ONLINE EXCLUSIVE: How Should States Tax NFTs? (https://www.cpapracticeadvisor.com/2022/07/31/nfts/)

CPA Practice Advisor

Today's Technology for Tomorrow's Firm

AUGUST 2022
VOLUME 32
NUMBER 3

2022 INNOVATION AWARDS

SPOTLIGHT TOP TECH FOR TAX AND ACCOUNTING PROFESSIONALS

FROM THE TRENCHES
Your Firm and Your Strategy

FEATURE
How to Maximize Client Data

FEATURE
Developing a Data Mindset

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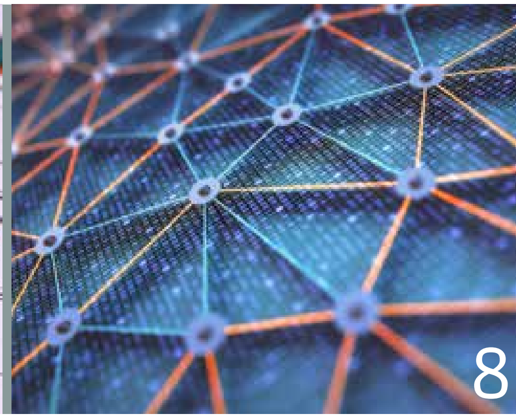

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Take Me Out to the Ball Game

GAIL PERRY, CPA
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SUMMER NIGHTS. THE smell of freshly cut grass. The crack of the bat hitting the ball. A cold beer and a hot dog. The seventh inning stretch and of course that song. Cheering for favorite players. Kids in the stands with their baseball gloves, hoping for a chance to catch a foul tip. We're Triple-A here in Indianapolis, so the experience has a very home-town feel.

Things are different at the ballpark, however, for my first post-COVID-19 game. There is now 40-foot-high netting separating the field from the stands, protecting us from being able to catch those fly balls, and putting an end to those cherished moments when the base coach would toss a ball into the stands and into the glove of a fan. [Note, the outfield is still fair game for home runs, along with providing the ability for fans to throw the ball back on the field when the homer is hit by the opposing team.]

"The new netting system will provide fans peace of mind when sitting close to the action down the first and third baselines," according to the Indianapolis Indians' president and general manager. I'm sure there's a plus side to not having to worry about being conked on the head by a runaway foul tip when you're not paying attention to the game, but what about those hopeful children cradling their gloves, hoping for a chance at a catch and a memory? What about their peace of mind?

Other things have changed too. The beer and hot dogs are no longer delivered in the stands (nor are any other concessions), although this happened before COVID-19. You have to miss half an inning while you wait in line at the concession counters (where oddly they are televising a baseball game, but not the one you came to see).

I understand change, improvement, trends, insurance issues, health, and safety – all of this goes into decisions to move in whatever direction the rule-makers determine is for the greater good. But at the same time, I'm going to miss the sweet ballgames that were unencumbered with nets and where I didn't have to leave my seat to get food.

All of that leads me to the point of this month's message. We are honoring change here at *CPA Practice Advisor* this month with our annual Innovation Awards. We recognize new technology designed to make our jobs easier, speed things along, improve visibility with clients, stay on top of regulations, and yes, protect ourselves from unexpected fly balls in the form of security breaches and phishing attacks.

I'd like to take just a moment, however, to consider that our clients might still appreciate the traditional touches that we include in our relationships. While we are switching to an online/filesharing/chatbot relationship with clients, the occasional phone call or in-person meeting also goes a long way toward cementing our relationships for the long term. Sharing a few minutes with them to ask how they're doing, just as we do with friends and family, is like tossing the baseball into the stands. All of the protection we install ensures data security and moves things along more quickly, but don't forget that your clients might still like to have you toss that ball, spend a moment in the sunshine with them, as you cheer them on. ■

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Is Artificial Intelligence Becoming a Tool for Financial Advisors?

By Jason Bramwell

FINANCIAL ADVISORS ARE starting to be big fans of artificial intelligence (AI)—not only because it can automate administrative tasks like data entry but also because it is starting to have a significant impact on the client-advisor relationship.

"Against increasingly challenging market conditions, AI has the potential to help wealth managers sustain and drive new growth, create operating efficiencies, and transform the customer experience through more hyper-personalized insights and products," said Scott Reddel, who leads the North American wealth management practice at consulting firm Accenture. "Now isn't the time to take your foot off the pedal. Firms can overcome adoption speedbumps with continued commitment from management, focused applications that deliver business value, and—perhaps most critically—collaboration across business lines."

Accenture recently released new research, "AI in Wealth Management: A Financial Advisor Study," after surveying 500 licensed financial advisors in the United States and Canada earlier this year who work at major wealth managers, banks, insurers, and independent wealth firms.

It revealed that 98 percent of respondents believe that AI is transforming how advice is created for, delivered to, and consumed by clients, and 97 percent believe that AI can help grow their book of business organically by more than 20 percent.

In addition, 83 percent of advisors believe AI will have a direct, measurable, and consistent impact on the client-advisor relationship by early 2024, and that same percentage believe that within the next 18 months, "AI can achieve a level of sophisticated advice and planning that will ultimately leave financial advisors competing with an algorithm for clients," the study said.

"Ensuring that financial advisors are onboard with using AI-driven insights is a critical ingredient for wealth managers as they explore using AI to transform the client experience," Keri Smith, who leads Accenture's Applied Intelligence practice for the U.S. Northeast, said recently in a post on LinkedIn.

Other key findings of the study include:

- 87 percent of financial advisors would use more AI tools day-to-day and are willing to spend time to learn an AI-based process and tool *if* there is a clear benefit to them.
- More than eight out of 10 advisors believe AI-powered notifications of client life events in real-time would be one of its clearest and measurable benefits; prefer to use AI tools to automate time-consuming and manual tasks; and say AI's greatest benefit is translating clients' data into actionable insight for their benefit.
- One in five advisors believe AI can help to segment clients to further understand acquisition, growth, and retention goals. They also believe AI can help identify proactive cross-selling opportunities.

But there are some wealth management firms that have not fully jumped on the AI bandwagon.

"Financial advisors are reliant on their firms for technology that allows them to best serve their clients wherever they may physically be and whatever market conditions are like that day," said Michael Alexander, president of wealth management at global fintech company Broadridge Financial Solutions. "In the fallout from the pandemic, wealth firms are going to face increased pressures to invest in modernizing their advisor technology or risk losing their advisors to firms that already have next-generation wealth platforms.

A June 2020 survey of 254 financial advisors and planners from the U.S. and Canada found that 51 percent of respondents often think of leaving their current firm for one with better technology tools, according to Broadridge. In addition, 74 percent of financial advisors wish their firm had access to better technology tools, and 82 percent admit that paperwork detracts them from time spent working with clients.

But even those firms that have taken some steps to act on their AI strategies—from proof of concepts to deploying AI within targeted business units to even scaling it across the entire organization—have encountered challenges, according to the Accenture study.

"For example, half (50 percent) said that their wealth management firms are challenged to act on their AI vision, 55 percent said that their firms' AI tools and insights are too complicated to use, and more than six in 10 (64 percent) said their firm is taking on too many AI pilots at once in its push to adopt the technology," Accenture said. "Aim for an approach driven by a clearly defined business strategy, not by the technology. Too many pilots or work-in-progress initiatives could cause financial advisors confusion and frustration. Undertake a single-use case or program to demonstrate the value that could be built to a point of providing real value to the advisor."

The pace of an AI roll-out should be done in lockstep with a firm's business goals and with buy-in from their financial advisors, the consulting firm added.

"We recommend multidisciplinary teams to be created and assigned to coordinating the roll-out for their particular work area to seek best results," Accenture said in the study. "Wealth management firms need a 'smart deployment' model so there is alignment between the firm's pace of innovation using AI in relation to the rate of adoption, use, and value they aim to realize across their business operations. ■

Jason Bramwell is senior staff writer for CPA Practice Advisor. He has nearly 25 years of professional writing experience, the last nine covering the accounting profession. He most recently was a staff writer and editor at Going Concern, and he previously spent five years as a staff writer and editor at AccountingWEB. He can be reached by email at jbramwell@cpapracticeadvisor.com.

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Your FIRM and Your STRATEGY

THE FIRST HALF of the conference season is behind us. We have had a chance to look at new strategies, tactics, and offerings from most major publishers. I may have a distorted sense of the market, but most of the major software companies and venture-backed organizations are highly motivated to achieve sales this year, which they have missed in the last few years.

The critical question is, what is new that would have a meaningful impact on my clients and my practice? Another good question could be, is this innovative technology notably better than what has been available before? Finally, you must conclude that the tool belongs in your "stack." Your firm's stack is the collection of technologies that help you provide your services to clients. There is no reason to be diverted to the latest shiny bright object to try to solve a problem if it doesn't work for you and your firm.

Brian Tankersley and I cover a variety of new tools with new capabilities in our weekly podcast, **The Technology Lab** (https://www.cpapracticeadvisor.com/podcasts), which provides background on various products. Many of you have thanked us for this work at the conferences or via email this year. You might consider binge-listening to get caught up on various tools and technologies. We always try to be accurate with our information on the day we record.

Some of our latest recordings cover everything from updated practice management tools like TPS to transaction classification tools like UNCAT to backup tools like Rewind. But picking an individual tool to solve a problem doesn't necessarily work best in any practice. For example, in a recent engagement, we analyzed a firm that had chosen various best-of-breed tools, many of which were the best option in the category. But the firm still suffered from an inefficient workflow. Workflow issues have been a part of every CPA Firm Tech Assessment engagement I've performed in the last 18 months.

It has become apparent (again) to me that you must think about the experience you want for your clients and your team in every functional area, from tax to audit to practice management to client accounting services (CAS) to advisory services. The teams at Liscio and Suralink have repeatedly taught me about this client experience thinking. Your technology stack (= choices of tools) PLUS workflow procedures make all the difference in everyone's experience. You have probably figured out where I'm going next. Unfortunately, there does not seem to be a magic solution that works for every firm.

