow's Firm

Published by Endeavor Business Media, LLC

1233 Janesville Ave. | Fort Atkinson, WI 53538 | 920-563-6388 | 800-547-7377

VOLUME 32, NUMBER 2



Publisher: Barry Strobel
Editor-in-Chief: Gail Perry, CPA
Managing Editor: Isaac M. O'Bannon

Contributors: Ken Berry, JD
 Jim Boorer, CPA, CFP
 Kristy Short
 Randy Johnston
 Roman H. Kepczyk, CPA, CFP
 Paul McDonald
 Amy Vetter, CPA, CFP, CGMA
 Becky Livingston
 Garrett Wagner, CPA, CFP
 Richard D. Alaniz, JD
 Mary Girsch-Bock

Art Director: Rhonda Cousin
Site Manager: Lester Craft
Production Manager: Patricia Brown
Ad Services Manager: Carmen Seeber

Marketing Manager: Angie Gates
Audience Development Manager: Delicia Poole

ENDEAVOR BUSINESS MEDIA, LLC
CEO: Chris Ferrell
CRO/CMO: June Griffin
COO: William Nurthen
COO: Patrick Rains
Chief Administrative and Legal Officer: Tracy Kane
EVP/Group Publisher: Lester Craft

Subscription Customer Service
 877-382-9187; 847-559-7598
Circ.CPA@omedia.com
 PO Box 3257, Northbrook IL 60065-3257

Article reprints:
reprints@endeavorb2b.com

List Rentals: Michael Costantino
 402-836-6266
michael.costantino@infogroup.com

Kevin Collopy, 402-836-6265
kevin.collopy@infogroup.com



Practice Advisor (USPS 017-576), (ISSN 2160-8725 print; ISSN 2160-8733 online) is published four times per year (April, June, August and December) by Endeavor Business Media LLC incorporating two editions known as CPA Practice Advisor and NSA Practice Advisor. Periodicals postage paid at Fort Atkinson, WI 53538 and additional mailing offices. POSTMASTER: Send address changes to Practice Advisor, PO Box 3257, Northbrook, IL 60065-3257. Canada Post PM40612608. Return undeliverable Canadian addresses to: Practice Advisor, PO Box 25542, London, ON N6C 6B2.

Subscriptions: Individual subscriptions are available without charge in the U.S. to qualified subscribers. Publisher reserves the right to reject non-qualified subscriptions. Subscription prices: The basic annual rate is \$3, based on qualifying associations of 10,000 or more public accountants that may also subscribe for all their public accountant members (certain restrictive covenants apply) for a basic subscription rate of \$9 per member for a three-year subscription. One year subscription for all others: USA - \$37; CAN \$64+Tax GST; INT'L \$91 GST. All subscriptions payable in U.S. funds, drawn on U.S. bank. Canadian GST#842773848. Back issue \$10 prepaid, if

available. Printed in the USA. Copyright 2022 Endeavor Business Media LLC.

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recordings or any information storage or retrieval system, without permission from the publisher.

Endeavor Business Media LLC does not assume and hereby disclaims any liability to any person or company for any loss or damage caused by errors or omissions in the material herein, regardless of whether such errors result from negligence, accident or any other cause whatsoever. The views and opinions in the articles herein are not to be taken as official expressions of the publishers, unless so stated. The publishers do not warrant, either expressly or by implication, the factual accuracy of the articles herein, nor do they so warrant any views or opinions offered by the authors of said articles.

The opinions given by contributing authors are their own and are not the opinions of our staff. All trademarks used are the property of their respective owner.

Move Beyond Wishful Thinking

By Garrett Wagner, CPA

IMAGINE FOR A moment that you had the power to be granted one wish. This power could come from a genie or a magic wand, really the source of the wish doesn't matter. What matters, is what would you use said wish for, and, more importantly, would said wish actually benefit you or just like all those stories and movies, would your wishes lead you down the wrong path?

We have all thought to ourselves while watching that movie about the genie that we wish we had the power to make a wish and get whatever we want. Be it wealth, fame, fortune, what have you, the impulse is human nature.

So, let's pretend for a moment that you had the magical power of one wish. Right now, as you read this article, you could grant yourself one wish, with the only caveat being that it is related to your job. If this were true, what would you wish for, what are you thinking right now as you read this article?

Are you wishing for money, do you want more employees, more customers, a bigger office, no longer having to do annual CPE? No matter your wish, we are all thinking of something. Making the wish is the easy part; the hard part is making the right wish.

FAILED WISHES

Stories often tell an important tale about the human condition, and, in the case of wishes, they show the failure of humans to make impactful wishes that really make a difference in their lives. How many stories/movies/books have a premise that focuses on the protagonist getting the ability to make wishes, making those wishes, and then regretting the result?

When we really think about it, your wish you were just thinking about most likely falls into that category. It was the first thing that came to mind and filled an immediate need. Perhaps you wished for another employee who is just like you. As you have felt for a long time that if you just had another one of you, you would be so much more successful.

Sadly, research of organizations has shown us that having a team of people with the exact same mind set and skills is never beneficial. Just like the ill-advised wish, it appears great

at first to have everyone think and act the same, but you would quickly realize that your skills, behavior, and decision making are far too narrow. You are never able to do things differently or consider a different plan or option. Your group think is a mind of one, doomed to repeat the same bad decisions.

Similarly, many people would wish for more money, because who wouldn't want more money? Sadly, research by Dan Gilbert, psychology professor at Harvard University, has shown that the payoff of making more than \$90,000 is negligible when it comes to happiness. That is, human beings overestimate how much pleasure and happiness they will get with having more money.

We have all seen this movie play out before. The real key is understanding what is the right wish you should be making and that starts with the right question.

THE RIGHT QUESTION

The key to making the right wish or in the real world, taking the right action, is about understanding the right question to ask. You see it isn't as simple as just what would you wish for. That is far too broad and open ended, which leads to the failed wishes. Solving any problem involves asking multiple questions and dare we say some actual thought.

Focusing on one magic wish to fix everything avoids any thought about understanding the problem, the issues at hand and more. A great way to think about why this won't work is why we teach people on our team how to solve problems vs. just always asking for the answer.

Only through understanding can we ever achieve true knowledge and without said knowledge, we can never answer, let alone ask, the right questions. We lack the key foundation to build from.

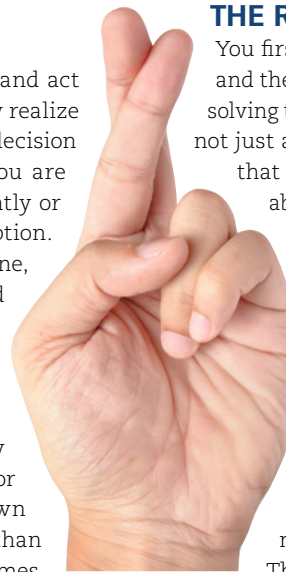
THE RIGHT WISH

You first need to ask the right questions and then actually put in the hard work of solving the problem which is a journey and not just a destination. One of the aspects that made Steve Jobs brilliant was his ability to ask the right questions and then think about the impact of those questions and impacts in the micro and macro level. He didn't just make simple minded random decisions without thought. He would famously analyze situations, current trends, future trends, supply chain issues, technology trends, customer behavior, and more to make the smallest of decisions. That ability provided him with the key foundation and knowledge so when it came time to make a decision, he had the knowledge he needed to know the path to take.

FINDING SOLUTIONS NOT MAGIC

Think about what you wished about before as you were reading this article. Write down what that wish was and now think about why you made that wish. Challenge yourself to look past that easy wish you came up with. Instead focus on asking the right questions to really understand the issues you are faced with. Abraham Maslow famously said, "If your only tool is a hammer, then every problem looks like a nail."

Expand your thinking, move past the easy answer, and go on a journey to determine the problem at hand. If you can learn those skills, it will set you on the path for true success, make you a better advisor, and if you ever get the chance to make a wish, it won't be wasted. ■





RANDY JOHNSTON

EVP & Partner
K2 Enterprises &
CEO of Network Management Group, Inc.
randy.johnston@cpapracticeadvisor.com
@RPJohnston

YOUR FIRM AND YOUR UPGRADES — THROW IT OUT!

Innovation as a path for better client service has always worked for my firm. You may recall my personal mission statement is “to help as many people as possible to use technology in a way that benefits them most.” Part of my attraction to technology has been the leverage that it can apply to individual talent.

Most larger businesses also use a human scale to achieve even more results. However, the most effective strategy aligns business mission and goals, getting everyone focused on a worthwhile goal to achieve even more together. Motivation and purpose with an appropriately trained team is a powerful thing. Software publishers have built some beautiful tools for the profession, but I found myself asking how many of the publishers were coasting this year. A long-time client asked me recently if the fees he paid for 1040

workpaper processing were worth it. We looked at the total expenditure, the cost per return, and the estimated hours saved. In this world of annual/monthly recurring revenue for software publishers, cyclical revenue extracted from their customer base is essential.

Unfortunately, the primary focus of many software publishers is on the income extracted annually or monthly rather than on the value delivered to the client, the firm, and you. This same client sincerely wants a trial balance

product that works logically, workpapers that make sense, and other products that help clients manage their day-to-day operations. In other words, what technology provides value?

WHAT TECHNOLOGY IS WORTHWHILE?

An old management trick to see waste was rebuilding an operation from scratch by taking them into the parking lot and making them justify getting back in the building. Eliminating every person and expense, and justifying adding the costs back to the business is a tough exercise. While I value people highly, some coast along, or worse yet, some people are a distraction and disruptive to the team. It is hard enough to hire and retain good people, but if everyone is not pulling in the same direction, that's worse.

Think of a team of six horses with one pulling right, one pulling left, and one digging in not to move at all. How effective are the other three? Is this a suitable time to reflect on which people and technologies are paying off? In 2021, I suggested that you look at every Software as a Service (SaaS) subscription and eliminate the unnecessary subscriptions allowed during the pandemic. Think about how many streaming services and subscriptions you have personally or as a firm that may not be used optimally.

I rarely make “over the top” or one-size-fits-all recommendations. However, I’ve been reflecting on this recommendation for all this year. Prepare to replace all your end-user hardware. The value proposition became clear when presenting at a conference in the past week. 2022 is the start of a massive wave of technology innovation. I have seen this type of wave a few times in my career.

Once was when the 286 chip was introduced in the 1980s leading to rapid CPU innovation. The next time was in the early 1990s when Windows for Workgroups began to work. It wasn’t the innovative graphical or windows innovation of the operating system but the peer-to-peer networking that led to the Windows Servers and Windows desktops of today. The next wave occurred with centralized computing. Not so much cloud computing, but the ability to share resources centrally has led to many valuable innovations.

So, what’s so big this year, and when will we see the results? If the prior innovation speeds are any indication, everything will take a few years to align and be in place. Most of the prior innovations took a five to ten-year cycle to be fully realized. But innovators benefited almost immediately, certainly with the year. And are you an innovator? With all the market hype cycles and innovation curves, you have heard of early and late adopters, and many accountants are laggards. My favorite true example of this is an attendee who explained that she loved listening to my presentations because I always spoke about so many innovative items. However, she never used them herself because her partner group thought that speeding things up reduced profits AND cost hard dollars. It turns out they were billing by the hour, and taking a task from 60 minutes to 30 or 15 minutes cost them billable time. I explained that she might want to get out on her own, invest in the technology, and forge her own path. She was ecstatic with the change innovation had brought into her life.

So, this year is a significant hardware year, and you should prepare to replace everything you own during the next 24-36 months. Routine replacements would be a regular cycle if you replace hardware every 3-4 years. For others, you’ve been holding on to old gear because you’d have to spend hard dollars on replacing something that is working. As an associate of mine, Brian Tankersley, has said for years, “Life is too short for cheap ice cream and cheap hardware.”

Consider this ratio. Last year, I purchased the fastest hardware CPU available for a desktop computer with an AMD 5950X CPU. Some of the tasks on my prior computer went from around 90 minutes to about 5 minutes. Consider your billable rate, not mine, and estimate the value of a task done at least weekly that went from 90 to 5 minutes. Sometimes this task was done more than weekly. You’ve probably already done the math in your head, but 52 weeks x 85 minutes = 4,420 minutes = 73.67 hours. At \$100 per hour, that’s \$7,367! Do you think my new computer cost that much? Not even close. Both AMD and Intel claim that this year’s latest processors are anywhere from 40 to 100% faster than last year’s processors. This acceleration reminds me of the progression from 286 to 386 to 486 from 1982 to 1989. The faster hardware enabled software innovation. Further, with new processors for all Apple Macs, iPhones, and the SoC (System on a Chip) Android phones, every hardware device is radically faster. I can easily justify replacing my computer again this year based on the productivity and ROI that I will see. Besides, my machine will be a great gift for someone in my business or family.

This year’s faster hardware will drive innovation for the next decade or more. So, what’s in these designs that are so special?

- Performance cores and efficiency cores – CPU chips that run fast and others that conserve power
- AI and neural cores – specialty processors that run artificial intelligence and machine learning loads optimally
- Graphics cores – these graphics processing units are being developed and delivered to provide gamers a better experience with faster refresh rates and response times, plus features like ray tracing
- Faster RAM
- Faster Disk input/out via PCI-E Gen 4
- Faster Wi-Fi with Wi-Fi 6E

I believe that developers will see the new hardware horsepower and take advantage of it. Further, if Cristiano Amon, President, and CEO of



So, are you ready to take a deep breath, relax, and innovate again?

Qualcomm Inc., is correct, we will need more edge computing power. Cristiano suggests that there will be more than one billion connected devices, that cloud growth will be 35% year-over-year, and that by 2025 – 64% of data will be created outside data centers at the edge.

SO, WHAT DO I DO NOW?