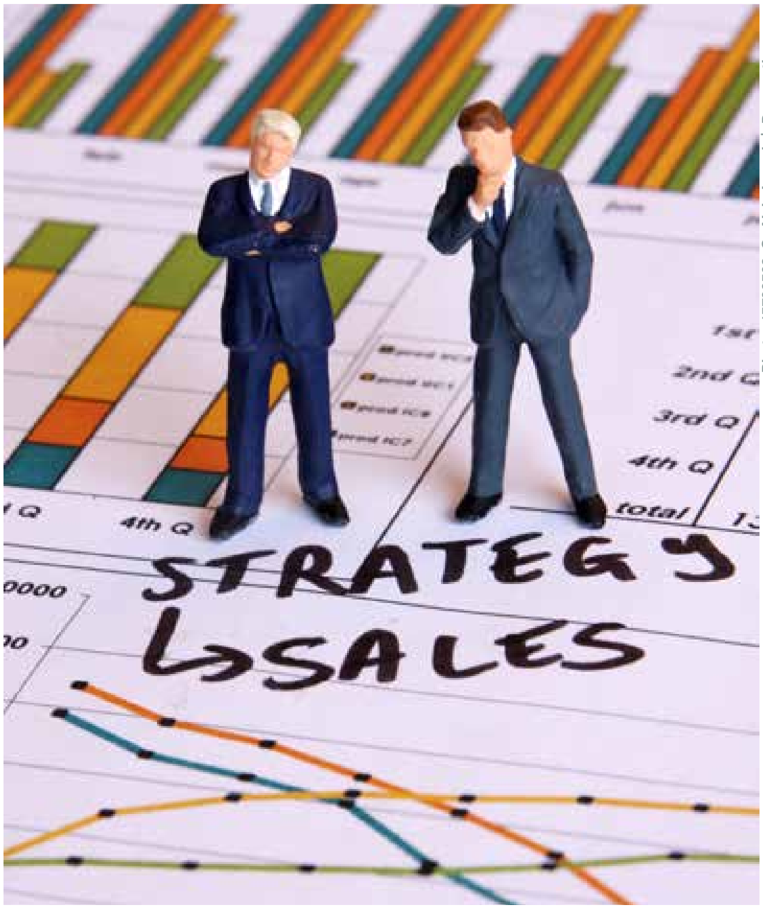

Photo 15799502 © Alain Lacroix | Dreamstime.com

While there are many good products in the market, the tendency to oversell capabilities is happening at an alarming rate this decade. Perhaps management teams' promises and stockholders' expectations from companies result in you, your partners, and your firms being told what you want to hear. Maybe you are not asking enough discerning questions. Alternatively, you may have faith in your long-term providers and are trusting the promises of upgrades to come.

HOW DO YOUR SOLUTIONS STACK UP?

There are certainly advantages to having our technologies talk to each other. Many of your firms have purchased from Wolters Kluwer or Thomson Reuters based on those promises alone. Other significant competitors like Intuit or IRIS Software have been working on connecting more products in their stack or associated solutions that are friendly players. Traditionally, buying everything from one vendor is the suite approach. The promise is that client data entered in one module, like tax, will flow seamlessly to another module, like billing. Indeed, some of these rudimentary connections are working and help your firm's efficiency. However, while CCH Axcess and Thomson Reuters CS Suite work this way, it is far more of a stretch for other suppliers to achieve the same efficiency.

Most importantly, a single supplier is less likely to provide every tool you need for your firm today. Buying various solutions and connecting them is known as the best-of-breed approach. Firms of all sizes favor this approach, trying to get a better solution. However, efficiencies break down when the solution stack is missing critical parts.

In other cases, your tools are getting long in the tooth. You may have selected and used a product for the last 10, 15, or 20 years and the supplier has not done a significant upgrade. It's almost like your firm is living in the past with software that does the job, but you know there must be a better way. However, the cost of switching, few viable competitive options, and the risk of going from a solution that works to one that doesn't have kept your firm frozen in the past. Even on the day I wrote this article for you, I listened to three different firms explain issues they were having with old and new software alike. One named a popular tax product and was told by their publisher that there was "no known solution," which was why we spoke. Indeed, there wasn't a solution to the problem, and they strategically decided to work around it. Unfortunately, their vendor also recommended over a decade-old solution that will not perform as claimed.

In a second case, I listened to another trusted advisor with years of experience with a particular software product. New ownership had changed the method of setup and support of their legacy product. Further, the company was creating a new product that did not work correctly. The advisor had repeatedly pointed out the flaws in the new platform. Customers were told the new platform worked a certain way, which did not work as the company claimed. While the advisor is correct, the decision-makers in the company, who traditionally could make a difference, did not have the authority to get the repair done.

In a third case, I listened to an explanation of a paid consulting interaction for a large company we all know that will remain nameless. They have a new product that has various functional deficiencies. A novice employee asked for guidance on what needed to be done to make the product work. The company's legacy product works properly. One suggestion was to speak to so and so (a specific person) who knew the correct way to do the calculation in the legacy product. "We're not allowed to do that. They are in a different division." As of this writing, the problem still exists.

One of the benefits I enjoy of speaking at so many conferences and consulting with so many firms is learning about approaches that are working and those that are not. Additionally, we get to see how vendors are selling firms. Many sales teams are quite sincere in trying to solve your problems for your clients. We frequently try to create new and better approaches to real-world problems in your firms. However, it takes visionaries and people who can execute in companies to make these solutions work for you, your firm, and your clients.

This year's conferences have revealed new tools, strategies, and relationships, including AICPA Engage, Scaling New Heights, and more. Further, it has been nice to confer with trusted advisors and creators of products with powerful new tools. On the other hand, it has been sad to watch well-resourced organizations stumble and ineffectively squander competitive advantage. You, your firm, and your clients wind up being the biggest losers. And you had little to do with your handicap in serving your clients.

One primary concern I have for the tools in our profession is that innovation is happening in various areas. Still, the insightful design and skillful execution to complete the solution is frequently lacking. While there are notable exceptions, many solutions in the market are less than half-baked. However, most accounting professionals I know are pretty smart and can overcome these deficiencies. And that gets me to the point of this article. How do you carefully select the right technology stack to support your firm's strategy?

SO, WHAT DO I DO NOW?

First, many of you are trying to select a stack based on a consultant's or an association's recommendations. While many approaches are reputable and correct, I'm appalled at those that are not. While I'm happy to share the stacks I have developed, I like to make you aware of various stacks advanced in the market and the tools in those stacks. My team and I have followed and assisted with many of these tools for years. Don't be surprised to discover tools that are new to you. It would be best if you held yourself responsible for selecting your stack.

Second, you will have to step up your efforts in various critical areas. One crucial need is to consider your strategy in each of your primary service offerings inside your firm. If your team doesn't have the internal expertise, you may have to do some of your preliminary research. You might get lucky to find a consultant to assist, but many consultants are not independent and have vendor agendas and biases in their recommendations. You will have difficulty discerning factual and unbiased advice from polished sales pitches. I've noted that many of these approaches are practiced sounding logical and correct. However, it would be best if you did the work to understand your offerings and what is needed to deliver each offering.

Third, you must step up your game in due diligence, selection, and contracting for services. Reliable resources are far less available, and you may have to do more of your own work. It is wise to think about the phrase "follow the money" when considering your solutions. While I'm a long-term believer in partnerships, inappropriate financial relationships from service contractors may not help your firm or your clients as you expect. Further, besides the financial implications, many providers are farming your clients' data inappropriately with marginal and minimal disclosure. It would be best if you were more diligent than ever.

Fourth, your stack will become your firm's competitive advantage. While you can do things like your peers in your association, your client needs, and team member capabilities should also drive your stack decisions. I believe you'll build a stack for tax, a stack for CAS, and other functional areas in the firm. The training and transition may be a lengthy process, but in the end, you will have a collection of tools from suppliers you trust doing the work for clients in a secure and more accessible fashion. It would be best to chart your own stack to have a competitive advantage.

If you research your options and thoughtfully execute deploying each innovative technology and stack, you'll build your own secret sauce. As a benefit, you'll get out of the older past and into a brighter future that fits your firm's strategy for your clients. Plus, you'll get an excellent firm experience with a competitive

FEATURE

The EVOLUTION *of* NEXUS *and its* IMPLICATION *for* INCOME TAX

By Richard Feldman

AS ELECTRONIC COMMERCE continues to grow and business practices evolve, states have struggled to ensure their taxing systems remain relevant and current. The historic Wayfair decision significantly shifted and expanded nexus laws across states for sales tax and has also impacted income tax.

State filing requirements are imposed on businesses that have nexus with a particular state, which is generally defined as the connection a business has with a state. Historically, nexus was determined based on physical presence, which was established if a business had either property or employees located within a particular state.

Although states have different criteria, in general, the presence of a single employee or the storage of inventory is considered a physical presence and sufficient for a state to assert nexus and require the filing of income tax returns and the collection of sales taxes. However, merely selling merchandise via the internet or by mail order that's delivered through a third-party vendor located out of state would not have met the minimum connection standard.

WAYFAIR DECISION

The 2018 Supreme Court Wayfair decision changed everything when it allowed the state of South Dakota to enforce a sales tax collection requirement on Wayfair Inc. despite it having no presence in the state. As a result of the Wayfair decision, states were given the authority to assert economic nexus, which could be based on a business having sales in a state without any physical presence.

Additionally, states established sales and transaction thresholds that, when exceeded, are considered economic nexus and require the business to register and collect sales tax. Today, virtually every state that has a sales tax imposes economic nexus thresholds for sales tax purposes. While thresholds vary by state, many use a threshold of $100,000 of sales or 200 transactions.

ECONOMIC NEXUS FOR INCOME TAXES

Although Wayfair was strictly a sales tax case, states have also begun to assert economic nexus for income tax purposes. Unlike sales tax, currently only a handful of states have established thresholds for income and franchise tax purposes, including AL, CA, CO, CT, HI, MA, MI, NY, OH, PA, TN, TX, VA and WA. Other states are likely to follow.

PL 86-272

Historically, the determination of nexus for income tax was similar to sales tax and relied only on physical presence. However, for income tax purposes there is an exception that allows a slight physical presence – yet protects businesses from the assertion of nexus. Under a federal statute, The Interstate Income Act of 1959, known as Public Law 86-272 (PL 86-272), nexus doesn't apply in certain situations.