Assume that every desktop, laptop, and smart-phone you own today is obsolete. Take these devices out in the parking lot and make them justify continued use in your firm and personal life. All that e-waste makes me weak but keeping obsolete technology would be worse. Few computers or phones in use today should be in use by 2025. Technologies like 5G, Wi-Fi 6E, DDR5/6, PCI Gen 4/5, and a plethora of cores will change the way we use computers and phones. I’ve already designed the next killer app for accountants. My rule of thumb is that if I have seen the next opportunity, so have many others. I want to find innovative developers and accountants to help make this vision real. We’ve done it before, and we can do it again.

It takes a lot of effort to get a new generation of applications to market. Besides the development, marketing, and competition, there are threats from cybersecurity, regulations, supply chain, and laggards. So, are you ready to take a deep breath, relax, and innovate again? If so, you and your clients are sure to benefit! ■

2022 CPA Firm Management Association Survey Results

By Mary Girsch-Bock

THE CPA FIRM Management Association (CPAFMA) conducted its fourth information technology survey, with results made available to the public in early 2022. 162 CPAFMA member firms participated in the survey, which was used to determine what technology resources firms are currently using in 2022.

The results showed that 63% of firms that responded indicated that they were using an external cloud provider to host their applications, up from 51% in 2020. These survey results indicate that firms have continued to move away from using internal servers and choosing to utilize the cloud, with only 19% of respondents now using an internal network.

The survey also addressed downtime, an important issue when using cloud technology. The survey asked specifically if a firm had experienced downtime, and if so, what were the main causes of that downtime. Internet outages topped the list of downtime reasons, with others reporting connectivity issues with the cloud host. Another reason mentioned in the survey is hardware failure. Security issues were also a problem, with two firms experiencing downtime due to a ransomware attack, while two other firms experienced downtime due to computer viruses or malware. These results indicate that hackers continue to set their sites on accounting firms as worthy targets and that there is still room for improvement when it comes to system security.

According to the CPAFMA survey, these are the software applications most frequently used by survey respondents.

TAX APPLICATIONS

For individual/1040 production, CCH was the dominant 1040 application, with 76 firms using the application. This was followed by Thomson's UltraTax, with others using Lacerte or GoSystem Tax RS. CCH led the way for business returns as well, with 71 respondents choosing CCH as their business tax preparation application.

Tax scanning applications are also popular with firms, with 69% using a tax scanning to OCR application in their firm. The most popular application was CCH Autoflow, utilized by 51 firms, followed by SurePrep with 20 firm users. Both Thomson ScanFlow and Gruntworx were mentioned as well.

Tax portals are also commonly used by accounting firms, with many firms choosing to use a stand-alone portal rather than one included in a practice management application. CCH led the way with 25 users, with Thomson's NetClient CS and Citrix ShareFile each claiming 23 users.

W2/1099 Preparation was split fairly evenly between 1099Etc with

29 users, and Greatland Yearli coming in with 20 users. Others mentioned include CFS Tax Tools, Thomson ACS, W2 Mate, Track 1099, and 1099 Pro.

PRACTICE MANAGEMENT

48% of survey respondents indicated that they use CCH Practice Management, with 24% of respondents using Thomson Reuters Practice Management. Nearly 68% of respondents indicated that they currently use hosted solutions rather than on-premise solutions in their practice.

PAYROLL

Payroll applications were more evenly split between several providers, with 32% of respondents using ADP, while 22% used Paychex. Other payroll providers mentioned in the survey include Intuit (10%), Thomson Reuters Accounting CS (10%), and MyPay (10%). Paylocity, Gusto, and Paycore also received multiple responses, with all payroll applications cloud-based. One interesting result from the survey is that most firms continue to use Microsoft Excel for employee scheduling rather than using some of the scheduling options available in payroll applications.

HUMAN RESOURCES

Human resources (HR) solutions have not had widespread adoption by accounting firms, with only 38% of firms indicating that they currently utilize an HR system in their firm. For those that do use an HR application, ADPs HRIS leads the way with 16 firm users, followed by Bamboo, with 13 users. This is

an area wide open for adoption by accounting firms.

CLIENT APPLICATIONS

QuickBooks continues to be the dominant accounting software used in most firms, with 76 firms using QuickBooks Online, and 71 using QuickBooks Desktop. Thomson Reuters ACS was used by 19 firms, with Sage Accounting (formerly Peachtree) with 18 users. QuickBooks Payroll was also the most frequently used client payroll application, with 55 firms using the application, with 30 firms using ADP for client payroll.

One other quick note of interest: When asked when firm respondents believed that firms would run entirely online without on-premise servers, 33% of respondents estimated it would happen in the next three to five years, while 32% thought it would be fewer than three years.

While the CPAFMA survey only covers a small portion of the CPA community, their responses to this in-depth survey can provide a look into the choices that firms are making. ■

Mary Girsch-Bock began her career as an accountant and later made the switch to writing full time, concentrating on software reviews. A former QuickBooks beta tester, Girsch-Bock currently specializes in business and technology with a focus on small businesses. Her work has appeared in The Motley Fool, The Blueprint, Property Manager.com and she currently writes a monthly business and technology-related blog for PLANERGY, a Procure-to-Pay platform designed for mid-market organizations.



ROMAN H. KEPczyk, CPA, CITP
Director of Firm Technology Strategy
Right Networks, LLC.
roman.kepczyk@cpapracticeadvisor.com

Post Tax Season: *10 Tips for Getting the Most Out of Your Tax Season Debrief Meeting*

ANOTHER TAX DEADLINE is in the history books garnering firm members a well-deserved break before transitioning into “extension” mode. This small respite is actually the best time to hold a tax season debrief meeting to not only recap the firm’s successes but also to identify opportunities for production improvement.

The next two months offer great opportunities to research, acquire and pilot new tools and processes so they become the new firm standard before the September and October deadlines. Below we outline 10 tips to optimize your post-busy season debrief process and successfully transform your tax production.

1 STRIKE FAST: You will get the most out of your debrief meetings by holding them as soon after the tax deadline as possible, while the events of the previous few months are still fresh in everyone’s mind. We actually recommend that this meeting be put on everyone’s calendar at the beginning of busy season (consider this for post October 15) and send out monthly reminders for your personnel to take note of opportunities they come across when they are in the heat of the battle.

2 INCLUDE EVERYONE: We believe it is important that everyone participate in the process, even if it is only completing a survey. This includes all administrative and remote personnel, contractors, and interns as these personnel often have unique insights. In particular, we have found valuable the input of newer personnel and those who have worked in other firms as they may not have been “indoctrinated” in the firm way of doing things.



ASK OPEN ENDED QUESTIONS: While one of the primary reasons for conducting a debrief meeting is to identify opportunities for improving production processes, it is also a chance to identify and reward individual successes, as well as capture employee perceptions. When surveying firm members, we have found asking,

“What went well this busy season and why?” will garner more provocative thought and insight than asking, “Was this busy season better than last year?” Below we list eight additional questions that we suggest firms consider when surveying firm members either live or via a digital survey tool such as Survey Monkey or Question Pro.

■ What was the best improvement from last year?
■ What tax processes did not go well and why?



- What technologies or applications hindered the process and why?
- What should we do better or differently this extension season?
- In what areas did we have staffing shortfalls or need additional training?
- What team member went “above and beyond” or did something special?
- What client returns were awesome this year and why?
- What client engagements were difficult and why?



IDENTIFY OPPORTUNITIES: One situation that can completely derail a debrief meeting is when a dominant personality interjects at the beginning of a discussion and effectively shuts down everyone else from participating. Having

each person first write down their responses to the questions either via the survey or individually on “sticky notes” during the meeting will allow everyone to get his or her thoughts captured. We then ask the “newest” meeting participant to share his or her response and then go around the room to get multiple insights before the dominant person would have a chance to respond. Grouping sticky notes with common themes helps to add depth to the myriad of opportunities being identified.



PRIORITIZE OPPORTUNITIES: We often see five to ten opportunities come together during a debrief meeting and have found it helpful to group them into four categories: (A) those items that overall have a high impact on

firm production with a low level of “touch or technology” to implement, (B1) those that have a low impact with low touch/technology (B2) those items that have a high impact with high touch/technology, and (C) those that have a low impact but high touch/technology. Most often the (A) items would be prioritized first and the (C) items shelved. Amongst the (B) items, we normally compare them based on expected ROI and shorter timeframe for evaluation and successful implementation (often based on other peer’s successes).



CREATE SMART PROJECTS: We suggest firms select only a few projects out of the prioritized items and make sure that adequate resources (staffing and budget) are allocated so they can be successfully completed.

To best ensure success, we recommend firms write “SMART” project charters so everyone thoroughly understands what the goal/outcome of the project is. SMART stands for: Specific, Measurable, Attainable, Relevant, and Time-bound. For instance, “beginning July 1, administration will scan in/merge all physical and digital 1040 source documents and utilize a firm-standard bookmarking application and OCR’d into the tax program which will be QC-reviewed to a firm standard for onscreen preparation” is more comprehensive than “utilizing up-front scanning.”



UNDERSTAND THE PROCESS: Once a project opportunity is targeted, we have found it is extremely helpful to flowchart the current process on a whiteboard so everyone understands visually what is currently occurring

(including warts and bottlenecks in the process) and to then to compare solutions that positively transform the process, streamline steps, or eliminate those bottlenecks. To ensure that everything is captured, we have firms compare it to any firm written procedure document and even physically walk through the production process when there is significant input from different firm members.



RESEARCH SOLUTIONS: May through July provide great opportunities to inquire peers, do web-based product evaluations and to attend industry conferences. Professional Associations such as the AICPA and CPA Firm

Management Association conduct tax technology surveys and hold conferences where attendees can evaluate these solutions first-hand, as well as discuss successful implementation with peers. We have found that identifying the top two or three products utilized by similar firms (via the surveys) and obtaining unbiased references

Getting everyone’s input and successfully implementing a new solution on which they had input also helps to build a culture of teamwork and firm improvement.

from peer members is the most effective way to identify the optimum solution before acquiring the application. Peer firms that are a couple years into their implementation can often provide their do’s and don’ts to further streamline the firm’s adoption of a new solution.



PILOT SOLUTIONS: When piloting a new application or process it is important to include a cross-functional team that will evaluate the solution not only from a firm perspective but also evaluating the impact for any clients or outside users. The process should be thoroughly documented and flowcharted so that it is clear as to what is being done.



IMPLEMENT/EDUCATE: After a successful pilot program, the process should be rolled out including providing education on why the change was

made and the benefits expected to the firm and clients. In my experience, this is often where firms under allocate resources and can significantly hinder the introduction of a new solution. Whatever you believe you need in training, we suggest you double it and ensure that everyone is effective at utilizing the tool/process.

Conducting an annual tax debrief meeting will provide an opportunity to not only acknowledge the successes of the previous few months but also launch enhancements in the firm’s tax production processes. Getting everyone’s input and successfully implementing a new solution on which they had input also helps to build a culture of teamwork and firm improvement. ■

The 2022 Most Powerful Women in Accounting Announced

By Isaac M. O'Bannon, Managing Editor

THE AICPA AND CPA Practice Advisor have announced the recipients of the 2022 Most Powerful Women in Accounting awards, which recognizes each for their significant contributions to the profession. The awards were presented during a ceremony at the AICPA ENGAGE conference at the Aria Hotel and Resort in Las Vegas, on June 8, 2022.

Women are increasingly becoming the face of public accounting and financial management. The most recent data from the Bureau of Labor Statistics (2021: <https://www.bls.gov/>

[cps/cpsaat11.htm](https://www.bls.gov/cps/cpsaat11.htm)) found that 62 percent of all accountant and auditor roles are now held by female professionals. Women are also increasingly assuming leadership roles within firms.

While still only about 27% of firm partners and principals are women, they now account for a third of management committee roles, about double that of a decade ago, according to Catalyst.org's 2020 data (<https://tinyurl.com/3t5pyw8h>).

As new generations of accounting professionals aspire to leadership roles in the profession, it is inspiring to look to those who have attained those ranks ahead of them. The AICPA and CPA Practice Advisor partner each year to

THE MOST POWERFUL WOMEN



Lara Abrash, CPA
Deloitte & Touche, LLP



Tommye Barie, CPA
Succession Institute



Arianna Campbell,
LSS Black Belt
Boomer Consulting



Erin Collins, J.D.
IRS National
Taxpayer Advocate



Patricia Cummings, CPA
Citrin Cooperman, LLP



Sarah Elliott, CPA, PCC
Intend2Lead LLC



Kimberly Ellison-Taylor,
CPA, CITP, CGMA, CISA
KET Solutions, LLC



Janet Foutty
Deloitte LLP



Kelly Grier, CPA
Ernst & Young



Orumé Hays,
CPA, CGMA, MST
Hays CPA



Allison Herren Lee, J.D.
U.S. Securities &
Exchange Commission



Dawnella Johnson, CPA
Crowe LLP

honor those professionals as the Most Powerful Women in Accounting, women who have emerged as the most influential leaders shaping the profession. While many are directly engaged in client-serving practice, others help lead the profession through professional organizations, as consultants, or

in media, technology development or other influential roles.

Qualifications for selection for the Most Powerful Women in Accounting Awards, which have been presented annually since 2012, include:

- She has been the driving force to create a culture of excellence,

innovation, and inclusion. If she is a vendor, she has helped to develop the technologies and solutions that will empower organizations to be more productive and profitable.

- She is one of the top leaders in the accounting profession and her leadership has had a demonstrable effect upon the accomplishments

of the organization with which she is associated.

- She is a mentor, sponsor, and a role model, someone who stands out in her ability to encourage and help those around her thrive and flourish.
- The work she does is influential and is having a positive impact on the accounting profession as a whole. ■

Nominations for the 2022 awards were open to the public on the AICPA and CPA Practice Advisor websites, with final selection of recipients determined by a committee of independent judges. (Learn more about women in the accounting profession: <https://us.aicpa.org/career/womenintheprofession.>)

Nominations for 2023 will open in November 2022.

IN ACCOUNTING 2022



Jennifer Wilson
Convergence
Coaching LLC



Lexy Kessler, CPA, CGMA
Aronson LLC



Tamera Loerzel
Convergence
Coaching, LLC



Carla McCall, CPA, CGMA
AAFCPAs



Elizabeth Pittelkow Kittner,
CPA.CITP, CGMA, DTM
ILTA



Guylaine Saint Juste,
SHRM-SCP, CAE
NABA Inc.



Danielle Supkis Cheek,
CPA, CFE, CVA
MindBridge AI



Michelle L. Thompson, CPA
Cherry Bekaert LLP



Amy Vetter, CPA.CITP, CGMA
The B Method Institute



Tracey Walker, CCD
AP, COB - RSM US, LLP



Sandra Wiley
Boomer Consulting



Erica Williams
Public Company
Accounting Oversight
Board



Kecia Williams Smith, CPA, Ph.D.
North Carolina A&T
State University

Pregnant Employees and Employer Obligations

WOMEN COMPRISE OVER half the American workforce, and that number increases annually. While sexual harassment and gender equity issues often garner more attention, how to deal with a pregnant employee who may have work limitations continues to vex employers. It's an issue that's often a source of consternation, and if improperly handled could result in legal liability to employers.

In 1978 Congress passed the Pregnancy Discrimination Act (PDA), which established that pregnancy-related matters are encompassed within the prohibition against sex discrimination under Title VII of the Civil Rights Act of 1964. In essence, it requires employers to provide the same accommodations to pregnant women as any other employee with similar ability or inability to work. In addition to federal law, almost 50% of the states and numerous cities have adopted regulations requiring employers to provide work accommodations for pregnant employees. Accommodations for pregnant employees have been an enforcement priority for the Equal Employment Opportunity Commission (EEOC). It was identified as a "National Substantive Area Priority" under the 2017-2021 EEOC Strategic Enforcement Plan (SEP).

The Americans with Disabilities Act (ADA) also imposes certain employer obligations regarding pregnancy. Generally, the ADA requires employers to provide reasonable accommodation to employees with a "disability" that affects their ability to perform their job. While pregnancy is not a disability, numerous pregnancy-related conditions qualify as disabilities requiring employers to potentially provide accommodation. The ADA Amendments Act (ADAAA) passed in 2009 expanded the definition of a "disability." Thus,

pregnancy-related impairments might more easily qualify as "disabilities" today than before the amendments. For example, the following pregnancy-related conditions could constitute a disability under the ADAAA: anemia, depression, gestational diabetes, morning sickness, preeclampsia, and swelling of the feet and legs.

The Supreme Court addressed employers' responsibility to accommodate pregnant employees in 2015. In the case of *Young v. UPS*, the Court ruled in favor of a pregnant UPS driver who challenged UPS's denial of light duty work assignments during pregnancy to accommodate her lifting restrictions. UPS had successfully argued before the lower courts that light duty was properly reserved for employees injured on the job and that pregnancy was not similar. The Court concluded that an employer is required to offer a reasonable accommodation to a pregnant employee to the same extent that it offered an accommodation to any other employee that was similarly limited.

In 2019 the House of Representatives proposed a bill entitled The Pregnant Workers Fairness Act with the stated purpose of clarifying the ruling in the *Young v. UPS* case. It was contended that despite the provisions of the PDA and the *Young* decision, similar situations of pregnant employees denied accommodation continued to arise in many workplaces. According to Gillian

Thomas, a senior attorney with the ACLU's Woman's Rights Project, "[r]oughly a quarter of a million women a year do not get the accommodations they need to keep working." She noted despite the clear legal requirements, pregnant women are still being forced off the job. Had the proposed law passed, it would have mandated employers utilize the "interactive process" to determine what reasonable accommodation(s) can be offered to pregnant workers, which is the same framework required under the ADA.

Notwithstanding claims of continued employer failures to accommodate pregnant employees, the requirements under the relevant legal authorities is clear. For current pregnancy, an employer cannot fire, refuse to hire, demote, or take other adverse action against a woman motivated by pregnancy, childbirth, or related medical condition. This is true even if the employer believes it is acting in the employee's best interest. Similarly, an employer may not discriminate based upon an employee's intention or potential to become pregnant. Nor may an employer force an employee to take leave because she is pregnant. If the employee is limited in the performance of her job duties and is entitled to accommodation under the PDA or ADA, an employer may need to provide reasonable accommodation.

Not all pregnant employees develop limitations affecting their ability to perform their job. However,



RICHARD D. ALANIZ

Senior Partner
Alaniz Schraeder Linker Faris Mayes, L.L.P.
ralaniz@alaniz-schraeder.com

when limitations do arise, employers should carefully consider the following questions:

- What limitations is the employee experiencing?
- How do these limitations affect job performance?
- What specific tasks that pose a problem? and
- What accommodations could reduce or eliminate the job performance issues?

The broad categories of functions that can be affected by pregnancy-related limitations include bending, carrying, climbing, kneeling, lifting, pushing and/or pulling, sitting, standing, temperature sensitivity, toileting or grooming issues, and dietary needs.

Among the types of accommodations employers should consider to address pregnancy-related limitations are reassigning marginal or nonessential job functions that pose a problem for the pregnant employee, modifying a work schedule, modifying workplace policies such as allowing a pregnant employee more frequent breaks, temporarily reassigning the employee to light duty, and granting leave.

In light of the continuing focus on employer workplace obligations to pregnant employees, defending a claim of failure to accommodate a pregnant employee's job limitations may prove increasingly difficult for employers. Such claims are clearly a priority for EEOC enforcement and can become quite high profile and every employer should diligently seek to avoid them. ■

DATA

The Risk and Rewards of Big

By Mary Girsch-Bock

EVERY TIME YOU swipe your credit card, use a loyalty card at your favorite store, or purchase an item online, your data is being collected. The amount of data collected daily is enormous and is provides nothing of value unless it is properly analyzed and used in the course of business. For example, grocery stores track items purchased each time your card is used when you shop. But if the data collected is not used to better the customer experience or provide better insight into customer purchasing habits, the data is useless.

WHAT IS BIG DATA?

However, once analyzed, the collected data can reveal useful information such as trending issues in a certain business sector, allowing accountants to use big data to spot trends in accounting transactions, something they've been doing for years. However, collection and analyses of big data allows firms to expand the process, providing accountants with the ability to better predict outcomes and even better spot fraud.

BIG DATA CAN BE COLLECTED FROM A VARIETY OF SOURCES

There are three main sources of big data:

1. **Transactional** – Both online and offline transactions such as invoices, payments, and receipts are regularly collected. However, anyone collecting transactional data will need to find a better way to utilize the information provided in the transactions collected.

2. **Social media**– Social media platforms are one of the main sources for big data, with tweets, retweets, user comments, and uploads collected daily. Particularly valuable when looking for marketing trends, social data provides an inside look into consumer behavior.

3. **Machine data**– The collection of machine data is expected to grow in upcoming years as more data sensors are installed on a variety of equipment ranging from medical devices to cameras.

Data can also be collected from barcodes, government agencies, and even website visits. There's no end in sight for how or where you can collect big data. The challenge is what to do with it once you have it in your possession.

WHAT ARE THE BENEFITS OF COLLECTING BIG DATA?

Why should you collect big data at all? Turns out that there are a lot of reasons why taking the time to collect, parse, and analyze big data can be beneficial. Collecting and analyzing big data can:

- Streamline current processes
- Improve strategic planning
- Create more accurate forecasts
- Identify possible risks and take mitigating action
- Achieve greater insight into results

HOW IS BIG DATA BEING USED IN TOP INDUSTRIES?

One of the earliest and most successful uses of big data began in the retail industry. Membership cards, savings cards, loyalty cards, and rewards cards have all been used in recent years to track customer purchasing habits, allowing retailers to tailor products and sales to each customer individually. Big data has also had a significant impact in healthcare, where it can be used to more accurately predict outcomes for patients while also assisting in improving healthcare delivery options.

HOW IS THE USE OF BIG DATA IMPACTING ACCOUNTING FIRMS?

The use of big data can help accounting firms streamline internal processes, significantly reducing paperwork while providing clients with more accurate information in real-time. Using big data can also improve the client experience, with more accurate predictions and more personalized services available.

The use of data analytics for example can automate the audit process, using actual data

instead of a small sample, resulting in more accurate predictions, increased compliance and a reduction of errors. Big data can also help identify risk, allowing firms to better prepare clients for possible adverse conditions down the road. And with data available in real-time, more informed business decisions are able to be made.

ARE THERE ANY RISKS IN COLLECTING BIG DATA?

Collecting big data is not without risk. If you're going to use collected data, you must first determine that the data is clean and not filled with errors. Also keep in mind that once data is collected from various sources, it will need to be securely stored. 92% of data breaches that have occurred in the first quarter of 2022 have been due to cyberattacks (<https://tinyurl.com/2p8brykc>), so if you are going to collect big data for use in your firm, the proper security measures must be put into place.

Security risks aside, there are also some ethical issues you may need to address. Even if you keep data safe from hackers and other cybercriminals, you also have a responsibility to use the data ethically. Before obtaining and using big data, be sure that you have obtained consent for using that data and are not violating any privacy laws when doing so.

IS THE REWARD WORTH THE RISK?

There is vast potential in using big data, but along with the potential, there's also some risk. However, if you take the proper safeguards and ensure that the data you're collecting is clean, the rewards can far outweigh the risks. ■

How Businesses Can Defend Against Payment Fraud

By Tony Carothers

THE REMOTE WORK era brought on by the COVID-19 pandemic has made it even easier for criminals to execute payment fraud attacks. For most companies, it's become a matter of when they'll face a fraud attack--not if.

New defenses are needed, because the nature of cybercrime is changing. For many years, cybercriminals focused on software-based attacks such as ransomware. Vendors hadn't quite caught up to developing code secure enough to operate in the hostile environment that we know is the internet today.

Now vendors have hardened their systems to the point where it's inefficient for a bad actor to carry out an attack using technology alone. In the last year or two, we've seen a shift to schemes that use technology but ultimately rely on strategies that exploit human weakness. This is the new frontier in the battle against payment fraud.

SOPHISTICATED ATTACKS

Any effective security effort relies on technology, process and people. Technical security efforts such as securing hardware, software and laptops is still important. The ability to gain unfettered access at the hardware or software level allows a bad actor to do literally anything. Organizations need to double down on educating and training people throughout the organization to recognize, report and respond to suspicious activity.

The problem is that many organizations are still focusing on technology as the main line of defense. Criminals are capitalizing on the fact that they aren't addressing the whole picture. Add the chaos and confusion of the pandemic, and

over the past 24 months we've begun to see some pretty sophisticated cyberattacks emerge.

We saw a lot of phishing around work from home, and again around returning to the office. There was so much uncertainty, and people were so hungry for information, they'd click on anything that appeared to offer it. The cybercriminals were quick to capitalize, and they've been very nimble in customizing their attacks.

Here's a great example: For a long time, Microsoft was the most commonly spoofed email used in phishing attacks. A typical attack might be a fake email from a cybercriminal saying you needed to update your password, or act now because you're running out of mailbox or drive space. Now, DHL Delivery Service has surpassed Microsoft as the most commonly spoofed email because deliveries have become much more prominent in our personal and professional lives.

DEEP RECONNAISSANCE

Cybercriminals have also become very good at business email compromise (BEC), a key method of payment fraud. BECs are often very well designed and thought out. The cybercriminal will research an organization, their vendors, and their processes. It's actually a very deep reconnaissance effort.

They use the intelligence they've gathered to pose as a vendor sending an email request to change bank

account information to one of their own accounts. These emails might be constructed as long threads that contain names and information simulating the documentation of the real process. Sometimes they actually compromise the organization and take control of the email of someone in AP or finance and launch the attack from there. Or, they just spoof it from another mail server.

In either case, there's no technology that's going to effectively stop that attack. That's why information security today is a counterintelligence function. You have to be aware of information that's out there, and all the ways in which bad actors might use it. And you have to communicate that to the entire organization.

CONTINUOUS THREAT BRIEFINGS

Software companies try to handle this with continuous operational threat briefings. They take real-world attempted attacks that have been detected and blocked, and dissect them. That helps people understand how attacks are happening and what they look like.

Software companies also typically work very closely with business leaders to understand their processes and where there might be vulnerabilities. Working together, the software provider and business leaders can come up with very effective and secure processes.

BEYOND "CASTLE AND MOAT"

IT has historically built what is called a "castle and moat", or "egg-shell", defense. With this defense strategy, there's a well-developed,



hardened exterior. Enterprises are now realizing the shortcomings of that type of architecture. Data breaches are still a constant threat, but criminals now rely more on people-centered tactics like weaponizing email. If they can use that to make it past the hard shell, things get kind of squishy.

The most effective way to protect against what's coming is to address the human element. Security is always dynamic because criminals are endlessly creative. They attack, and we defend. They study our defenses and find new ways to attack.

The ultimate defense is creating an organization-wide security mindset. It's a culture. It's a way of thinking that has to be fostered. It's easier to do than you might think.

You need to develop a programmatic approach, but it's not that hard to get people to engage. What we find is that people are very interested in learning because they or someone they know has experienced a cyber-attack in their personal lives. It's not something that's abstract, or exclusively work-related. Unfortunately, it's all too relevant. ■

Tony Carothers is the Security Systems Engineer at Corpay, a FLEETCOR company. He has over thirty years of experience in information security, working in both the public and private sectors.