Under PL 86-272, some types of businesses can have a minimal physical presence in a state and not be subject to the state's income tax. To qualify for this protection, the business activity in the state must be limited to the solicitation of sales of tangible personal property. Thus, property and employees if maintained in the state cannot be involved in anything beyond sales solicitation. Inventory must remain at a bare minimum and be used for display and samples only. Additionally, all orders must be approved out of the state. Violating these fine lines and exceeding the minimal activity permitted would cause the business to lose the protection provided by PL 86-272 and allow the state to assert nexus and create a filing and tax obligation for the business. Because PL 86-272 only applies to income taxes, its protection is not applicable in states that have gross receipts taxes or certain franchise taxes.

In recent years, with the increase of e-commerce, the definition of solicitation and what it means for PL 86-272 has become an area of contention. Because the solicitation of sales is a protected activity, it must be determined what is considered solicitation in the context of e-commerce when the solicitation is done over the internet and not by a salesperson physically present in the state.

UPDATED GUIDANCE

In 2021, the Multistate Tax Commission (MTC) issued guidance regarding which activities conducted over the internet were protected by PL 86-272. The guidance indicated that a static internet site only selling tangible personal property would not exceed the mere solicitation of sales when it was accessed in a state. However, virtually any other type of interaction with the customer via the website could potentially exceed the mere solicitation guidelines and thus lose the protection of PL 86-272 and subject the business to income taxation.

While the MTC guidance is not enforceable, states have begun to adopt it in various ways. In February 2022, California issued a memorandum dealing with protected and nonprotected activity conducted over the internet in relation to PL 86-272. In April, New York issued draft regulations on the same matter. The guidance provided by the MTC was closely mirrored by both states.

As the modern economy and the way businesses operate continues to evolve, states will need to update their rules and regulations. It's imperative that businesses and their advisors stay current with ever-changing state compliance requirements and the burdens associated with them. ■

Richard Feldman is a Senior Tax Manager at Janover LLC, where he has specialized in tax planning, consulting and compliance for businesses, business owners, and high net worth individuals and families for 25 years. He is a frequent speaker and author on modern taxation topics with a special focus on state and local tax issues.

2022 Innovation Awards Spotlight Top Tech for Tax and Accounting Pros

By Isaac M. O'Bannon

AUTOMATION, ARTIFICIAL INTELLIGENCE, and connective technologies are becoming increasingly important to the productivity and profitability of modern tax and accounting firms, helping to streamline workflows and keep tasking as efficient as possible.

The winners of this year's **Tax and Accounting Technology Innovation Awards**, now in their 19th year, were selected by a panel of thought leaders in the profession. Presented by *CPA Practice Advisor*, the Innovation Awards were first presented in 2004, and honor new or recently enhanced technologies that benefit tax and accounting professionals and their clients through improved workflow and efficiencies, increased accessibility, enhanced collaboration, greater accuracy, or other means. Nominated products or technologies must be less than 2 years old or have had new, significant features or enhancements during that time.

"These awards recognize new technologies that can benefit tax and accounting professionals, and their clients," said *CPA Practice Advisor* Editor-in-Chief Gail Perry, CPA. "As the profession continues to embrace new workflows and processes that optimize the potentials of these technologies, firms are improving their efficiency and focusing their practices on more profitable service offerings that, at the same time, are more beneficial to the individuals and businesses that rely on them for advice and strategy." Perry also manages a tax practice and is the author of more than 30 books, including *Mint.com for Dummies*, *Surviving Financial Downsizing*, and *Idiot's Guide to Introductory Accounting*.

The winners of the *CPA Practice Advisor* Tax and Accounting Technology Innovation Awards are selected from nominated products by our awards committee, which includes thought leaders and professionals engaged in various practice specialties across the accounting profession.

CPA Practice Advisor provides a variety of independent digital and print resources for accounting professionals, including practice resources, podcast reviews of practice technologies, interactive tools, and content that helps firms achieve greater productivity. Award winners are listed in alphabetical order.

2022 INNOVATION AWARD WINNERS

AVALARA RETURNS FOR ACCOUNTANTS – BY AVALARA

The landmark 2018 S. Dakota v. Wayfair Supreme Court ruling continues to unleash complexity for businesses of all sizes four years on, and accountants are more than ever on the front lines in helping clients to understand and stay in compliance with increasing sales tax regulations. In tandem, accounting firms continue to struggle to shift meaningfully into advisory services, while also spending client time on compliance.

Avalara Returns for Accountants, a recent addition to the Avalara for Accountants product suite, was designed for accounting practitioners to help scale compliance by automating sales tax returns preparation and filing processes. This in-firm solution leverages proven Avalara cloud technology to simplify and streamline a firm's tax

compliance practice, with benefits including:

- Business scalability and firm growth
- Increased efficiency
- Reduced firm and client risk
- Improved client satisfaction

With the push for digitization, proliferating economic nexus laws and other regulatory changes, accounting professionals are looking for new efficiencies and services to meet the urgent needs of clients. Avalara Returns for Accountants delivers visibility into process status, manages multiple clients more efficiently, and automates filing based on the needs of professional service providers. Accounting firms get flexible cloud technology to scale and grow their practice, meet complex compliance needs of clients, and focus more on advisory work.

FIELDGUIDE PLATFORM

Fieldguide is a platform for modern assurance and advisory firms that streamlines the end-to-end engagement workflow. Since launching in 2021, Fieldguide has released two dozen frameworks across cybersecurity and ESG risk (e.g., SOC2, NIST CSF, ISO 27001, SASB, and more), and has become a favorite among the nation's best audit firms.

- **Automation:** Fieldguide doubles productivity and eliminates errors by automating every step of the engagement, from client requests to sampling and testing to templated reporting.
- **Collaboration:** Fieldguide brings together the entire engagement across practitioners and clients on a cloud-native platform. Practitioners can act on insights, drive automation, and communicate with clients.
- **Sales-maximizing client experiences**: Firms gain a competitive advantage by offering a tech-enabled experience that modern clients expect. Clients are empowered with an easy-to-use central hub to upload files, complete tasks, fill out questionnaires, share comments, and view real-time status updates. Firms are marketing the use of Fieldguide in their sales process.

With Fieldguide, CPA firms, such as CLA, Wipfli, Withum, Warren Averett, and BerryDunn, have saved countless hours of manual work and doubled their capacities. Fieldguide has enabled firms to focus on delivering exceptional client service and strategic advice. Fieldguide's NPS score is consistently a world-class 90+."We were originally sending four people onsite for one job, but we now have two people working remotely on one job … our team is now doing three to four audits a week with the new team structure. Historically it might've been one engagement, two at the most," said Christopher Ellingwood, senior manager at BerryDunn. Read the case study at: https://bit.ly/3sQsWP4.

INFLO WORKPAPERS

Inflo Workpapers is a comprehensive, cloud-native audit engagement workflow solution. It delivers an innovative audit methodology and end-to-end workflow in which advanced technologies are integrated at the point they are needed within a digital audit workflow and digital client experience. Until now, forward-thinking firms attempting to incorporate progressive technologies have been forced to piece together disparate solutions, layering new technologies on top of traditional audit platforms and methodologies. By tightly integrating collaboration and data analytics capabilities, Inflo Workpapers advances the profession by making the adoption of emerging technologies practical, seamless, and efficient. Covering the entire audit process, ensuring compliance with professional standards, and delivering the right technologies exactly where it's needed in the engagement:

- **Risk Assessment.** Auditors work directly with the data – drilling down to efficiently identify unusual items and craft well-informed questions, freeing them to spend time thinking critically.
- **Response to Risk.** Powerful visuals and hybrid intelligence ensure high-quality and efficient audit responses.
- **Substantive Testing Procedures.** Traditional testing is replaced with superior techniques, including highly efficient whole-population testing.
- **Reporting.** Value-add reporting ensures both standards compliance and greater client value.

Inflo Workpapers transforms the audit experience for the next generation of accountants entering our profession. Such is the value of an audit performed using Inflo, organizations are actively seeking CPA firms using this more efficient and insightful audit platform. This has resulted in several large client wins for customer firms, directly due to referrals from Inflo, or from the demonstration of Inflo during the audit bid process.

SAFESEND RETURNS

The new SafeSend Returns Group Returns & Signer Delegation features allow firms to send multiple returns to a designated recipient, such as a controller, CFO, or assistant. The designee uses one link to access and manage returns. With these SafeSend Returns features, firms can:

- Send multiple returns (all return types) to one individual.
- Give one individual the ability to review, sign, and make payments for multiple returns in the same seamless flow.
- Give one individual the ability to control the review of the return and make payments while delegating the signing step to the appropriate person for completion.
- Send all reminders to one individual, who will be responsible for the tasks.
- Track the status of delivered returns for the group or "family" through in-product reporting.

VALID8 AUDIT AND INVESTIGATIONS

Valid8 streamlines the collection of accounting evidence to improve efficiency and reduce risk in audit, forensic, advisory or tax engagements. Valid8 software extracts accounting evidence from documents and systems to help eliminate or reduce sample risk from professional accounting engagements.

Used in thousands of professional accounting engagements in the United States, United Kingdom and Canada, Valid8 allows customers to achieve higher quality output while automating and accelerating the low level, mundane work of data preparation. Types of engagements include: financial statement audits, forensic accounting, federal and state white collar crime investigations, Chapter 11 bankruptcies, corporate restructuring, high net-worth divorces, buy side M&A diligence.

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FIELDGUIDE

FIELDGUIDE PLATFORM

Fieldguide is a platform for modern assurance and advisory firms that streamlines the end-to-end engagement workflow. Since launching in 2021, Fieldguide has released two dozen frameworks across cybersecurity and ESG risk (e.g., SOC2, NIST CSF, ISO 27001, SASB, and more), and has become a favorite among the nation's best audit firms.

- Automation: Fieldguide doubles productivity and eliminates errors by automating every step of the engagement, from client requests to sampling and testing to templated reporting.
- Collaboration: Fieldguide brings together the entire engagement across practitioners and clients on a cloud-native platform. Practitioners can act on insights, drive automation, and communicate with clients.
- Sales-maximizing client experiences: Firms gain a competitive advantage by offering a tech-enabled experience that modern clients expect. Clients are empowered with an easy-to-use central hub to upload files, complete tasks, fill out questionnaires, share comments, and view real-time status updates. Firms are marketing the use of Fieldguide in their sales process.