PAUL McDONALD

Senior Executive Director
Robert Half
paul.mcdonald@cpapracticeadvisor.com

CPA firms are taking varied approaches to the comeback. Some have adopted a very hardline approach and aren't even entertaining the thought of a hybrid work model for their employees. Other firms are keeping things flexible about the "where" of work for their staff members, at least for now.

It will be interesting to see which firms excel at attracting and retaining top talent moving forward. A prediction: Those that give their employees time and space to adapt to this latest disruption in their lives — the return to the office — are likely to win out. Those that formalize hybrid work or at least allow their workers to maintain a flexible schedule permanently will probably fare even better.

You may be eager to see your firm's office operating just as it was prior to the crisis, but your employees might be envisioning a different situation. Consider a recent survey by Slack in which 78% of workers said they want flexibility with *where* they work, and 95% of workers reported they want flexibility in *when* they work. Also, research from Robert Half found that nearly half of workers would quit their jobs rather than return to work full time.

PUTTING EMPLOYEES FIRST CAN PROMOTE A SMOOTHER RETURN

For more than two years, you've likely been emphasizing to your employees that "we're all in this together." This message is still important as your team transitions to coming back to the office either all or part of the time. In many ways, this move represents

Return to the Office: *How to Ready Your Team for the New "Disruption"*

IT'S HAPPENING: PEOPLE are starting to go back to the office regularly and in higher numbers than we've seen since the start of the COVID-19 pandemic.

a whole new type of disruption and uncertainty that your firm's staff will need to adapt to.

Even those employees who are excited about coming back into the workplace may have some uneasiness about what the experience will be like. With that in mind, here are some strategies to help your team members make a positive and relatively seamless return to the office:

STAY FLEXIBLE AND CONSIDER A "ROLLING" RETURN

Many firms have been trying to pin a date on the calendar as "Return to the Office" day. But as the pandemic has persisted, they've had to push back their plans several times. This has been exhausting for employees psyching themselves up to come back to work only to find they weren't going anywhere.

Things are looking up, but the pandemic could force a change again. So, take it slow and keep things flexible. You can still choose a specific date on the calendar but make it for a "soft return." Tell your staff, for example, that you'd like to see everyone come into the office for a few days during the first and second weeks of June — and if people want to work at the office more often, they are welcome to. This will help ease the pressure and make employees feel like they have control to set the pace.

KEEP THE COMMUNICATION LEVEL RUNNING HIGH

For team members who will be maintaining a remote work arrangement either all or part of the time, make sure they're included in critical meetings via videoconferencing or

conference calls and kept apprised of in-office discussions and other developments. This is critical, as you don't want a divide to form between your remote and in-office staff. And as you hire new remote employees or engage contract workers, make sure they're brought into the loop quickly so they feel included and can start forging productive work relationships with their teammates.

Also, be prepared to continue touching base frequently with your employees, as you've likely done throughout the pandemic. Make sure everyone knows you understand that the return to the office will take some adjustment, and you're available to listen to their concerns if they're struggling. Set up regular one-to-ones and team meetings with your staff to keep everyone focused and engaged and decrease or increase the frequency of these check-ins over time, as needed.

SHARE LEARNINGS AND IDEAS — AND AMPLIFY PROFESSIONAL DEVELOPMENT

One silver lining of the pandemic experience is that it has provided many of your colleagues with an opportunity to step up and assume more responsibility, try new approaches, solve problems and more. As your team returns to the office and settles into their new work routine, you don't want to see their willingness to roll up their sleeves, step out of their comfort zone and take strategic risks fade.

Invite your staff members to share any learnings from the pandemic work experience that could help your new hybrid work model succeed. Continue to encourage them to "think outside the box" and share their ideas for improv-



ing existing processes and trying new approaches. And be sure to recognize and reward employees for these contributions, especially if their ideas are put into action.

The return to the office is also an ideal time for your CPA practice to increase opportunities for professional development. For one, it can entice workers to come back into the office so they can take advantage of these offerings in person. Professional development can keep remote workers engaged, too. Upskilling, reskilling, technology training, mentoring relationships, job rotation — these are all ways to help build a learning culture at your firm and ensure your workers feel valued.

So, the overall message here is to let your team's transition back to the office happen as comfortably as possible. There also has to be something positive in it for them, aside from keeping their job and earning a paycheck. You will have to set some structure as you ease into what will become your new way of operating. But if you try to force the process or expect to "flip a switch" and simply return to how things were before, your staff will likely resent it. Then, you risk losing your employees' trust, eroding their morale and productivity and, possibly, seeing them leave. ■



AMY VETTER, CPA, CITP, CGMA

Mindful Technologist &
Keynote Speaker
@AmyVetterCPA

How to Create a Better Advisory Relationship

WHILE USING THE newest technology and processing large amounts of information is a pillar in effective client advisory services, it isn't the only necessary component.

The human qualities of the relationship, relational accounting, will always be needed. Relationships, not your technology, set you apart from your competition.

In relational accounting, you know your clients and their story. It's all about the relationships you develop with your clients and the ability to use those relationships to provide better service.

Creating a better advisory relationship isn't always easy, but it starts with taking the first step. Read on to learn valuable ways to improve your client advisory relationship today.

LEARN TO LISTEN

Being an effective advisor is knowing how to both communicate and listen. Your clients don't always know how to say what they need or even know what they need. It's your job as their advisor to uncover their wants and desires and develop an action plan to address them.

Ask questions. Deliver insights. Help clients translate their worries or pain points into goals that can be predicted, tracked, and measured. Soon you'll be providing so much value to your clients that you will be indispensable to their business.

PROVIDE MEANINGFUL DELIVERABLES

Give your clients more than your competition would. Don't just give them the data or reports and let them figure it out for themselves. Read the data and give them

informed information based on your insights. Use KPIs to convey financial information that your client will understand and find valuable.

Provide reports that tell your clients the story of their business. Keep the reporting clear and concise—they should be simple to allow your insights to shine and not overwhelmed with unnecessary data. Give feedback based on what worked and didn't work from the quarter before.

ALWAYS ALLOW TIME FOR DISCOVERY

Your clients' businesses are constantly changing. Suppose you don't do a regular discovery session. You can miss out on revelatory challenges, ideas, or opportunities the client has experienced since the last session.

Many advisers know their clients financially, but they don't have the whole picture. Understanding your clients on every level allows you to advise with empathy and build a relationship on trust and sound financial advice.

Engaging clients in an effective discovery process can deliver several meaningful benefits for advisers, including:

- Capturing key financial information that allows advisers to provide tailored, relevant advice.
- Identifying critical financial issues around investments, risk exposures, capital needs, and other areas of note.
- The ability to get to know your



clients and provide a better client experience through identifying their values, concerns, and passions.

- The ability to differentiate your practice and develop your network through word-of-mouth referrals.
- An increase in client satisfaction, better client relationships, and less client attrition.

USE VALUE-BASED BILLING

Clients will pay well for a relationship that helps them grow their business and meet their financial goals. Transitioning to value-based billing is beneficial for both you and your clients.

Value-based billing also allows you to earn more money in the long run. The more you practice certain services or activities, the quicker you are at them. Instead of charging

hourly and making less because you do a process faster, make the same amount of money in less time.

Clients like to know how much they'll be charged for something in advance. Clients who know how much they'll be charged in advance are more likely to communicate better with you. When you charge based on the value of the service or project, your clients can prepare ahead of time or not be surprised when the invoices are sent.

As you can see, we spend a lot of time in technical training throughout the year, but to truly be successful in advisory relationships, our communication skills are key. When reviewing this article, identify your strengths and opportunities, and dedicate some of your education this year to strengthening the people side of your services, not just the technical. ■



GARRETT WAGNER, CPA
CEO/Founder, C3 Evolution Group
garrett.wagner@cpapracticeadvisor.com

Firm Management Lessons from the Grocery Store

IN 2022, WE take many things in our life for granted, but few of those are as well thought out and designed as the modern grocery store. Back before 1960, if you walked into a grocery store, it looked nothing like the modern marvels of today. It was in the 1960s where the grocery store industry realized that by having a deliberate layout and design, they would see their revenue skyrocket, new product expansion, and, best of all, customers couldn't get enough of the changes.



revenue growth are key among them. While many firms talk about these issues, few attempt to make such a change happen, and even fewer actually succeed.

For years, firms have struggled to understand this shift and how to change their methods of operations. One of the challenges is that typical accounting firms are not designed around advisory services. You can slap a new coat of paint on the firm, but it doesn't actually change anything.

Given this, what can we as accounting firms learn if anything from the grocery store model?

FOCUS ON THE KEY PRODUCTS

The first key takeaway is that accountants need to focus first and foremost on identifying their key products. That is right, we are in business of providing services or products to customers. Just like the grocery store that places the produce up front because it's a key product, you need to first know what your key product is so you can correctly place it.

Your first step is to identify the three key services that best fit you, your firm, and your brand. Once you know what these key services are, you can begin to build your store layout, promotional items, end cap

displays, and more, but it all starts with identifying the services.

Think about the layout for a minute. Of the three services, which one is the best to lead with, just like in the grocery store, to draw customers in? For many firms, tax services are what get people in the door, but providing those services is not the ultimate goal. Your lead product doesn't have to be as vibrant as the produce section to be effective.

CREATING THE JOURNEY

Remember, the key with the grocery store model is to guide the customers into spending as much time in the store as possible, as every minute in the store means another minute with them buying something else. For you, it is about guiding your journey, your language, your talking points to focus on your three key services.

No matter what your services are, you need to understand for each the key questions to ask, pain points to identify, indicators of need, and most important of all, how to price (but pricing is a topic for another article). Chances are good that most accountants can list three services their firm offers, but too few can answer many questions about those services.

Since you know the final destination, say business advisory services as one of your three products, then you can create a roadmap around the journey to reach that point.

One of the major benefits internally of this approach is that it reduces our discomfort at trying to think on our feet and being unsure what to say. Standard scripts are key, and, just like with the grocery store where each aisle is designed to lead you to the next, your scripts of talking points should guide your clients along their journey to exploring more of your services.

BUILDING YOUR STORE

If you want to successfully evolve your firm into the modern area, you need to start building your grocery store the right way; learn from the transformation of the modern grocery store in the 1960s and modernize your practice. The key to successfully engaging with the customers is to help your clients identify and understand their key needs so you can provide the right service at the right time.

Just think about the last time you walked into the grocery store. Did you complain that it was designed to make your shopping easier and guide you to the right products, or did you yearn to meander around a grocery store with items randomly scattered throughout? Grocery stores went through a major shift in the 1960s with a focus on guiding the customers on a journey to buy the right products and have never looked back since. Stop trying to be all things to everyone. Focus on building your store and watch the success follow. ■

You may not think twice about your favorite grocery store's layout, but it thinks about you more than you realize. According to the USDA, the average amount of time American's spend in the grocery store has been on the steady incline over the past several years. According to the latest survey, the average American spends 46 minutes per trip in the grocery store from a study by the USDA released in 2019, and top grocery stores average closer to two hours.

The modern grocery store layout is carefully designed to engage you from the moment you walk in and see the vibrant colors of the produce section and then guide you through the store, making sure you are tempted to purchase as many goods as possible on your trip.

The key aspects of the layout are focused on guiding your journey to purchase the right products the store wants you to buy and keeping you in the store for as long as possible; everything is intentional.

This transformation aligns surprisingly well with the challenges accounting firms are facing today. The shifts to advisory services and

7 Principles for Becoming a Better Listener

By Christopher Hayden, CPA, CMA, CGMA

COMMUNICATION IS CRUCIAL in every professional setting, from client relationships to branding and from team-building to productivity. And one of the most critical aspects of communication is something that often gets overlooked: listening.

Great leaders are also great listeners because they seek to understand those around them. For your clients and team members, improving your listening skills will make them feel that their needs are heard. So, how do you become a better listener? You can utilize these seven principles to get started today.

1. SEEK TO UNDERSTAND

To become a better listener, you must first seek to understand rather than first seeking to be understood. It's human nature to want to be understood, but to improve communication, you must actively work to understand what the other person is expressing and feeling.

Put yourself in the other person's shoes and try to see things from that person's perspective.

2. LISTEN ACTIVELY

Active listening requires energy and focus. Rather than allowing the information to flow "in one ear and out the other," stay engaged and show signs that you're listening.

- Look directly at the speaker.
- Nod, smile, and use other facial expressions while listening.
- Reflect on what's being said. For example, you may say, "It sounds like you're saying..." Reflection shows the speaker that you are truly hearing and understanding what the speaker is saying.
- Don't interrupt, and defer judgment. The habit of interrupting others is one of the most relationally lethal habits we can possess.

Listening actively allows you to

truly hear and understand what the speaker is trying to say. With practice, you'll become a better listener and communicator.

3. BE PRESENT

We live in a world of distractions. Whether it's noise, text messages, or just wandering thoughts, it's not always easy to be present when someone is speaking to us. But being present is crucial to becoming a better listener. If you're lost in distractions, you can't truly hear what the speaker is saying.

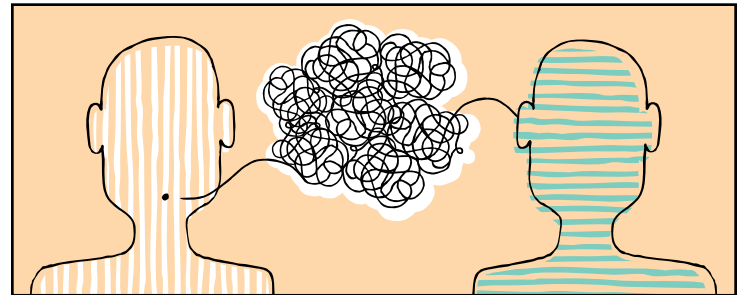
Being present also means giving the other person the time to fully express thoughts and listen without interruption. Far too often, we formulate responses in our heads before the speaker even has a chance to finish a sentence. When we do this, we miss out on key information the speaker is trying to communicate.