With Fieldguide, CPA firms, such as CLA, Wipfli, Withum, Warren Averett, and BerryDunn, have saved countless hours of manual work and doubled their capacities. Fieldguide has enabled firms to focus on delivering exceptional client service and strategic advice. Fieldguide's NPS score is consistently a world-class 90+."We were originally sending four people onsite for one job, but we now have two people working remotely on one job ... our team is now doing three to four audits a week with the new team structure. Historically it might've been one engagement, two at the most," said Christopher Ellingwood, senior manager at BerryDunn. Read the case study at: https://bit.ly/3sQsWP4.

For more information visit fieldguide.io

CPA Practice Advisor

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AVALARA RETURNS FOR ACCOUNTANTS

BY AVALARA

The landmark 2018 S. Dakota v. Wayfair Supreme Court ruling continues to unleash complexity for businesses of all sizes four years on, and accountants are more than ever on the front lines in helping clients to understand and stay in compliance with increasing sales tax regulations. In tandem, accounting firms continue to struggle to shift meaningfully into advisory services, while also spending client time on compliance.

Avalara Returns for Accountants, a recent addition to the Avalara for Accountants product suite, was designed for accounting practitioners to help scale compliance by automating sales tax returns preparation and filing processes. This in-firm solution leverages proven Avalara cloud technology to simplify and streamline a firm's tax compliance practice, with benefits including:

- Business scalability and firm growth
- Increased efficiency
- Reduced firm and client risk
- Improved client satisfaction

With the push for digitization, proliferating economic nexus laws and other regulatory changes, accounting professionals are looking for new efficiencies and services to meet the urgent needs of clients. Avalara Returns for Accountants delivers visibility into process status, manages multiple clients more efficiently, and automates filing based on the needs of professional service providers. Accounting firms get flexible cloud technology to scale and grow their practice, meet complex compliance needs of clients, and focus more on advisory work.

For more information visit https://www.Avalara.com

2022 INNOVATION AWARD FINALISTS

CORVEE TAX PLANNING

Corvee Tax Planning software is a first-of-its-kind software that allows accounting and tax professionals to scan their clients' tax returns, collect vital information via custom individual and business questionnaires, analyze estimated tax savings across multiple entities and multiple years, and prepare tax plan proposals and plans for their clients – all within a matter of minutes. Originally launched in October 2020, Corvee Tax Planning software allows tax professionals to save their clients' money in a way that allows them to be the trusted advisor their clients are looking for. In addition, in March of this year, the company launched state and local tax planning allowing firms to analyze client tax scenarios quickly and easily at the federal and state level for additional tax savings and state-specific tax planning strategies, all within Corvee tax planning software. Corvee tax planning software now includes 1,600+ strategies that allow firms to save their clients' money on taxes. Additionally, with Corvee's team of tax experts, the company is on the path to provide over 20,000+ tax savings strategies in the coming years. Corvee tax planning software now offers:

- Support for federal forms to calculate federal tax owed
- Support for all 50 state and local forms to calculate tax owed
- Support for 1,600+ state tax planning strategies
- Jurisdiction summaries for all 50 states with key dates and deadlines
- Tax plan deliverable templates to show clients the value of your state and local planning
- More affordable licenses for additional users (72% reduction in per-user pricing)

FRESHBOOKS

According to 95% of small business owners, FreshBooks is more seamless to use than other platforms. Designed for accountants, small businesses, freelancers, entrepreneurs, and businesses with contractors, FreshBooks' software makes accounting, billing, invoices, and expenses easy and simple, saving people over 192 hours annually. When it's easy for clients to manage their books, it makes the professionals' work stream more efficient, whether they are being supported 365 days a year or during tax season.

FreshBooks gives insight to know where an accountant stands with their clients, business, and finances. FreshBooks Double-Entry Accounting identifies revenue items and their related expenses, giving accounting professionals a calculation of profits and losses. Professionals can track time in FreshBooks and see exactly how much time they're spending on clients and projects and generate an invoice with just one click. In fact, New Zealand web designer Ahmed Omer saves six billable hours every week through FreshBooks. Clients are able to pay online, which means the professional gets paid twice as fast, improving cash flow and minimizing headaches. Customers pay directly through invoices and automatically record each payment in your account.

Automatic checks and balances ensure debit and credit amounts are equal, which reduces the chance of errors year-round and when filing taxes. FreshBooks also makes it easy for clients to complete part of the workflow, meaning the professional is able to take on a more advisory role and develop deeper client relationships. Communication and transparency is key for client trust and engagement

HUBSYNC TAX PLATFORM

Nearly everything in today's world is easier, from cashing checks, ordering food, online trading and even dating. One necessity that isn't easy, the outdated tax preparation process. There are many point solutions, yet there is not a solution for the tax professional. HubSync's fully digital end-to-end platform solves this problem and is digitizing and automating the whole process. Seasoned tax professionals built HubSync so they first solved the biggest pain points for tax professionals. They've accomplished this by building nine separate modules so firms can start slow and build up the whole suite of platforms seamlessly. No other platform brings all of these pieces together. HubSync provides:

- Engagement Letter Automation- Simplify and automate the tax prep process from start to finish.
- Client Master Data- Shared client data is the uniform set of identifiers and extended attributes that describes the core entities of the enterprise, including customers, prospects, citizens, suppliers, sites, hierarchies, and chart of accounts.
- Tax Organizer– Smooth, digital client experience for clients to upload documents directly into HubSync.
- Workpapers– Tax return workpapers that provide a standardized process, training and harmonization of data.
- Tax Return Tracking– Real-time tax return status updates with drill-down reporting.
- eSign– IRS 8879 automatically sent to clients for e-signature and track in real-time.
- eFile Automation- Direct pull from tax return prep software to track all electronic filings in one location allowing practitioners to set up reports to see their clients quickly.
- Tax Return Delivery- Automatically process client deliverables and seamlessly send electronically.
- Planning & Analytics– Analyze your firm's operations in real-time.

RUN – POWERED BY ADP

RUN Powered by ADP is a cloud-based, online tool that simplifies processing payroll and streamlines human resources tasks. In response to small business demand, many accountants are adding services, such as payroll and HR, to help them grow their business and offset projected revenue declines across the accounting services industry (Source: IBISWorld, "Accounting Services in the US," October 2020). In addition, through its own customer research on HR and payroll tools, ADP learned small business owners wanted to:

- Stress less about errors and compliance; and,
- Have more time to focus on their businesses, rather than on administrative tasks.

ADP listened and re-imagined the existing RUN Powered by ADP offering in September 2021. While maintaining the key functions that users love – ADP introduced the following features to the all-new RUN:

- Personalized dashboard – See what you need in one view tailored to you, including your next payroll, priority to-dos, and payroll history.
- Intelligent search – A smart search tool with autosuggestions instantly connects you to

popular resources, favorite reports, frequent tasks and more.
- Step-by-step guidance – Relevant tips and help for payroll and HR tasks are served up along the way.
- A.I.-powered error detection – RUN learns your payroll and reviews your data, flagging potential errors before they happen.
- Payroll tax alerts – Get alerts from state and local tax jurisdictions directly in RUN, along with instructions on what to do about them.
- Easy employee onboarding – Allow new employees to directly and securely enter their personal information.

WORKFLOW BY CANOPY

Much of an accountant's work includes information passed to and collected from clients. Lost or misplaced documents can cause serious issues. Canopy's Document Management module allows accounting professionals to easily upload, store, organize, locate, collaborate on, and manage documents. Users can also organize, edit, annotate, send, and create uniform folder structures across all clients, ensuring only authorized people have access to certain documents and collect eSignatures. Since October 2020, Canopy has added features, including:

- Annotations: Customers can annotate documents directly within Canopy, eliminating downloads and multiple document variations. Annotations are saved as a separate layer, making it possible for notes to be seen internally, but not viewable by an accountant's clients.
- File editing: Desktop Assistant helps easily and directly upload files (in bulk and without needing to compress them) into Canopy and also via print and scan functionality. Smart matching saves time by matching folders uploaded to contacts already in Canopy.
- Roles/permissions: After creating a team, users can be grouped so permissions can be managed to control who can and cannot view and interact with specific folders. Besides helping customers establish ethical walls, this also saves them time in managing permissions for new, existing, seasonal, and former employees.
- Reorder/rotate/edit/delete: Customers can reorder, rotate, edit, or delete pages without having to leave Canopy, producing professional, quality documents.

- Virtual drive: Accountants can instantly sync files between their computer and Canopy from this new desktop drive. Folder structures match between the two and any changes are synced in both areas.

HONORABLE MENTION GOES TO THESE OTHER 2022 INNOVATION AWARD NOMINEES:

- 1099 Pro
- Accountant Connect
- Anchor
- API
- BlackLine's Unified AR Automation Platform
- Bloomberg Tax Provision
- Bookkeep
- Client Hub Frictionless Workflow
- Client Management
- Digits Reports
- Direct Data Import
- Document Management
- Earmark CPE
- Expensify CPA Card
- FastPay Political+
- GoSystem Tax RS Live APIs
- Jira Work Management
- Karbon Practice Intelligence
- LeaseCrunch Verify
- myCPE
- On Demand Staffing Platform
- Paychex ERTC Service
- PCR+T
- ProSeries Background Updater
- Remote and Blended Work Video Learning Programs
- SafeSend Organizers
- Sales Tax Nerd Community
- Secure File Sharing
- Strongbox
- TaxPlanIQ.com
- TPS Cloud Axis

CPA Practice Advisor's digital and print publications offer independent practice management resources and technology information for tax and accounting professionals in public practice. www.CPAPracticeAdvisor.com. The nomination period for the 2023 Innovation Awards will open in February 2023.

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SafeSend Returns

GROUP RETURNS & SIGNER DELEGATION FEATURES

BY SafeSend

The new SafeSend Returns® Group Returns & Signer Delegation features allow firms to send multiple returns to a designated recipient, such as a controller, CFO, or assistant. The designee uses one link to access and manage returns. With these SafeSend Returns features, firms can:

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- Send all reminders to one individual, who will be responsible for the tasks.
- Track the status of delivered returns for the group or "family" through in-product reporting.