Put distractions aside and really be present when listening. Wait until the speaker has finished his or her thought before formulating a response.

4. PAY ATTENTION TO BODY LANGUAGE

Body language is just as important - if not more important - than the words being spoken. In fact, communication is 55% non-verbal and 38% vocal. Because so much of our communication is non-verbal, it's crucial to be looking at your speaker, actively listening, and paying attention to the speaker's body language.

A person's posture or gestures



can tell you a lot about how that person is feeling. Crossed arms, for example, may indicate that the speaker is feeling anxious, stressed, or angry. Observing these non-verbal cues can help you better formulate appropriate responses.

5. MAKE EYE CONTACT

Making eye contact in a professional manner is important when listening to others. Along with building a rapport, eye contact lets the speaker know that you're paying attention. It's also a display of confidence. If your gaze is fixated elsewhere or on the floor, it may be interpreted as boredom, disinterest, or insecurity.

6. CLARIFY AND QUESTION

To listen and understand the speaker, always clarify, question, and seek feedback. By asking questions and for elaboration, you not only improve your understanding of the speaker's communication, but you show the speaker that you're truly listening.

Outstanding listeners bring curiosity to the conversation. Try asking questions that encourage elaboration, such as:

- In what way?
- What reasons brought you to this conclusion?
- What are your concerns about this situation?

By asking questions and clarify-

ing, you're once again seeking to understand the speaker.

7. ACKNOWLEDGE COMMON FEARS

When we communicate with others, we put ourselves in a vulnerable position. We risk being judged, rejected, viewed as incompetent, or misunderstood. Sometimes, that vulnerability prevents us from truly listening to others and engaging in the conversation.

Acknowledge common fears. Remember that both you and the speaker are likely feeling the same way. Approach interactions and formulate responses with this in mind to make the other person feel comfortable speaking openly with you.

FINAL THOUGHTS

Becoming a better listener will benefit your firm, your clients, and your team. Others will feel heard and valued when you're truly listening to what they have to say. At the same time, it improves overall communication and de-escalates issues early on. Use these seven principles to actively listen and seek to understand those around you. ■

Christopher Hayden, CPA, CMA, CGMA is the managing partner of Hayden Nelson & Yoder, a CPA firm based in Pennsylvania. You can learn more about him and/or the firm on their website <https://hnycpas.com/>.

Creating Digital Experiences is the Future of Remote Work

By Jon Hubbard

THE WORKPLACE AS we know it has evolved. Remote work is here to stay, with nearly 50% of workers in the U.S. saying they would take a pay cut to continue working remotely at least part-time, and 25% saying they would quit their jobs if forced to return to the office full-time.

Yet one issue persists in many firms with remote and hybrid team members: people miss the feeling of “connectedness.” Without sharing the same physical space for hours each day, coworkers don’t get to know one another well. As a result, they don’t feel like they’ve made genuine friendships at work, go above and beyond to help one another, or consider themselves dedicated to the team.

DIGITAL EXPERIENCES: A SOLUTION TO THE DISCONNECT

The Josh Bersin Company’s HR Predictions for 2022 forecasts the metaverse as a solution to this disconnect. While there’s a lot of marketing hype wrapped up in selling the idea of “the metaverse” — Facebook, Microsoft, and Google are all on board — it may not be as futuristic or dystopian as it seems. After all, according to Bersin, a metaverse is “a digital space represented by digital representations of people, places and things.”

At Boomer Consulting, Inc., we tapped the metaverse for our Boomer Technology Circles Summit in 2020 using the collaboration software Virbela. When meeting in person was impossible, our members and sponsors had fun creating their avatars and exploring Virbela’s virtual expo hall, auditoriums and breakout rooms.

You visit a type of metaverse every day when you meet with clients or coworkers over Zoom or Microsoft Teams. Your live video or static profile picture is a digital representation of you in a virtual meeting space.

CREATING DIGITAL EXPERIENCES

Of course, most people who’ve worked remotely know how mentally taxing it can be

to be on Zoom calls all day or stuck in a dull “virtual conference” that feels more like an eight-hour webinar. That’s why it’s essential to be thoughtful about how you bring in-person meetings and events virtual and focus on creating a positive digital experience.

I encourage you to start experimenting with virtual reality to make meetings, events and even onboarding and training more immersive. But even if you’re not quite ready to buy VR headsets for every member of your team, there are things your firm can do today to improve the digital experience and thus the connection between your team members.

START WITH A VISION

What do you want your digital employee experience to look like? How will it work for people at home, traveling, and in the office? Taking some time to think about what kind of experience you want to create will help you select solutions that will execute your vision.

FULLY LEVERAGE VIDEO

If you aren’t already doing so, fully leverage video in all internal meetings and strive to do the same with your clients. That means everyone has their camera on! Other tips for making video meetings more interactive include:

- **Present content or information as succinctly as possible.** The human brain can’t maintain attention for long stretches of time — especially while staring at a computer monitor. So avoid long monologues during virtual meetings.
- **Use interactive features.** Many video conferencing platforms include interactive elements such as in-meeting chat, polling, and breakout rooms. These tools help to break up long sessions and keep participants engaged.



- **Plan some social time.** It’s tempting to launch right into the day’s business, but plan for some non-work-related chat at the beginning of each meeting. Come prepared with an ice-breaker question if you’re worried that the conversation won’t flow organically.

THINK BEYOND ZOOM

Tools like Zoom, Microsoft Teams, and Slack are great but look for other ways to elevate your team’s online experience. For example, after using Virbela for our largest conference, we’re not testing what it might look like to recreate our “Boomer offices” in this virtual space. We’ve also used Sococo and Workplace to help our distributed team feel more connected. Many more solutions like these will come onto the market in the months and years to come. So if you try one and don’t find what you’re looking for, don’t give up.

Shared experiences are a great way to help your team members feel connected. Even if your entire team is working remotely, you can still create digital experiences that engage people wherever they are. When you do that, you’ll have a cohesive team that is more motivated to meet organizational and client needs. ■

7 WAYS TO IMPROVE YOUR WORK-LIFE BALANCE AS A FIRM OWNER AND ACCOUNTANT

By Chris Hayden



AS AN ACCOUNTANT and firm owner, you help clients create more balance in their lives. But are you doing the same for yourself?

During busy season, it's not unusual for the average public accountant to work 55-60 or more hours per week, with partners working 85 hours or even more per week (<https://tinyurl.com/4p5herk5>). If you fit into this category, it may be time to reevaluate what it means to create more balance in your life.

So, how do you improve your work-life balance? Here are seven tips.



DEFINE WHAT BALANCE MEANS TO YOU

What does a balanced life look like to you? If you could engineer the ideal life for yourself, what would it look like?

So many firm owners get stuck in this cycle of wanting more and more - more

money, more growth, more opportunities. But is that truly what you want? Maybe the answer is yes, and maybe the answer is no. To create balance, you need to figure out how much you truly need to be happy and how you want to spend your time. Ask yourself:

- How do you want to spend your time?
- How much money do you want to make?
- How many hours do you really want to work?
- What do you want to focus your time on?

Answering these questions will help you figure out where you want to be and what will make you happy. From here, you can create a plan to help you reach your ideals.



PINPOINT YOUR BALANCE "OBSTACLES"

What's stopping you from creating more balance in your life? These balance "obstacles" are often self-limiting beliefs - reasons we believe we can't pursue

our work-life balance goals.

What are your balance obstacles?

- Are you afraid of change?
- Are you chasing growth because that's what "you're supposed to do"?
- Are you living your life in accordance with other people's or society's expectations?

To pinpoint your balance obstacles, you need to be honest with yourself. Once you understand what's stopping you from creating balance, you can take steps to break down those barriers.



MAKE BALANCE A PART OF YOUR FIRM'S CULTURE

If you want to create more balance in your life, make balance a part of your firm's culture. When it becomes a priority for everyone at your firm, it's much easier to make it a priority for yourself. After all, it's your job as a firm owner to set an example for your staff.

Better work-life balance means a happier, more productive team. But how do you make balance a part of your culture? We do a lot of things at our firm to ensure it's a part of the culture, a few of which include:

- We strive to keep our team working less than 45 hours a week, 55 during tax season.

As a firm owner, you have the power to create your ideal life and your ideal firm.

- We encourage our team to take vacations and use their personal time off.
- We also make sure that our managers have time to train staff and that everyone has time to ask questions.

Find out what work-life balance means to your team, and work to help create that environment. This may mean:

- When possible, being flexible with work hours. This is especially true when it comes to overtime. Some may be morning people, while others may be night owls.
- Not forcing them to choose between work and family. If you have a team member that wants to pick up their kids from school and log back on after, encourage them to do so.
- Encouraging your staff to take breaks and vacations.
- Ensuring that you're not overloading your team. For example, when we see some staff members working over 55 hours a week during busy season, season and others working fewer hours, that means it's time for a conversation about workload and how to adjust it.

Knowing what your team values can help you make balance an integral part of your workplace culture.



SHIFT YOUR PERSPECTIVE

Many firm owners might feel guilty about prioritizing their work-life balance. Taking a break or shifting their priorities can feel selfish or even irresponsible. How often have you felt guilty about enjoying downtime, believing that you should have been doing something more productive?

Shift your perspective and start thinking differently about living a balanced life. Consider it an investment in your health, happiness, and the future of your firm.



FOCUS ON CAPACITY PLANNING

Capacity planning can be a highly effective tool in preventing work overload. When you know how much work your firm can realistically handle, you can prioritize and keep your plate from getting too full. Alongside capacity planning, be sure you're hiring before you are at capacity to avoid overworking your staff and yourself.



LEARN TO SAY "NO" AND PRIORITIZE WORK YOU LOVE

To create balance in your life, you have to learn how to say "no" and focus on doing work you love.

Make sure that you're only taking on clients who are a good fit for your firm and you enjoy working with. Remember that it's your firm and you're in control of your work. You don't have to work with every client or take on every project.



ADOPT A HOBBY

Work is an integral part of our lives, but it's not the only thing. To create more balance and joy in your life, adopt a hobby. Play a sport, take up gardening, paint, read - do something you love. For me, this means playing basketball twice a week. Engaging in hobbies can help reduce stress, improve social connections, increase your happiness, and more.

Creating more balance in your life can help you take control of your future and your happiness. As a firm owner, you have the power to create your ideal life and your ideal firm. It's just a matter of figuring out what that means for you, removing barriers, making balance a part of your firm's culture, and shifting your perspective. ■

Christopher Hayden, CPA, CMA, CGMA is the managing partner of Hayden Nelson & Yoder, a CPA firm based in Pennsylvania. You can learn more about him and the firm at <https://hnycpas.com>.

2022 Independent Contractor Update

By **Nellie Akalp**

BY THE TIME California's AB5 worker classification ruling went into effect on January 1, 2020, employers and independent contractors were already fighting to have their business models considered exempt. In brief, California's AB5 goes beyond the Internal Revenue Service's (IRS) independent contractor classification test and assumes workers are employees unless the worker passes a 3-point "ABC" test.

An independent contractor must meet the following criteria:

- (A) The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact.
- (B) The person performs work outside the usual course of the hiring entity's business.
- (C) The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

Industries, such as trucking, ride-share services (Uber, Lyft), and food-delivery services, immediately balked at the new, stricter guidelines. Some courts agreed and granted a temporary exemption to several kinds of workers.

And then, the Covid-19 pandemic hit.

The number of gig economy workers grew 33% in 2020 (<https://tinyurl.com/426np5vb>), partly due to the shelter-in-place orders increasing the demand for food and goods deliveries. Further blurring the lines, some independent workers were offered general and unemployment benefits during the pandemic—which are typically reserved for employees.

Although the idea of AB5 was to protect workers from employers wanting to avoid paying payroll taxes and dodge other labor regulations, many freelancers also wanted to maintain their independent contractor status and remain free from employer/employee restrictions.

So, what has happened in California since AB5 went into effect? Has anything changed in other states?

CALIFORNIA AMENDMENTS

California's AB 2257 was enacted in September 2020 and:

- AB 2257 included a modified and expanded list of professions exempt from the "ABC" test. These changes primarily impacted freelance writers,

vocalists, musicians, film crews and visual artists, licensed professionals, truck drivers, real estate and home appraisers, and some salespersons.

- AB 2257 also made clearer stipulations to the independent contractor classification, such as:
- Contractors must have a separate business address
- Contractors must carry their own business insurance
- Contractors can hire and fire their own help
- Contractors can receive feedback on work done but are not required to follow it

Proposition 22 was passed by California voters in 2020 to amend AB 2257, but it was declared "unconstitutional" in 2021 by a California judge. That ruling is being appealed, but the proposition remains in effect, awaiting the outcome.

- Prop. 22 deemed app-based drivers (Uber, Lyft, etc.) to be independent contractors and not employees. However, some labor and wage policies specific to app-based drivers still apply, such as limiting hours and requiring some health care subsidies.

With these actions, there are about 75 professions now exempt from the independent contracting test set out in AB5. To help clients maintain their independent contractor status, make sure they don't mix their business expenses or purchases with personal ones. It also helps prove their independent status if they register their companies as legal entities with the state, such as a corporation or limited liability company (LLC).

Likewise, if your clients use independent contractors in their companies, make sure they scrutinize the working relationship, get contracts in writing (with a project end dates), and ask for references from other clients to show the worker's income is not dependent on one company.

AB5 ACROSS THE U.S.

In January 2021, the U.S. Department of Labor (DOL) issued a ruling to clarify whether a worker may be classified as an independent contractor versus an employee under the Fair Labor Standards Act (FLSA). The DOL determined that

two core factors should be applied to a worker. If both factors point to a definite classification, the business can classify the worker by that determination:

- The nature and degree of control over the work
 - The individual's opportunity for profit or loss
- If, however, the first two core factors point to separate conclusions, the employers must then look at three other factors to decide:
- The amount of skill required for the work
 - The degree of permanence of the working relationship between the individual and the potential employer
 - Whether the work is part of an integrated unit of production

In addition to federal guidelines, each state has its own guidelines for employers, which should be reviewed for every state where your clients have workers. According to the Economic Policy Institute (EPI), more than 20 states have adopted the ABC test for determining whether an individual is an employee or a contractor.

By shifting the classification responsibility to the employer, these 20 states hope self-regulation will reduce the number of misclassification violations occurring year after year. Plus, as the construction industry can be particularly confusing, some states use the ABC test specifically to determine independent contractor status for construction workers.

AN ONGOING PREDICAMENT

Employers consistently misclassify workers, which could land them in big trouble with state and federal labor departments, resulting in heavy fines and possibly having to compensate workers for back pay and benefits. You can help by recommending that clients keep separate business and personal finances, set up a separate business address and bank account, create a legal entity for their companies, and acquire the correct licenses and permits to run a business. ■

Nellie Akalp is a passionate entrepreneur, business expert, and mother of four. She is the CEO of CorpNet.com, a resource and service provider for business incorporation, LLC filings, and corporate compliance services in all 50 states. Akalp and her team recently launched a partner program for accountants, lawyers, and business professionals to help them streamline the business incorporation and compliance process for their clients.



Why CPA Firms Need a Top-Notch Website

By **Mary Girsch-Bock**

HOW DO YOUR potential clients reach you? Does your firm rely on referrals or word of mouth? Do you attend tradeshows and participate in community events to meet potential clients?

While all of those are valid ways to attract new business and grow your firm, one of the best ways to reach prospects is to have a top-notch website.

In today's world, where everything and anything can be found on the internet, even if your current clients are talking up your firm to their friends and colleagues, chances are that before those prospects shoot you an email or pick up the phone, they'll go online to research your firm. Is your website ready for that?

Today, like most businesses, accounting firms have a functioning website. But to provide optimal benefits to your firm, your website must do more than just provide basic information to your potential clients. It should also give them a reason to engage with your firm in some manner. If your current website has many or most of the following features, great. If not, it might be time for an upgrade.

FAST LOAD TIMES

In this age of instant gratification, few people today have the patience to wait for anything. Right or wrong, if your site is slow to load, website visitors won't stick around. Although it's important to drive people to your website, it's even more important to keep them there. And the first step is having a fast-loading page, otherwise, they'll simply go elsewhere.

MOBILE COMPATIBILITY

Does your website look as good on an iPhone or tablet as it does on a desktop? If not, it's time to reconfigure your site to get it looking just as

good on mobile devices as it does on a desktop computer, since it's likely that most prospects will be using their cellphone or other mobile device to access the site for the first time.

A CLEAR CALL TO ACTION

Yes, it's important to talk about your firm, but telling people that your firm handles tax returns does little to compel someone to contact your firm. Providing prospects with a clear call to action can help convert that prospect into a paying client. These are some calls to action you may want to include on your website, depending on your firm.

- Are you paying too much in taxes? Find out today!
- Book a free consultation today!
- Ready to lower your taxes?
- Need someone to handle your books? We can help!

Depending on your business, you can make the call of action relevant to your current business model.

TARGETED MESSAGING

Define your target audience and target your message to suit them. If your specialty is small businesses, target your message towards small business owners. Likewise, if your firm specializes in preparing tax returns, be sure that this information is plainly stated on your website. And if you specialize in business returns, be sure to include that information as well.

By targeting your messages to your core audience, you'll be able to reach those who are in need of your services. For example, if you specialize in nonprofit accounting, make sure that the messaging on your website



is geared specifically to your target audience: nonprofit organizations.

FREE DOWNLOADS

To further engage those who have landed on your homepage, offer them something free in exchange for their email address. This helps you increase your prospect list and can build a sense of loyalty in those who receive those free items. Whether it's a calendar, tax forms, or a short e-book, make sure that your website offers both current and potential clients something for free.

A 'CONTACT US' PAGE

You've provided prospects with a good reason to contact your firm. Now, make sure that you make the contact process easy, starting with displaying your phone number and/or email address in a easily accessible location. Don't just provide a phone number – include an email address as well, since many people prefer this line of communication when inquiring about available services. If you make it difficult for prospective clients to contact you, they'll likely just move on to the next firm.

CLIENT REVIEWS AND TESTIMONIALS

If your clients love your firm and the work you do, make sure that potential clients know about it. Have a testimonial page where satisfied clients can review and rate their experiences with your firm. A good review can be the deciding factor in whether to engage with a business. And if you do offer testimonials, be sure to address any negative comments on the forum as well. A negative opinion on its own will likely not sway a prospect from contacting you, but failing to address the comment will.

A website is a valuable part of your firm and can contribute towards your success. Make sure it's the best that it can be. ■

Mary Girsch-Bock began her career as an accountant and later made the switch to writing full time, concentrating on software reviews. A former QuickBooks beta tester, Girsch-Bock currently specializes in business and technology with a focus on small businesses. Her work has appeared in The Motley Fool, The Blueprint, Property Manager.com and she currently writes a monthly business and technology-related blog for PLANERGY, a Procure-to-Pay platform designed for mid-market organizations.



8 STEPS TO FINDING THE RIGHT SOFTWARE SOLUTIONS TO RUN YOUR FIRM

By Judie McCarthy

THE RIGHT SOFTWARE will save your accounting firm time, money, and frustration. But finding the right solution isn't as easy as using the first product you come across on a Google search or using the same solution that your friend at another firm uses. Like any other investment, you have to make your decision carefully and only after you have all the facts.



DETERMINE WHERE YOU'RE AT

Before you even start looking at your options, take an inventory of the solutions you're currently using. While you're creating your list, make a note of:

- What you like. Which features or solutions are really working for your



2 DETERMINE WHAT YOU NEED

Now that you know where you're at, you can start thinking about what you need. Here are a few important things to consider.

WHAT ARE YOUR BIGGEST CHALLENGES AND PAIN POINTS?

What is your firm really struggling with? Is your workflow a mess? Do you want a more streamlined way to communicate with clients and share files? Identify the time sinks in your workflow so that you can find a software solution that addresses these issues.

If you're having trouble with this step, refer back to the list you created in the previous step - specifically, your "don't like" list. The things you don't like about your current setup may be solved by a different software solution.

SEPARATE NEEDS FROM WANTS

Many firms think they need certain features, but in reality, they're just bells and whistles. With your challenges and pain points in mind, create a list of features that are truly important for your firm.

What features can help your firm be:

- More productive?
- Save time?
- Provide value?

Double-check your list and remove anything that's just "nice to have" but not really necessary. For example, white-label software is nice. Everything is branded to look like it was custom designed for your firm. But does it really add value? It may help with brand building, but when it comes to solving problems for your clients and team members, it might not do that.

When you have a list of features that are absolutely necessary and important for your firm, it's much

easier to narrow down your options and find the one that provides the best value.

3 COMPARE SOLUTIONS

Armed with a list of your firm's needs and must-have features, you're finally ready to start comparing solutions. But where do you start?

ASK FOR RECOMMENDATIONS

One great place to start is with the people you know and trust. Ask your peers for input and recommendations, but remember that these are just their recommendations. They likely don't have the same needs as you, so don't buy a product just because a colleague bought it. Take the time to research each recommended product to see whether it's a good fit for your firm.

CHECK REVIEWS

Search for software reviews online. Reputable review sites like G2, Capterra, and apps.com can help you:

- Find new solutions you may not have known about
- Learn more about products you're already interested in

Professional reviews are a great resource because you can learn more about how things work, whether the software is easy to use and set up, or if there are issues that could make your life harder.

Along with these reviews, you also want to look at feedback from users. Check user reviews on Google or testimonials on the product's website. You can even check social media to see if anyone is talking about the product and what they have to say.

If possible, see if you can get in touch with people who wrote reviews or gave testimonials to ask them about their experiences. Be prepared with a list of questions or points you want to cover in your discussion.

EXPLORE THE PRODUCT'S WEBSITE

When comparing your options, don't forget to review the websites of each product you're considering. Check every nook and cranny of the site for information that may help inform your decision.

- Visit every page on the main menu
- Check the footer for additional pages that may have more information
- Read through their help or FAQ sections
- Watch videos or use on-site demos to see how the program works

You can learn a lot about a product by simply reading through the official website. In many cases, you can find answers to your questions. If not, take advantage of chatbots or contact forms to reach out to the provider and ask away.

At this point, you should have a handful of software solutions you're really interested in. All that's left to do is learn how the product works and test it out.

4 LEARN AND TEST

Carve out time in your schedule to sit down and learn about how the product works. The simplest way to do this is to sign up for:

- Free trials
- Demo accounts

Free trials are great, especially if all of the software's features are unlocked. But remember that trials are only available for a short window of time. Make sure that you sign up when you really have the time to thoroughly test the software and explore all of its features.

If you really want to make the most of trials and demos, get in touch with representatives who can help you learn more about the product's features, benefits and inner workings. You don't want to miss out on a great software solution simply because you didn't know it had features X, Y or Z.

Here are some additional tips to maximize product testing:

- Test out the features in real practice. For example, you may set up and test the solution with an existing engagement to see how the process works.
- Consider asking a trusted client to help you test out client-facing features. Get their feedback on the system itself. For example, does the system add value? Is it easy to use? Their input can be considered when making your decision, but it shouldn't be the determining factor in your choice.

TAKING THE NEXT STEPS

You're halfway to finding the right software solution for your firm. You've figured out what you need and found some solutions that may work well for your firm. But there's still work to be done.

STEPS 5-8: FINDING THE RIGHT SOFTWARE SOLUTIONS FOR YOUR FIRM

5 PRICING AND YOUR BUDGET

Price can lead to sticker shock for a lot of firms. Often, people think, "it's going to cost that much?!" This can lead them to miss out on a solution that can supercharge their firm in ways that manual work cannot.

Instead, you need to look at the price in terms of value to judge whether a solution is right for you.

For example, let's assume that a practice management solution will cost you \$60 a month per user. You might think that it's too expensive, but let's break down the pricing to reveal the true cost of this software:

- \$15 a week
- \$3 a business day

If an accountant in your firm saves even 10 minutes a day, you're going to benefit from the software. As you can see, looking at software pricing alone isn't a good way to evaluate the true cost. You must

also consider the value the software provides.

When evaluating the pricing of a software solution, I also recommend considering the following:

- Pricing model. What type of pricing model is the software on? Do you pay monthly, quarterly, or annually? Are you stuck in a contract? Does the pricing have tiers that you can upgrade or downgrade to freely?
- Client-facing. If the software is client-facing, what costs will be involved for each client who uses the platform?
- Free often doesn't mean "free." When software, especially SaaS platforms are free, they often offer very limited functionality. Try the free option if it's available, but also consider the premium features that are missing and whether they're worth the cost of upgrading.

Once you've dealt with the pricing side of things and landed on a solution you think is worth using for your firm, it's time to look at training and onboarding.

6 UNDERSTANDING TRAINING AND ONBOARDING

Even the best user interface and software in the world have a learning curve. You'll need to view training and onboarding in two ways:

- First, what level of training and onboarding is offered? Is the training free or is there a fee attached?
- Second, what level of commitment do you need to make? Time is money.

Additionally, you'll want to consider the training and onboarding for your staff. If there are no online training materials, will the developer offer to train your staff for a fee? While training might not be as big of an issue for a small firm, trying to train dozens of employees can turn into a logistical nightmare without the proper support.

Even if these services have a fee,

they can help reduce the learning curve for your team to make the transition to the solution easier for everyone involved.

A technology provider can help make the transition a bit easier with:

- A guide that outlines key features and how to use the platform
- Demos, which show quick demonstrations of the power of the platform
- Onboarding solutions and U.S.-based support that make the transition easy for clients

If you don't know what type of onboarding or training is available, just ask. In fact, this is the optimal time to reach out to support and see how quick their response time is.

7 PAY CLOSE ATTENTION TO SUPPORT

When you reach out to support, you want to consider the following:

- What type of support is available? Do you need to call support, or can you hop on live chat or send an email and/or ticket to support?
- What hours is support available? What time zone is the support team located in?
- Is support offshore or U.S.-based?
- Human contact is also very important. It's been found that 75% of people prefer to speak to a real person when they have an issue. If the software solution doesn't enable you to get in touch with support directly, consider how that may impact your experience.

Your firm is going to rely on the software solutions you choose. If support isn't responsive, convenient, or conducive to your choice of interaction, reconsider your choice. Issues can and likely will come up with software, and if there's no reliable point of contact, it will cost your firm time and money in the long term.

You've almost made your decision on the right software for your firm, but

before you do, it's crucial to consider a few additional things.

8 DON'T FORGET TO CONSIDER A FEW OTHER THINGS

Finally, you've made it to the last step, and there are just a few additional things that you should consider here. First, can the software scale with your firm as it grows? For example, can you easily add additional users to the software?

Secondly, one last thing to note is not to get caught up in features that you'll never use. If there are 10 features that you'll use and 15 that you won't, consider if you're overbuying. Seek to find a software solution that fits your needs closely.

Of course, if you do plan on needing those features in the near future, the software may not be an overbuy.

WRAPPING UP

If you underestimate the importance of your tech stack and software solutions, you'll lose tons of time in the process. In fact, the majority of accountants agree that technology improves efficiency and productivity.