For more information visit safesend.com

The Employee Attendance Dilemma

AS ONE MIGHT expect, the pandemic made 2020 and 2021 unique years for workers calling in sick, but employee attendance has long proven a nettlesome issue for employers. The average number of sick days per employee annually is 5.2, and one in four workers admit to being late for work at least once per month. Survey data indicates that an average of 1.5 million workers per month missed work due to personal illness.

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Absent and tardy employees result in over $225 billion in lost productivity each year. Absenteeism has significant and costly effects, such as diminished product quality or business services and weakened employee morale among those employees forced to pick up the slack for missing workers. A SHRM study found that on average, supervisors spend between four and five hours per week dealing with absences. That equals more than five weeks per year of a supervisor's time.

Employers have often historically responded to absenteeism through progressive discipline, but this approach is proving less effective in recent times, with an estimated nine million job openings available and employees jumping to new jobs at record pace. In these circumstances, the threat of termination loses much of its impact, and it has forced employers to be more tolerant of absence that would otherwise result in disciplinary action. Employees know that another job with competitive pay and benefits is likely available just down the road.

Employers have also historically used incentives to address attendance problems. Some have used hourly pay incentives, while others have used lump-sum bonuses for perfect attendance over a specified period. Other incentives for perfect attendance have included such things as flat screen televisions, additional vacation days, additional paid days off and gift cards.

Anecdotal reports from employers suggest such bonuses generate short-term success but this generally dissipates over time. One drawback of such bonuses is the administrative headache of calculating the regular rate for overtime purposes under the Fair Labor Standards Act (FLSA) to account for the bonus payment. This can generate substantial liability over time if not handled correctly. Despite their limitations, many employers continue to use incentives to incentivize better attendance.

In recent years employers have begun to more frequently include regular attendance as an "essential function" in some job descriptions as a means of rendering an employee "not qualified to perform the job" as the basis for termination where an employee is regularly absent. This strategy has been generally successful in circumventing Americans with Disabilities Act (ADA) claims, as federal courts consistently conclude the employer's reasonable judgment regarding what job functions are truly "essential," should be accepted.

Nonetheless, there is no perfect solution to attendance issues, and thus, employers must be proactive in setting their expectations clearly during the onboarding process. In addition to being an integral part of the employee handbook, employee attendance policies should be emphasized during employee meetings or town halls. Employers must also ensure their supervisors receive sufficient training on managing absenteeism.

Under most attendance policies employees generally must call their direct supervisor to report an absence.

That personal call presents the opportunity for the supervisor to tell the employee that he or she will be missed and briefly describe the impact of their absence on the workplace. When the employee returns, the supervisor should make a point of welcoming them back, encourage good attendance in the future, and again discuss the impact on fellow workers. The conversation should not take on an accusatory tone because most absences are for legitimate reasons. If the absence is for an extended period, the supervisor should maintain communication with the employee during the absence.

The focus of the contact should always be the employee's well-being. Any implication that the supervisor is pressuring the employee to return could lead to claims of interference with legally established leave under the ADA, Family and Medical Leave Act (FMLA), and/or a similar state law.

A final issue to consider in addressing employee absences is the possibility that the poor attendance is symptomatic of a more serious problem the employee may be experiencing. Frequent absences could indicate drug or alcohol dependency issues. The absence could be caused by undiagnosed medical issues or family issues. It might even be the result of a conflict with a coworker or supervisor.

When discussing an absence with a returning employee, the supervisor should tactfully try to determine if there is some underlying problem causing the absences. This information would be relevant to any contemplated disciplinary action, as well as to a decision to refer the employee to a medical provider or assistance program. The employee's well-being should always remain the priority.

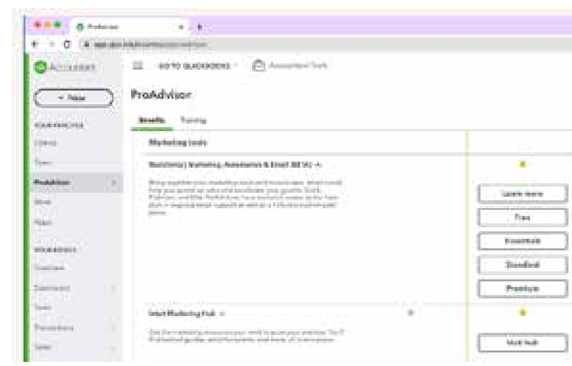
By setting clear expectations on employee attendance from the outset, periodically re-emphasizing the effects of absences on the operation and coworkers, and making attendance management the supervisor's responsibility, you may be able to limit unnecessary absences in your workplace. ■

Photo 219610963 / Absenteeism © Andrei Dodonov | Dreamstime.com

Mailchimp + QuickBooks Online Helps The W2 Group Manage Marketing and Sales

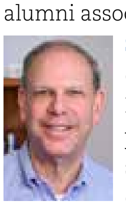
By Scott Cytron

WHILE ANY TIME of the year is a good time to market your practice, secure referrals, and convert prospects, many accounting and tax professionals focus on retention and recruitment during the summer and into the fall when they are not as involved in tax planning and preparation.



One of Intuit's newest acquisitions, Mailchimp, is designed to do all of this, and more, and it's useful for your firm and for your clients who use QuickBooks Online. Because Mailchimp integrates with QuickBooks Online, you can automatically sync your invoice data with your marketing efforts.

To find out how Mailchimp is being used in a CPA's practice, I sat down with Jeff Wilson II, CPA/PFS, CGMA, CFE, CDFA, owner of The W2 Group in Upper Marlboro, MD. Jeff has a full-service practice with several niches, including the federal government and municipalities, labor unions, professional associations, and alumni associations.



Scott Cytron: When did you begin using Mailchimp, and why did you choose that over some other name-brand competitors?

Jeff Wilson: We started using Mailchimp in early 2022, having realized that we likely reached the tipping point of all of the organic growth we would be able to generate. We needed to find a solution that would allow us to communicate with our current customers and facilitate marketing to new customers. When looking at marketing solutions, we identified Mailchimp as the most practical solution based on its ease of use, data insights, and API flexibility and integration.

SC: That's great. Now tell me a few use cases for Mailchimp in your practice. How are you using it for marketing?

JW: We believe our customers can be pulled into our business via a journey. That journey typically starts with downloading lead magnets or other resources from our website. All of our lead magnets and resources are provided using Mailchimp. This allows us to collect marketing data from potential customers, and begins the journey of enabling future customers to understand who we are, what we are, and why we can service their needs. Next, we use Mailchimp to deliver additional marketing and information to these potential clients. The consistent marketing element that Mailchimp allows helps lead the client on a journey to eventually buying services from us.

SC: I know you're integrating Mailchimp with QuickBooks Online; tell me more about the integration and why this is beneficial to your marketing efforts.

JW: The Mailchimp and QuickBooks Online integration is terrific, and is the beginning that small businesses need to leverage big data to drive the growth of their companies. The Mailchimp and QuickBooks Online integration allow us to track our customers by segment. This gives us insights on our top-selling services and products. It helps us identify our top clients. It also helps us leverage that data to make essential decisions on the future of our sales and marketing campaigns.

SC: I know keeping track of leads can be difficult. What else are you integrating Mailchimp with, and how have those integrations been beneficial?

JW: We also integrate Mailchimp with our Monday.com system to manage our sales pipeline, prospects, and lead status. Mailchimp allows us to nurture our contacts and prospects in one place, and close our qualified leads in another. Our qualified leads are converted over from prospects in Mailchimp and pushed to Monday.com once qualified. This allows our sales team to focus on closing qualified leads.

SC: This has been great, Jeff. What's your advice to other tax and accounting pros who are on the fence about using something like Mailchimp in their practice?

JW: I say to think of your growth trajectory. Think of how you want clients to experience your business. Think of how you want future prospects to see your organization. Mailchimp allows you to give your current clients and future prospects a sense of who and what your organization stands for. It allows you to provide a consistent message about your services and your culture. The ease of use and integration Mailchimp provides is a one-of-a-kind service. With the integration of Mailchimp and QuickBooks Online, your organization can now market and communicate with clients and prospects just like a large organization.

MORE INFORMATION

Watch this special video by Hector Garcia on how to integrate Mailchimp with QuickBooks Online: https://www.firmofthefuture.com/content/how-to-integrate-mailchimp-with-quickbooks-online/

For a limited time, QuickBooks Gold, Platinum, and Elite ProAdvisors can get 15% off and premium support when they sign up for Mailchimp (https://app.qbo.intuit.com/app/login?pagereq=proadvisor). Terms and Conditions apply. See ProAdvisor Benefits Tab for more information. Not a ProAdvisor? Find out more about the program at https://quickbooks.intuit.com/accountants/proadvisor. ■

TIPS TO HELP YOUR SMALL BUSINESS CLIENTS THRIVE DURING HIGH INFLATION

By David Axler

THE PANDEMIC, THE Great Resignation, and the subsequent shift to remote work has spurred an upsurge in new business formations. During 2021, a record-breaking 5.4 million new business applications were filed, according to U.S. Census Bureau data. However, many new entrepreneurs are navigating an environment of higher inflation, shrinking profit margins, suboptimal business bookkeeping practices, and financial uncertainty that could put their companies at risk.

Recently announced findings from a survey of 1,200 small business owners conducted by Wave revealed some troubling signs for small business owners. Let's take a closer look at the key findings of this survey – and what it could mean for CPAs and their clients.

SMALL BUSINESS OWNERS ARE SHORT ON CASH

Our survey found that a majority of respondents (57%) say they have less than $5,000 in cash reserves. Nearly half of respondents (48%) said that they would not be able to pivot to alternative revenue streams if financial difficulties arise. Among the 52% of entrepreneurs who said they could generate extra revenue, 54% said they would turn to a side hustle, and 24% said they would try a digital revenue stream.

Takeaways for CPAs: Talk to your clients early and often about their overall financial stability. Encourage them to set up an emergency savings account with at least three months' worth of expenses. You also may want to encourage your clients to diversify their base of business income where possible. Are they relying too much on one big client or a single product or service? What if that large client decides to end receiving services, or if consumer preferences for that product change as consumers cut back on discretionary spending in case of rising prices or recession?

Some small business owners may feel like after the stress and disruptions of the last two years, they can survive anything. But it's good practice to remind your clients to be prepared for possible financial challenges that could lie ahead. Help your clients build financial resilience, and they will benefit from your guidance during these uncertain times.

SMALL BUSINESS OWNERS NEED TO PROFESSIONALIZE THEIR FINANCES

One of the common mistakes that small business owners make is not running their business like a real, professional, well-organized entity that is separate from their personal financial life. When business owners get complacent with their finances, it can not only cost them dearly at tax time, but also prohibit them from making informed decisions impacting the day-to-day operations and sometimes survival of their business. It's important to know where you stand on a daily basis.

Our survey found that small business owners are making a variety of rookie mistakes with their business finances:

- 26% of small business owners admit to not paying themselves a salary.
- 35% confess to blurring the lines between personal and business accounts.
- Only 48% of microbusinesses (with less than 10 employees) have a small business bank account.
- 13% of respondents are still using drawers or shoeboxes to keep track of receipts.

Takeaways for CPAs: Use this opportunity to talk with your clients about the importance and benefits of making their business legitimate in the eyes of the tax authorities. Consider if setting up an LLC or other legal business entity is right for their business. An important first step is recommending that they open a business bank account and begin the process of building business credit. Remind them to keep their business and personal expenses rigidly separate, and show them how it can save them time (and money) during tax season.

Help your clients recognize how being disorganized, using shortcuts, and bending the rules can ultimately cost them more money in the long run. Especially during times of high inflation, when every dollar counts, it's crucial for your clients to understand the value and peace of mind that comes from doing business in a more organized, well-structured way.

NEW PAYMENT APP TAX RULES ARE AN UNPLEASANT SURPRISE

Fifty-one percent of the business owners we surveyed accept payments through third parties, such as payment apps like PayPal or Venmo. However, nearly one in four (24%) respondents were not aware that the IRS is increasing its requirements for reporting business income that flows through these popular mobile payment apps. Ten percent of respondents plan to transition away from digital payments platforms because of the new tax regulations.

Takeaways for CPAs: Tax reporting of peer-to-peer (P2P) mobile payment app business income is a hot topic that is a cause of concern for many small business owners, especially solopreneurs and gig workers who might not have been rigorous about tracking and reporting all their income and expenses.

Be ready to explain to your clients that they need to raise their game on tracking and reporting any business income that goes through third-party payment processors or P2P apps, even if it's the same app they use to pay their friends for last night's dinner and drinks. This is another reason to encourage the separation of business and personal finances.

SMALL BUSINESS OWNERS NEED TO GET PROACTIVE ABOUT IMPROVING CASH FLOW

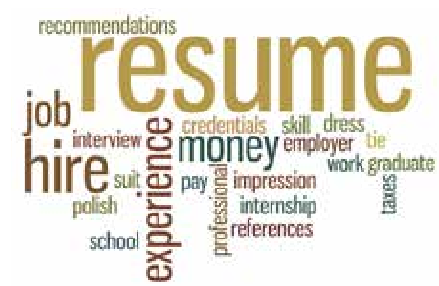
Especially during times of high inflation and economic uncertainty, it's important for small businesses to improve their cash flow: get paid faster, keep track of outstanding receivables, and make sure they have enough cash on hand. According to our survey, there are some signs of positive momentum: 23% of respondents plan to use bookkeeping software for the first time this year and 15% say they will embed payments digitally to get paid faster.

Takeaways for CPAs: Have a Cash Flow 101 conversation with your clients. Especially during high inflation, when a business's expenses might be increasing faster than its income, it's crucial for the business to keep cash coming in. Discuss cash management strategies and the benefits of remaining financially vigilant. Times of high inflation are an opportunity for CPAs to reach out to their clients and offer professional advice to keep them on track for long-term success. Financially resilient clients will help keep your CPA practice thriving – with repeat business, referrals, and a healthier base of business for years to come. ■

David Axler is VP/GM, Banking and Books at Wave.

5 Interview Questions to Avoid

KNOWING WHAT QUESTIONS to ask and what questions to avoid is critical to conducting an effective and compliant interview. Some questions are expressly prohibited by law while others may directly or indirectly reveal an applicant is a member of a protected group. Both types of questions should be avoided during interviews.



Here are five examples of interview questions to avoid, along with some suggested alternatives.

AVOID #1: HOW MUCH DID YOU EARN IN YOUR PREVIOUS JOB?

Several states and local jurisdictions have passed laws that restrict employers from asking about an applicant's pay history during the hiring process and/or using pay history to make employment decisions (under the premise that pay history may reflect discriminatory pay practices of a previous employer). Check applicable laws before asking these types of questions.

Alternative: These laws generally allow you to provide the candidate with the starting salary (or salary range) for the position and ask whether it would be acceptable if the candidate were offered the position. You may also want to tell candidates not to reveal what they earned in their previous job when answering this or similar types of interview questions. Keep in mind some jurisdictions, such as Connecticut, require employers to disclose the salary range for the position.

AVOID #2: ARE YOU VACCINATED AGAINST COVID-19?

Some states have enacted laws that restrict or prohibit employers from requiring employees to be vaccinated against COVID-19. For example, Florida enacted legislation in 2021 that prohibits private employers from imposing a COVID-19 vaccination mandate without providing exemptions for medical reasons (including pregnancy and anticipated pregnancy), religious reasons, COVID-19 immunity, periodic testing, and the use of employer-provided personal protective equipment (PPE). Many of these laws, including Florida's, have specific requirements for handling exemption requests. Check your state law for details.

In addition, asking applicants about their vaccination status could lead applicants to disclose protected information about their medical or disability status. Under federal law, the Americans with Disabilities Act (ADA) generally prohibits disability-related inquiries and medical exams prior to a conditional offer of employment. Once an employee begins work, those inquiries must be job related and consistent with business necessity. As such, it is a best practice to avoid questions about vaccination status during job interviews.

Alternative: None. Where vaccination requirements are allowed, employers can wait until after they have extended a conditional job offer to confirm the individual's vaccination status. Keep in mind that reasonable accommodations may still be required under federal and/or state laws.

AVOID #3: DO YOU SMOKE? DO YOU DRINK ALCOHOL? ARE YOU A MARIJUANA USER?

Several states prohibit discrimination against individuals who use tobacco products or engage in lawful activity while off-duty. Some states also have express employment protections for individuals who use marijuana while off-duty. Given these employment protections, avoid questions about whether an applicant smokes or drinks. These questions may also prompt the candidate to reveal the existence of a disability.

Alternative: Regardless of the state, employers have the right to prohibit the use of, possession of, and impairment by alcohol, marijuana, and tobacco in the workplace, during work hours, and on company property. During the interview, you may communicate your drug and alcohol policy as long as you do so consistently for all similarly situated applicants.

AVOID #4: DO YOU HAVE RELIGIOUS OBLIGATIONS THAT WOULD PREVENT YOU FROM WORKING FRIDAY EVENINGS, SATURDAYS OR SUNDAYS? DO YOU WEAR THAT HEAD SCARF FOR RELIGIOUS REASONS?

Employers are prohibited from discriminating against individuals on the basis of religion. This includes religious beliefs (both traditional as well as non-traditional) and religious practices, such as attending religious services, praying or wearing religious attire. Generally, you should avoid questions that elicit information about religious beliefs and practices.

Alternative: If you want to confirm an applicant is able to work the hours required for the job, state the regular days, hours or shifts for the job, and ask whether the candidate can work such a schedule. Keep in mind you may be required to reasonably accommodate an employee's religious beliefs or practices, such as allowing an employee to voluntarily swap shifts with a co-worker in order to attend religious services. Interviewers should also be familiar with the company's dress code (or any other policy that might call for a religious accommodation) and be ready to ask applicants if they can comply, with or without a reasonable accommodation. This question can spark a discussion over possible accommodations, if applicable. If you do ask this question, be consistent and ask it of all applicants.

AVOID #5: HOW OLD ARE YOU? WE WENT TO THE SAME HIGH SCHOOL ... WHAT YEAR DID YOU GRADUATE? DO YOU PLAN TO RETIRE SOON?

Under federal law, employers are prohibited from discriminating against applicants and employees who are age 40 and older. Many states also prohibit age discrimination, some protecting even younger workers. The answers to the questions above could elicit, or could be used to estimate, the applicant's age.

Alternative: If there are minimum age requirements for a job to comply with a law or for insurance purposes, you may ask whether the applicant meets those requirements.

CONCLUSION

Make sure your interview questions are limited to inquiries that only reveal lawful, job-related information. ■

From the ADP Spark Blog. Used with permission.

Making a Remote Workplace Culture Work

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LEADERS OFTEN SEEM mystified when it comes to creating and directing culture when employees are working remotely. The first step is acknowledging that you can no longer forge culture in the same way as in an office-centric model. Once that is understood, you can develop unique strategies to improve your firm's remote culture.

HOW TO IMPROVE YOUR REMOTE WORK CULTURE

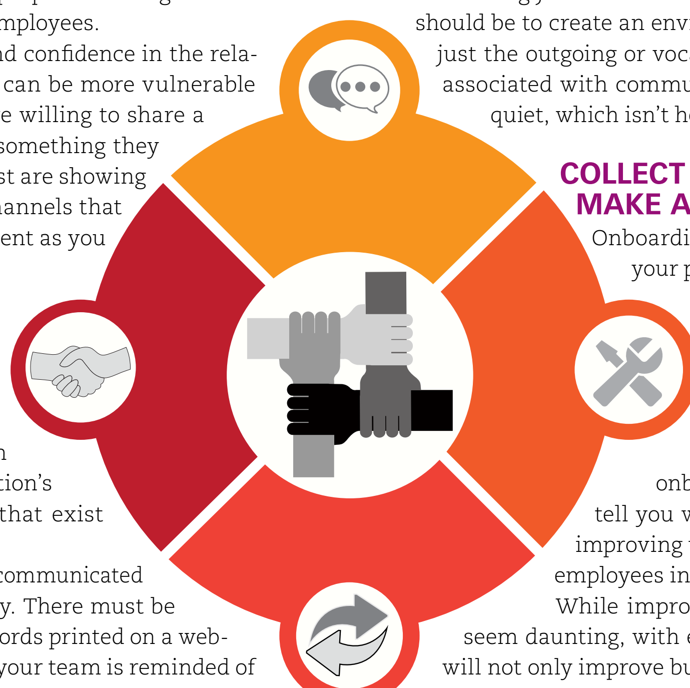
Work culture affects how your employees and clients perceive you—which significantly determines your business's success. Without a positive work culture, your firm could see a decrease in employee retention and client loyalty.