However, I've outlined the steps that led to my success when choosing software as an accounting professional and the steps we help other accountants implement as well. You, too, can use these steps to save your firm time, money, and valuable resources. ■

Judie McCarthy is a QuickBooks ProAdvisor (Advanced Certified), speaker, author, experienced accounting professional, and co-founder of Client Hub.

R&D Tax Credits Can Help Your Clients Subsidize Software Development

By Heidi Henderson

IF YOUR CLIENTS are in software development, federal research and development tax credits designed to stimulate innovation in the U.S. can reimburse them for developing new products or processes. The credits can return a significant percentage back to them for qualified activities and research expenses. And 40 states in the U.S. offer a state-level credit as well. To qualify, your client's software doesn't have to be new to the world—only new to the client's company.

But before the client files a claim for R&D tax credits for software development with, what should you know about the credits? The IRS places all software into one of two categories: 1) external use, or third-party, software, and 2) internal-use software. Each has different criteria.

EXTERNAL SOFTWARE CRITERIA

An example of external software is Microsoft. External software is intended for sale, lease, or license to customers. The IRS will accept the credit if the research passes this four-part test:

- It must be technological in nature: The activity must rely on hard sciences, such as engineering, physics, or computer science.
- It must involve a new or improved business component: Your client must demonstrate there was an intention to develop a new or improved product or process, not a simple aesthetic change.
- It must involve the process of experimentation: The client must evaluate alternatives through modeling, simulation, testing, or other methods.
- It must pass the technical uncertainty test: The client must eliminate technical uncertainty via research. The client must explain how he or she strove to achieve the desired outcome and how he or she reached that goal.

The IRS applies the four-part test to each business component—that is, each individual software version or module developed. Here are some examples of external-use software applications that may qualify:

- Document management systems
- Educational software
- Marketing software
- Firmware

INTERNAL SOFTWARE CRITERIA

Internal use software supports a business internally. It can be used for admin, financial, HR, or support services. Companies develop internal-use software,

based on their own platform, so they can be more capable operationally or so they can avoid paying a third-party vendor.

However, internal software must meet more stringent requirements. Internal use software must meet not only the four-part research test above, but also a heightened three-part test:

- The software must be highly innovative.
- Its development must introduce significant economic risk.
- A similar product must not be available commercially.

To determine the presence of economic risk, internal software must pass an additional test:

- The client must commit significant resources.
- Substantial uncertainty must be involved. Can the R&D investment be recouped within a reasonable amount of time?

QUALIFYING ACTIVITIES

Here are some examples of R&D activities that the IRS deems as qualifying for the credit:

- Alpha/beta testing
- Application and platform design and testing
- Coding, programming, testing (such as for functional, integration, or user interface purposes)
- Developmental cloud computing activities
- New architectures, new algorithms, or new database management techniques
- Software and hardware product development to further communication and interaction
- Specialized tech design (such as image processing, artificial intelligence, or speech recognition)
- System software development (for example, operating systems or compilers)

QUALIFIED RESEARCH EXPENDITURES

Qualified Research Expenditures are expenses the IRS deems acceptable for the credit. They include:

- Wages of the employees who carry out the R&D
- The supplies used during the R&D process

- A portion of what a contractor expends on R&D activity. Expenses can include cloud computing costs and costs associated with offsite servers.

Note that the R&D tax credit is primarily a wage-driven credit. Most R&D expenses are incurred paying employees and consultants. For the R&D tax credit, these employees and consultants must be based in the U.S. A few other points:

- Funded research is disqualified.
- Claiming the Employee Retention Credit can reduce the amount of the R&D credit the client might be entitled to, because the ERC reduces wage costs.
- In addition, the client must own the intellectual property rights to the platform being constructed.

Documentation is key. Your client must have substantiation to defend the credit and support it when filing for the credit. The client should:

- Track the list of projects or revisions. Each version of the release would be a new project.
- Keep a list of projects and what the staff members are working on.
- Have time tracking in place.
- Include employee titles.

Qualifying R&D job titles can include:

- Director of Software Engineering
- Programmer
- Senior technical leads
- Software analyst
- Software developers
- Software integration engineers

YOUR CLIENT CAN BANK TAX SAVINGS TO FUND NEW PROJECTS

Less than one-third of companies eligible for the credit even know it exists, so many are losing out. If your client's activities and expenses qualify and the client has maintained documentation, substantial tax savings can be realized, which can then be put back into the client's business, so the client can do even more research and win additional R&D tax credits! It's a virtuous circle. ■

Heidi Henderson is an executive vice president with Engineered Tax Services and a national tax consultant specializing in federal tax incentives. An active real estate investor, she holds both bachelor's and master's degrees from the University of Phoenix. If you have questions, you can email her at: hhenderson@engineered-taxservices.com



HOW ACCOUNTING FIRMS CAN TARGET A NICHE USING SEO

By Becky Livingston

HERE'S A SCENARIO in which you might be familiar. A partner in your firm specializes in a niche area. But he/she is not showing up prominently in search results. What can you do to help elevate the search ranking and to generate more leads for the firm?

5 SEO TIPS FOR NICHE SERVICES

First, create a dedicated web or landing page for the niche service you want to elevate. Ensure that page has the following items:

- Title tag with the niche keyword, e.g., Best Austin Accounting Firm for Nonprofits
- Description tag with the niche keyword, it must be fewer than 160 characters (including spaces), e.g., [Firm name] has been serving the nonprofit industry for more than 30 years. Helping them to maximize tax deductions, while increasing cash flow.
- Keyword tag with a keyword-focused phrase, e.g., accounting best practices for nonprofits
- Header tags (at least one) should include the keyword too, such as [featured partner's name] Leads our Nonprofit Practice, How [firm name] Helps Nonprofits to Succeed, or What our nonprofit clients have to say.
- Include a form on the page for a downloadable, such as a case study, or best practices tip booklet, to collect leads.

Second, identify existing blog content or resources for the niche. Then add the partner's name as the author on those items. You can

also create a pillar page (a single page with a list of blog articles and resources for that niche) that has links to all the content associated with the niche. If you have more than one prominent niche member, put a different name on each resource.

Third, ensure their image alt tag and image file name incorporate the partner's name, the keyword, and firm, e.g., the alt tag would be similar to [firm name] [partner name], CPA for Nonprofits, and the image file name might be partner_name_CPA_Nonprofit_firm_name.png.

Alt tag and File Name Example
MyCPAFirm Livingston, CPA for Nonprofits
Becky_Livingston_CPA_MyCPAFirm_
Nonprofit.png

Fourth, when posting social media content related to the niche, mention the partner's name in the copy, such as Need Help? Contact [insert partner name]. Also include the firm's branded hashtag and #nonprofit on the image or in the post copy.

Fifth, on their LinkedIn bio, or any social

media bios, add the niche area in the title and in any relevant experience. Keep this focused and short, using a bulleted format, like the following:

- Partner Name, CPA
Specializing in Nonprofit Success
- Financial statement analyzer for nonprofits
 - Accounting software specialist for nonprofits
 - Let's attack on your cash flow situation together
 - Working with you to tackle your difficult accounting, payroll, and tax needs

Bonus Tip: If the niche is an important business goal, create a social media, content development, and marketing strategy to support that goal.

What niche do you want to rank for? ■

Becky Livingston is the President and CEO of Penheel Marketing, a NJ-based firm specializing in social media and digital marketing for CPAs. With over 25 years of marketing and tech experience, she is the author of "SEO for CPAs - The Accountant's SEO Handbook" and "The Accountant's Social Media Handbook." In addition to being a practitioner, she is a dog lover, an active on the Association for Accounting Marketing (AAM) social media committee, an adjunct professor, and a speaker/trainer. Learn more about Becky and her firm at <https://Penheel.com>.

Is Your Firm at the **Crossroads of Change?**

By **Ernie Villany, CPA**

WHEN A FROG is first placed in a pot of hot water, it must feel comfortable. A relaxing soak that loosens the muscles, lowers its stress level, and allows it to relax. For the most part, the frog remains blissfully unaware that the pot is slowly heating up. Soon, the temperature and pressure will become unbearable. And by the time the pot is boiling, it's sadly too late for the frog to do anything about it. The poor creature is cooked by the heat and pressure, soon to end up a delicacy on someone's fancy dinner plate.

Of course, this cautionary tale is both a metaphor and an analogy facing the leadership of small to mid-sized CPA firms everywhere. But it neatly sums up the current situation staring down the C-suite class. We've just limped across the mid-April finish line once again, gutted by yet another bruising and stressful tax filing season. But know this – our workforce is keenly aware of what's going on. Every year, they soldier on, producing the same amount of work with 20, 30, or even 50% less staff than before. We joke about surviving the grind but continue to operate according to the industry's status quo expectations. Small to mid-sized firms have reached a crossroads, with an employee retention problem that threatens the sustainability of our business model.

HOW BAD IS IT?

This is due to a combination of factors. The long-term effects of major overhauls of the tax code on an annual basis for the past decade. An under-funded and understaffed IRS, along with other government agencies. The harsh reality of not being paid enough. Not having an organizational or staffing structure that fosters internal promotion and development. The combination of these issues, coupled by a pandemic that amplified mental health issues, forced scores of accounting professionals to hit the eject button and bail out. The erosion of the traditional career path for accountants is real.

As leaders, we're getting up there in age and we must be willing to confront the issues related to the sustainability of our practices. It's time to evolve, to be bold and change, even though it's a scary proposition. Many feel they have no financial motivation to take the associated risks. They simply

refuse to justify significant financial commitments on solutions they don't understand, preferring instead to sock away profits ahead of retirement.

But there is a way forward, and it involves external solutions – outsourcing and workflow technology.

THE COURAGE TO ACT

Our firm took a proactive approach and found a way forward. We located a competent outsourcing partner that now handles three-quarters of our repetitive accounting tasks and implemented a workflow software suite that dramatically increased productivity.

As small to mid-sized firms weigh their own options, they should look at the cost-benefit analysis involved. Outsourcing greatly improves the work-life balance of in-house personnel, reducing time spent on tedious, time-consuming, and repetitive tasks. And the workflow component greatly improved our efficiencies, defining our scope of services to the point that they're no longer a drag on the working capital we needed to be competitive with marketing, technology, staff retention and recruitment. Since implementing these solutions, we're no longer giving away our collective "brains" for the price of a tax return. Our core services always delivered consistent cash-flow, but we've now updated and streamlined our approach – leading to higher value, more rewarding client relationships.

TIME TO ACT

The leadership of small to mid-sized accounting firms need to gather their teams and listen carefully. This is not a one size fits all situation and firm leaders must identify what works best



for them. A collaborative conversation between managers and staff will reveal what version of the future works for their own firm. Bite the bullet and have difficult conversations. How will we increase retention and elevate our compensation model? Will we expand hiring initiatives? What metrics will we create to measure these decisions? How will we manage a better work-life balance for our company and team? What fringe benefits are we now willing to consider?

Employee retention was once a serious problem for us. Had it not been a significant issue, we would never have found our outsource partners, nor landed on a business model that allows us to scale our operation – even the elusive advisory services. But the experience and unintended consequences have now become game changers for us. Were it not for these departing staffers whose decisions were made in their own best interests, we would never have discovered the solutions that ultimately had our own best interests at heart.

Our story is a cautionary tale. As for the leadership of small to mid-sized CPA firms in this day and age, the water may feel warm and inviting at the moment. But there's no excuse for waiting until it's too late. ■

Ernie Villany, CPA is the founder and president of Boulder Valley CPAs (BVCPAs), a Colorado-based CPA/advisory firm representing clientele in 30 states. Ernie has over 20 years of experience in public accounting, helping small to medium-size businesses around the world plan and manage their financial growth, while mitigating tax liabilities.



The Secure Act and the Growing Popularity of Roth Conversions

By Joseph Graziano, CFP®

THE SECURE ACT is a significant change to the retirement landscape. One of the areas it especially impacted is Roth IRAs. So, what does this mean for you and your clients? And, how can you best navigate the changes given proposed tax law changes? Let's take a look.

DID THE SECURE ACT IMPACT ROTH IRAS?

Yes. Many financial planners and accountants are accustomed to the stretch IRA. A stretch IRA did a few things:

- Helped shelter income from inherited IRAs and Roth IRAs
- Leveraged tax-deferment and tax-free growth

A major change brought on by the SECURE Act was the elimination of the stretch IRA.

ARE ROTH IRA CONVERSIONS GOING AWAY?

No one can say for sure what will happen. A lot can change between now and 2023. What may happen, and it's something to prepare for now, is that in 2023 converting after-tax money will be prohibited. As of right now, backdoor Roth IRA contributions are still permitted.

Typically, it's in the investor's best interest to make these backdoor contributions while they still can. The maximum after-tax dollars that can be put into these accounts in 2022 is \$40,500.

WHY IS NOW A POPULAR TIME TO MAKE A ROTH CONVERSION?

Tax laws change, and congressional action is traditionally slow. If no action is taken, taxes will rise in 2026. What does this mean for retirement accounts?

- Roth IRA conversions will still exist
- Transferring from a traditional IRA is likely to cost more

Since no one wants to pay more taxes than necessary, 2022 is the year to consider converting to a Roth IRA without incurring massive tax repercussions at the same time.

WHO IS A GOOD CANDIDATE FOR ROTH CONVERSIONS?

If your client is considering a Roth conversion, they

may be a good candidate for the process if they meet the following criteria:

- Anyone who's afraid that they'll enter a higher tax bracket when they retire. You might be wondering, how could that happen? Well, one way this could happen is because of the requirements the IRS places on someone when they reach 72. The IRS requires minimum distributions at 72. These withdrawals, when added to your Social Security, pension and any other income you might have, could bump you into a higher tax bracket.
- Retirees between the ages of 60 to 72 who rely heavily on Social Security to pay their bills. The 72 cut-off here is very important because you want to make the conversion to a Roth before the required minimum distributions kick in. The IRS doesn't allow you to convert required minimum distributions to a Roth.
- Investors that are trying to leave a legacy for their heirs and want to lower their tax burden as much as possible.