Organizations adapting well to this massive remote work shift have invested in reinventing their processes and touchstones to align with their desired cultures. Recruiting, onboarding, career paths, performance reviews, and collaboration are factors to consider when building a remote team. There are many ways to improve your firm's work culture, even when remote. To get started, follow the tips below.

CREATE A CULTURE OF TRUST

An excellent company culture delivers a work environment characterized by trust and mutual respect. Take the proper time to give attention to building trust between leadership and employees.

When there is a baseline of safety and confidence in the relationship, emotionally connected teams can be more vulnerable to one another. This means they're more willing to share a crazy idea or push back when they see something they disagree with. Easy ways to increase trust are showing up to virtual meetings, creating Slack channels that foster water cooler chats, and being present as you onboard new employees.



COMMUNICATE THE MISSION AND GOALS CLEARLY

Creating a high-performing remote culture is much easier if everyone on the team understands the company's vision and goals. What defines your organization's culture are the beliefs and behaviors that exist within it.

Your mission must be clearly defined, communicated to your teams, and reinforced constantly. There must be more to your company values than the words printed on a website or posted on the wall. By doing this, your team is reminded of the importance of what they are achieving together. Easily define your mission and goals by seeking employee feedback, speaking with managers early and often, and checking in with yourself to ensure you're leading by example.

IMPROVE TEAM COMMUNICATION AND RELATIONSHIPS

Your remote team culture will flourish or fail purely on communication. Get communication wrong, and you'll find that your culture won't stick. A remote team that communicates effectively can dramatically impact its overall productivity and long-term viability. Even though everyone is separated, teams can build great communication cultures by bringing their office cultures to the virtual space.

Open communication channels within your firm will promote transparency and enable the kind of team communication that firms sorely need. I'm not talking just online meetings that people dread, either. The goal should be to create an environment where everyone contributes, not just the outgoing or vocal ones. Reduce any red tape or formality associated with communication to avoid employees just keeping quiet, which isn't healthy for employees or your team.

COLLECT FEEDBACK REGULARLY AND MAKE ADJUSTMENTS

Onboarding new employees and adjusting them to your practice's culture is particularly of concern. If you're not experienced with managing remote teams, chances are you won't get everything right the first time. And that's okay as long as you learn from your hiccups and mistakes. Ask each remote employee to pay close attention to onboarding and other internal processes and tell you what worked and what didn't. Continually improving this process will make it easier to hire new employees in the future.

While improving your remote practice's culture may seem daunting, with effort and consistency, your firm's culture will not only improve but also thrive. ■

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Are You Recruiting Like It's 1989?

RECENTLY I WALKED into the lobby of a national coffee and donut chain and saw what has become commonplace all across America, an extra-large sign about job openings. I guess the national chain figured the larger the sign, the more people would apply. Alas, this sign like many other physical signs and recruiting efforts by firms is focused on all the wrong things and is not effective. These failed efforts simply add to the growing problems of staffing shortages.

These signs, like many accounting job postings are stuck in the past. Stop me if this sounds familiar. Your recruiting efforts focus on compensation and go into lengthy details on benefits: 401(k) plan, health care, paid time off, flexible schedule, and competitive pay. For many this is the same job posting that has been used for going on 30 years and it was built on the originally flawed assumption that benefits and perks are what get people to work for a company.

When it comes to people looking for a job, research shows that compensation and benefits are the basics that will get them in the door, but they are not deciding factors. Rarely do you see a company with a benefit package so truly remarkable that people want to work for that company.

This is not some new-age concept. Starting in the early 1990s research was showing that exciting and meaningful work was the main factor for employees in deciding where to work. The results of those early studies from the 1990s have been further collaborated up to today. Employees view compensation and benefits as a given and truly care about meaningful work or purpose.

Think about this: 401(k) plans were implemented in 1978 and today are commonplace in even smaller companies. The majority of those in the full-time workforce have never had a job that didn't offer a 401(k) plan.

CLINGING TO THE PAST

Too often when companies recruit, they fail to focus on what really matters and instead focus on the givens, just like the failed job posting by the national coffee chain.

One personal experience I still remember from my accounting firm job interviews, as recently as 2010, is that partners in the firm would tell me a major benefit to working at the firm is that I would have my own computer or laptop. To me this was always an odd statement. For me, a millennial, I do not remember when I first got my own computer. Contrast this to the baby boomer generation, many of them didn't get their own first computer until they were in the workforce and to them, having your own computer is a major deal.

If you wish to actually attract, retain, and engage top talent, it starts with the first step of attracting and to do that takes a new-brand approach.

FOLLOW THE SCIENCE

While nationwide staffing shortages have become a recent headliner, for us in the accounting profession, this issue has been felt for years and has no signs of going away. As we discussed we need to shift our focus when it comes to recruiting and follow the science.

As leadership thought leader Daniel Pink often says, today we see a mismatch between what the research shows and common business practices. We cling to the past with the same negative outcome and wonder why things don't change.

To attract people to your organization, it all starts with exciting and meaningful work. Focus on that in your job posting and not the benefit packages.

LOOKING DIFFERENT

As I was wrapping up this article, I went out to breakfast on a Sunday morning. There's nothing like a good breakfast before a deadline to get the ideas going. Again, I saw another large job posting as I walked into the restaurant, but this one was completely different.

It simply said, "Are you interested in doing something rewarding?" No mention of benefits or 401(k) plan or time off. They focused on getting your attention. In doing some research at breakfast, I found out the job posting was for a local independently owned retirement community. Their website described a culture focused on people doing rewarding and engaging work.

Perhaps the owner of the nursing community is a fan of Daniel Pink or maybe he just figured it out on his own. Attracting top talent is about appealing to the possible workforce with the excitement of working for the company.

As you shift into your fall efforts to recruit, you can follow the same path as before with the same unsatisfactory outcome, or you can follow the research and focus your recruitment efforts on what makes your company rewarding, exciting, and unique. The choice is yours! ■

CHANGING LEGAL STRUCTURES:

By Nellie Akalp

BUSINESS CHANGE IS constant, so it wouldn't be surprising if, at some point, your clients considered changing their legal structures. In this first Conversion Series post, we'll explain how to help your clients change from a limited liability company (LLC) to a C Corp and vice versa. There are several reasons your clients may want to switch from an LLC to a C Corp or the other way around. While both legal entities protect business owners from personal liability from the company's debts and lawsuits, they differ in ownership structures and tax consequences.

LLC MANAGEMENT STRUCTURE

Business owners of an LLC are referred to as members. A single-member LLC has one owner, and a multi-member LLC has two or more owners. Regarding management structure, the LLC can be member-managed or manager-managed (hiring a non-member to run the company). By default, if the LLC does not specify the management structure, the state assumes the LLC is member-managed.

The LLC records the management structure and more in a document called articles of oOrganization (sometimes referred to as "certificate of organization") that gets filed with the secretary of state. Although the details required in articles of organization vary by state, in general, the following information is included:

- LLC name
- Statement of purpose
- The physical address of the LLC's principal place of business
- Mailing address
- LLC's management structure (i.e., member-managed or manager-managed)
- Registered agent's name and address
- LLC's organizers' names (and managers, if applicable)
- Effective date requested

A registered agent is the member of the LLC that's the official contact responsible for the LLC's legal correspondence. LLCs doing business in a state other than their home state must name a registered agent (a person or company) that agrees to accept legal papers on the company's behalf.

In addition, most LLCs create a formal operating agreement that documents the logistical details of the company, such as who is responsible for what, how to file taxes, what happens to the business if a member wants out, etc. Although not required by the state, it is highly advisable to have a set plan for contingencies, even in a single-member LLC. Operating agreements also provide further proof the business runs as a separate entity, which is essential for the liability factor.

Finally, an LLC may be required to file an annual report with the state to notify the government of any changes of address or personnel within the company.

C CORP MANAGEMENT STRUCTURE

Business owners of a C Corp are considered shareholders and employees of the corporation. Shareholders/owners work for the corporation and receive a salary and W2s. In a C Corp, the owners must form a board of directors to oversee the corporation. A director and officers must be elected from within the board and are responsible for approving critical business decisions. This structure is required even if there is one shareholder and one board member.

The board of directors is also responsible for the ongoing corporate formalities to maintain compliance and remain in good standing with the state. C Corps must have regular meetings, including at least one annual shareholder meeting where formal minutes are recorded.

Like the LLC, a C Corp must create and submit articles of incorporation (sometimes called a "certificate of incorporation"). Once the state approves the company's articles of incorporation, the business is officially considered a separate legal and tax-paying entity from its owners. Again, the information

required in the articles of incorporation varies by state, but in general, includes:
- Corporation's name
- Address of the corporation's principal office
- Name and address of the corporation's registered agent
- Business purpose
- Whether the corporation is organized on a stock or non-stock basis
- If stock basis: the initial classes of stock, number of authorized shares, and par values of shares
- Name and address of each incorporator
- Name and address of each member of the initial board of directors
- Effective date requested

The C Corp may also be required to file corporate bylaws (similar to the operating agreement) and an annual report with the state to keep the government apprised of any significant corporation changes.

DIFFERENCES IN TAXATION

Although separated legally, LLC members and the company are (by default) considered the same tax-paying entity by the IRS. The LLC's profits and losses pass through to the owners' personal income tax returns. Also, all profits are subject to self-employment taxes (Medicare and Social Security).

In a C Corp, where the business owners are company employees, the corporation is a separate tax-paying entity. When the C Corp makes a profit, it is taxed on that income. Then, the business owners are taxed on the portion of business income that is paid to them as salaries—often referred to as "double taxation." In a C Corp, the corporation is responsible for remitting half of the payroll taxes and taking the other half from employees' paychecks. If shareholders receive dividends from the corporation, the shareholders claim the money as income and pay the appropriate taxes.