For a lot of people, it makes sense to convert to a Roth account. However, there are some exceptions to the rule where a conversion may not make sense.

WHO IS A BAD CANDIDATE FOR ROTH CONVERSIONS?

We know who is a good candidate for a Roth conversion, but who is a bad candidate? A few times when converting to a Roth doesn't make sense are when:

- A person's income is already tax-free
- Individuals in their peak earning years with high incomes
- Converting from a traditional to Roth IRA may increase Medicare Part B premiums

Sitting down with clients and running scenarios on their retirement accounts can provide great insight into the benefits or drawbacks of converting to a Roth IRA. While many investors

find conversions beneficial, they're certainly not ideal in every situation.

ADDITIONAL CHANGES IN THE SECURE ACT

The SECURE Act introduces many changes that are important to retirees, or potential retirees, including:

- Required minimum distributions (RMDs) starting at 72 rather than 70 1/2
- Non-spouses inheriting IRAs must take required minimum distributions that empty the account in 10 years
- 401 (k) plans can now offer annuities

Confusion on the 10-year rule has been swirling since the Act was passed. Initially, it was thought that the new rule would follow the old 5-year rule. For example, if non-spouse beneficiaries do not take RMDs for some reason, a massive 50% penalty is assessed on the missed distribution. Unfortunately, it's up to the beneficiary to make all of these calculations and ensure that they zero the account.

However, the IRS has since clarified that beneficiaries do not need to take RMDs. Instead, the account must be emptied in the 10-year period.

WHY IS THIS IMPORTANT?

Money in the account can continue to grow tax-free during this period before being withdrawn.

Concentrations around Roth IRAs are rising in popularity in 2022 because of the changes in the SECURE Act. If investors want to lower their tax burden and maximize their backdoor contributions, there's no better time than before time runs out. ■

Joseph Graziano, CFP® is the vice president and wealth management partner at FFP Wealth Management. Through FFP, he and his team help manage over \$2.4 billion in assets. FFP Wealth Management has served the unique needs of the accounting community for over 28 years and was formed out of a dire need for accountants and financial planners to join forces in providing premium services to their clients.

How to Know when You're Ready to Move to Advisory Services

By *Jasen Stine and Jim Buffington*

EVERYONE'S TALKING ABOUT advisory – it continues to be a hot topic in the tax and accounting profession, but how do you know as an accounting firm when it's time for your firm to make the move to advisory? And why do firms make the decision to change?

Especially if things are going well, a lot of firm owners can be opposed to or hesitant to make any big changes that could disrupt what their business is accomplishing. However, there's no "right" time to make the change to advisory, but there's no time like the present. Deciding to begin offering advisory services will help your firm keep up and evolve with the industry, and tax and accounting firms should

make a plan to adapt soon.

So what ultimately makes firms and tax professionals make the switch to advisory? It almost always comes down to one thing: Lifestyle. Owners no longer want to go through the motions, feel under appreciated and strapped to their desk. When you get down to it, it's the firm owners wanting another lifestyle – something better for their firms and employees –

and adding advisory services can help.

What often happens is some of the more traditional firms will take a course or network with others in the industry and have an epiphany moment where they realize the difference advisory services can make to their overall work-life balance. They realize their practice is maxed out on the volume of tax returns and compliance work, and they come to the conclusion that making changes to their overall business will help them and their staff. They finally understand they no longer need to be a firefighter, putting out fires but feeling under-appreciated, and they can instead move towards a more strategic

and relationship-driven business.

Advisory isn't only a benefit for the clients – it's a benefit for the firm owners and their employees. It takes the pressure off a lot of the compliance work that keeps you in the office, tied to your computer until the late hours of the night. Advisory allows you to be creative, make a difference in your client's lives and do the tax/accounting planning you have always wanted to do. All of the financial acumen and the years of tax knowledge is lost in compliance work. With advisory, tax pros can build strategies to help clients reach their goals.

Oftentimes, tax and accounting firms perceive the shift to advisory to be such a big project and one that would disrupt their already successful business. However, in the long run, this service will make a positive difference to how you work, recruit, and find balance in your life and your business. It will take time, it's not a short or easy journey, but it's worth it.

Once firms finally change, they see something they're excited about. They see a practice that they love, that they are energized about and one they want to deliver to clients and employees to create a better place for people to work.

It's not easy. Trying to change the behavior of your firm is difficult, and things don't change overnight. But it's important to begin this journey – start aligning with clients on their goals, and see the immense benefits you, your firm and your employees will start to receive. ■

Jasen Stine is tax and accounting education leader at Intuit. Jim Buffington is advisory services leader for Intuit Accountants.



AICPA News is a round-up of recent announcements from the American Institute of Certified Public Accountants.

Diversity Hiring is Increasing in the Accounting Profession

The diversity of graduates, including those who identify as Asian or Pacific Islander, Black or African American, Hispanic or Latino, Native American or Alaska Native, Multiethnic, and other non-white categories, hired by U.S. CPA firms has increased from 30.1 percent in 2018 to 34.8 percent in 2020, according to the “2021 Trends: A report on accounting education, the CPA exam and public accounting firms’ hiring of recent graduates,” released by the AICPA (<https://tinyurl.com/3tk9ccue>).

The report, first published in 1971, provides data reported to Integrated Postsecondary Education Data Systems (IPEDS) as well as projections and expectations based on university responses for the abbreviated 2019-2020 and 2020-2021 academic years and firm responses for the 2020 calendar year. The data provides a snapshot of the profession, set against the current economy and the ability to forecast future trends.

More broadly, the accounting profession was not immune to the pandemic-related global shift in the workforce and in college enrollments, and this included the hiring of new graduates. Overall firms hired 10 percent fewer graduates in 2020 than in 2019. However, the report data showed an increase (two percent) from 2019 in hiring new master’s degree graduates. While COVID-19 attributed to the decrease in the number of CPA exam candidates in 2020, between 2020-2021, there was a six percent increase in new candidates.

One of the ways AICPA is working to address this trend is through the CPA Evolution project, in partnership with the National Association of State Boards of Accountancy. CPA Evolution will ensure that CPAs continue to have the competencies needed in a changing profession by transforming the CPA licensure model in 2024.

Additional report highlights:

- Accounting graduates trended downward in the 2019–2020 academic year, with decreases of 2.8 percent and 8.4 percent at the bachelor’s and master’s levels, respectively.
- New non-accounting graduates hired into accounting and finance functions increased by 10 percent in 2020.
- 74 percent of CPA firms expect to hire the same or more accounting grads in 2022 compared with 2021.
- More U.S. CPA firms expect to hire more new accounting graduates into accounting and finance functions for 2022 (36 percent) vs. 2021 (28 percent) as compared to 2020.
- New accounting graduate new hires are increasingly being assigned to audit — a shift of 11.5 percentage points between 2018 and 2020. ■

Oracle Partners with AICPA & CIMA to Tackle the Technology Skills Gap in Finance

Oracle, the AICPA, and the Chartered Institute of Management Accountants (CIMA), recently announced an introductory certification series to address the technology skills gap in finance and accounting. Created in collaboration with Oracle, AICPA & CIMA’s new “Agile Finance Transformation Certification Series” is designed to equip finance leaders with practical knowledge required to embrace the latest finance technology, processes, best practices, and skills to help them succeed in changing business environments and accelerate their careers.

The course materials walk through critical steps for finance leaders to begin the transformation journey from the perspective of a finance practitioner who has successfully completed a transformation project. The certification series features key elements including:

- Practical steps to guide a finance transformation journey
- Proven best practices and corresponding operational blueprints
- New skills that support and accelerate career development
- Real world experiences delivered by Oracle finance leaders based on their own finance transformation

The “Agile Finance Transformation Certification Series” is now available globally from the AICPA Store. Attendees can earn 21.5 Continuing Professional Education (CPE) credits for the three-part certification. The total cost of the program is US\$1,485 for non-AICPA or CIMA members, and US\$1,195 for members. Learn more about the Agile Finance Transformation Certification Series [here](#) and enter code “Launch15” to save 15% off the training through July 31, 2022. ■

AICPA Building Diverse Talent Pool of CPAs Through Leadership Workshop

The AICPA is encouraging qualified students to apply for the 2022 Accounting Scholars Leadership Workshop (ASLW), being held Oct. 12–14 in Litchfield Park, AZ.

The annual workshop gives ethnic minority college students who either major in accounting or have an interest in majoring in accounting the opportunity to strengthen their professional and networking skills. They also increase their understanding of the career possibilities and benefits of earning an accounting-related credential.

The U.S. Census projects that minority populations will comprise more than 50% of the total population in 2045, with the largest growth among multiracial individuals. Firms will need to better reflect the ethnic and racial makeup of their communities and clients.

During the three-day program, students will learn how their unique backgrounds

and experience add value to the accounting profession. They will participate in sessions and panel discussions covering an array of topics, including mentorship, building your brand, and what to expect from CPA licensure and the CGMA designation. Additionally, the event runs concurrently with the AICPA’s Accounting Professional Diversity Symposium, which focuses on the pipeline. This will expose students to countless networking and relationship-building opportunities.

Applications will be accepted through June 15, 2022. The AICPA Foundation funds the ASLW and covers the cost of attendees’ experience.

More information about the program, as well as instructions to apply, is available at thiswaytocpa.com. ■



JIM BOOMER, CPA, CTP
CEO, Boomer Consulting, Inc.
Director, Boomer Technology Circle™
jim.boomer@cpapracticeadvisor.com

Your Firm's Next Hire: A Project Manager

TODAY, FIRMS JUGGLE increasingly complex projects. They need to evaluate technology decisions, handle recruiting, train and onboard new employees, work through process improvement and client experience initiatives, engage in strategic planning, and mentor and coach team members, to name a few. Partners, IT, and human resources all play a role in these initiatives, but their attention is torn between managing these projects and their day-to-day responsibilities. Running a modern firm is a team sport. So if you want to increase your capacity and capability to get these projects done successfully, you need to hire a project manager.

WHY YOUR FIRM NEEDS A PROJECT MANAGER

How often do you leave conferences, webinars and workshops burning with motivation to make a change, implement new technology, or offer a new service line? You take these ideas back to the firm, but they soon fall by the wayside as the day-to-day responsibilities of serving your clients, and managing your staff and practice take precedence.

A project manager would be responsible for planning, organizing and overseeing the completion of those projects and helping to ensure they happen on time and on budget. It's easy to see why firms that have hired a dedicated project manager quickly realize value.

Here's what you need to know about hiring a project manager for your firm.

RESPONSIBILITIES OF A PROJECT MANAGER

The exact duties of a project manager will depend on the needs of your firm. Some of the areas in which we've seen firms have success with a project manager include:

- **Technology.** A project manager can assist your internal or external IT teams with identifying, evaluating, selecting and implementing new technologies and training staff.
- **Human resources.** Project managers can assist with recruiting,

screening applicants, interviewing, onboarding, training, coaching and mentorship programs and reviews.

- **Financial.** The annual budgeting process is a challenge for many firms because it requires input from several different departments and stakeholders. A project manager can help oversee the process by keeping everyone on task.

- **Strategic planning.** Working on and toward the firm's overall strategic plan and its IT plan includes a lot of tasks, contributors and deadlines. A project manager can help assign responsibilities for action items and ensure deadlines are met.

- **Process improvements.** Process improvement initiatives can fail without effective communication and buy-in from the right people. A project manager can assist with this by assembling a cross-functional team, ensuring communications happen at the right time and to the right people. They can also gather feedback after the initial implementation, which helps with continuous improvement.

The project manager's role isn't to handle all the tasks involved but to oversee complex projects from inception to completion. Once a project is complete, the project manager conducts a post-implementation review to identify lessons learned and what the firm can do to improve

the project management process in the future.

SKILLS OF A PROJECT MANAGER

Many firm leaders fall into the trap of thinking anyone they hire must either be a CPA or have experience working in an accounting firm. But a project manager doesn't necessarily need accounting firm-specific experience. This person just needs project management skills — knowledge of the accounting profession can follow.

Some of the skills of an effective project manager include:

- **Effective communication** to know how to approach people, build relationships, and articulate expectations
- **Negotiation skills** to keep involved parties happy and working toward a shared goal
- **Scheduling and time management** to create well-defined project plans
- **Coaching and leadership skills** to move projects forward and deliver a positive outcome
- **Technical expertise** to use project management software and communication tools
- **Risk management skills** to identify risks at the outset of a project and develop proper mitigation strategies
- **Critical thinking and problem solving** to navigate tricky or ambiguous projects

The Project Management Professional (PMP) is an excellent certification program for project management professionals, whether you hire someone who already has the certification or hire someone with the above skills and invest in his or her development.

PROJECT MANAGEMENT TOOLS

Most firms have a workflow solution for tracking tax, assurance, and other client-facing engagements. But what about all the other projects your firm has going on? It's just as essential to have a systematic method for tracking those projects and understanding who is working on what and whether the project is on schedule.

Asana, Trello, Monday, and ClickUp are all excellent software options, but there are many others out there, and many offer free base versions if you want to give them a try before you upgrade to a premium plan with all the bells and whistles.

It may seem as though hiring a project manager is an unnecessary expense. However, if you have teams that are not communicating well, budgets going out the window, and missed deadlines on internal projects, it's time to hire a dedicated project manager. The right person will save you time, money and a lot of frustration. ■



Introducing Digits Boost



Save time. Automate your work.



digits.com