The Tax Cuts and Jobs Act of 2017 (TCJA) gave C Corps a flat 21 percent tax rate which may be advantageous for some business owners. In addition, many business tax deductions are only allowed for C Corps, which may be a reason to convert an LLC to a C Corp.

However, LLCs can file taxes as C Corps and not have the company's profits pass through to their personal tax returns. For LLCs keeping a substantial part of their profits in the business (retained earnings), electing to be treated as a C Corp allows for paying lower salaries and fewer taxes.

Alternately, LLCs and C Corps can elect to be taxed as S Corporations. S Corps are corporations electing to pass corporate income, losses, deductions, and credits to their shareholders for federal tax purposes. The S Corp election allows shareholders/owners to avoid double taxation and potentially pay less in payroll taxes by dividing income into wages and dividends. However, not all LLCs can elect S Corp taxation. Companies must:
- Be a domestic corporation
- Have only allowable shareholders:
  - Can be individuals, certain trusts, estates and
  - All shareholders must be U.S. citizens
- Have no more than 100 shareholders
- Have only one class of stock

To become an S Corp, the corporation must submit Form 2553, Election by a Small Business Corporation, signed by all the shareholders.

So far, the reasons for converting from an LLC to a C Corp or vice versa can be attributed to management organization and some tax benefits. However, the primary reason your client may want to convert business structures is the difference in investment opportunities.

INVESTMENT DIFFERENCES

For many business owners attracting more investors is critical to their company's growth. How and what role the investors play are the crucial differences between LLCs and C Corps.

Bottom line: LLCs cannot sell stock of any kind. To accept investment money in an LLC, the investors must be added as LLC members, and the company has to resubmit its articles of organization with the new members' information. State laws allow LLC members to be individuals, corporations, partnerships, and other LLCs. LLC members are not required to actively participate in the company's operations.

The LLC's operating agreement must record each member's capital investment in the company. Unless otherwise stated, the IRS assumes the investment percentage proportions of profits and ownership. However, LLCs are granted the flexibility to proportion profits and ownership as they like; for example, more may be attributed to active members. Passive members are not required to pay self-employment taxes on their share of the profits.

Conversely, C Corps can sell unlimited stock or shares, including offering employees stock options. If your client plans to take the company public or offer employees equity in the business, the company must be structured as a C Corp. Investors typically prefer to put money into a C Corp because of the opportunity for growth, the lack of taxation on business income, and the protection from personal liability.

STEPS FOR STRUCTURE CONVERSION

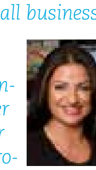
The process for an LLC to convert to a C Corp or vice versa varies by state. However, in most states, the corporations can file a "Statutory Conversion." In states that allow statutory conversions, the procedure is as follows:
- Create a plan of conversion, which must be approved by all LLC members and shareholders
- File a certificate of conversion and articles of incorporation/organization
- Pay the filing fee

In some cases, the state may require the company to obtain a new Federal Tax ID Number or EIN (Employer Identification Number). If the state doesn't allow statutory conversions, the LLC or C Corp must dissolve the company and start the corporation from scratch. Dissolution requires assets and liabilities to be "dissolved" and reformed. If the state allows, a "Statutory Merger" can help keep the LLC from starting over.

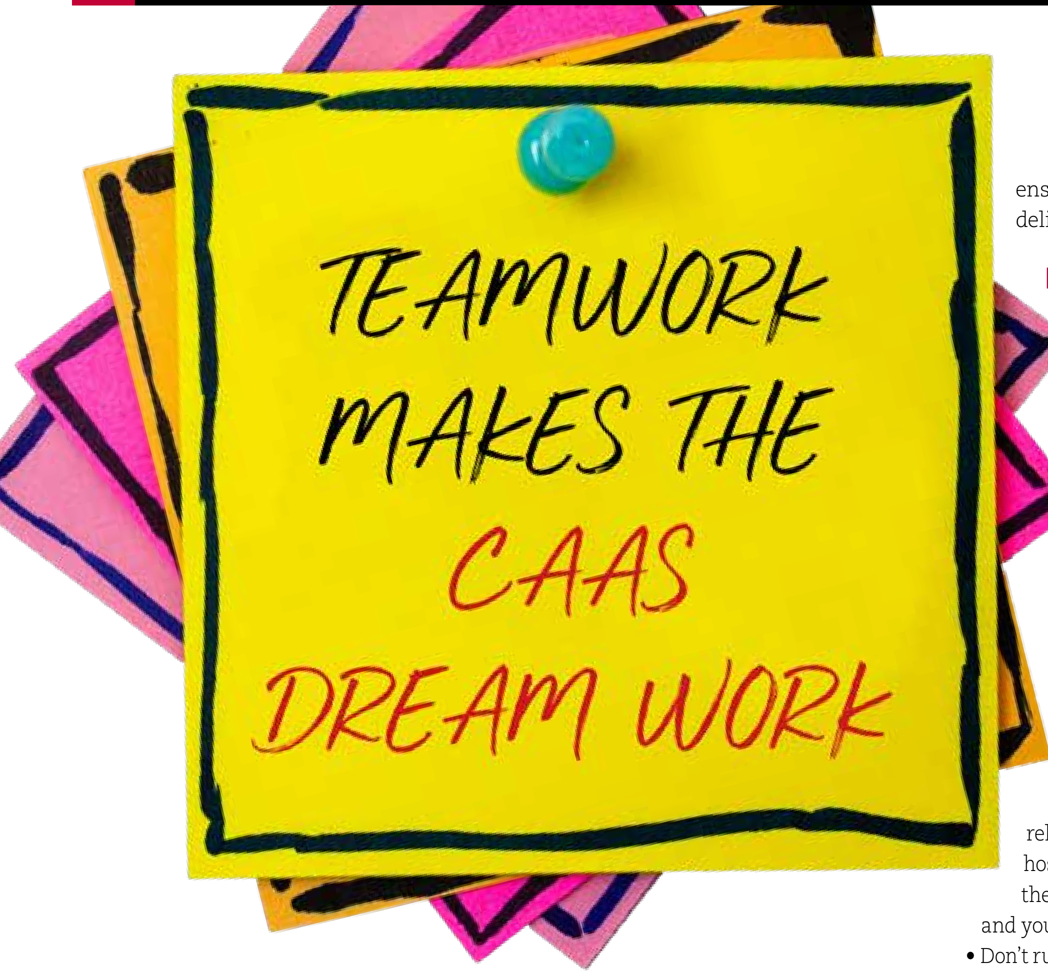
In a statutory merger, the members approve a merger plan and swap their allocated membership interests for shares in the corporation. Then a certificate of merger (or whatever the state requires) must be filed with the secretary of state's office to finalize the process.

To convert from an LLC to a C Corp, your client may be able to form a new C Corp and then make the original LLC a subsidiary of the newly formed C Corp. It is less common for a C Corp to convert to an LLC as the C Corp is taxed on the sale of its assets. Then the shareholders are taxed on those profits—again leading to double taxation.

Your clients have much to consider before converting their business structure. But with your guidance, a change may open the door to additional opportunities to help their companies grow. ■



Nellie Akalp is a passionate entrepreneur, small business expert, and mother of four. She is the CEO of CorpNet.com, a trusted resource for Business Incorporation, LLC Filings, and Corporate Compliance Services in all 50 states. Nellie and her team recently launched a partner program for accountants, bookkeepers, CPAs, and other professionals to help them streamline the business incorporation and compliance process for their clients. More info at: CorpNet.com/partners.



By Kane Polakoff and Kim Austin

TEAMWORK: THE PROCESS of working collaboratively with a group of people to achieve a goal. So, what's the goal? Creating a healthy and thriving client accounting and advisory services (CAAS) practice.

A strong CAAS practice includes three elements: people, processes, and technology. Hopefully, you've established a strong internal team with efficient training and processes already. The third and equally critical element to the success of a thriving CAAS practice is the foundational technology upon which it is built.

In today's competitive market, you cannot afford to entrust the critical elements of your daily client offerings to unreliable technology partners (think automation and scaling). It's best to build technology vendor/supplier relationships on solid communication, trust, and an unwavering commitment to the success of the mutual client. A critical first step is researching and vetting any potential technology partners to ensure they are the right fit for you and your clients.

OK, you've done your research and selected your technology partners, so how do you ensure the partner relationships you've decided upon are successful? Let's explore some best practices to keep in mind as you work to establish your partnerships and take them to the next level.

Nothing is more important than open communication and ensuring you and your partners align on the expectations for delivering exceptional client experiences. Remember to:

DTR: DEFINE THE RELATIONSHIP

- Think long-term. Developing partnerships that can grow with your practice will help keep your employees up to date on the technology and support client retention.
- Communicate regularly. Establish a cadence with each partner to communicate feedback and develop a plan to implement.
- Utilize support. The technology partner should have a robust support function available to you on-demand. Support should be knowledgeable and proactive, so take advantage of it and leverage their expertise to benefit your clients and save you time.
- Refer when it makes sense. You're not obligated to send 10 clients to your technology partner each month. Be clear you will refer when it makes the most sense for your clients and only after a solid foundation is built.

DTW: DO THE WORK

- Invest in the relationship. Put in the effort to build the relationship and work to grow it. Present at a conference together, host webinars, or create thought leadership content that highlights the advantages such a partnership creates for you, your partner, and your mutual clients.
- Don't rush it. Strong partnerships don't happen overnight, but by nurturing the relationship, you'll create competitive advantages for all parties.
- Constantly evaluate. Do you feel like the relationship is purely transactional? Is the support not being delivered as promised? Continuing to evaluate each partnership and discussing concerns will ensure you maintain the right ones.

DIT: DO IT TOGETHER

- Integrate. The best partnerships evolve when the vendor is a true extension of the firm's team. The support should be seamless for the team and clients.
- Share a vision. Partnerships will never work if you and your partners only look out for your own interests. It's crucial to work as a team and keep the focus on the success of your mutual clients.

When you work as a team to find solutions, there is much to be gained for both you and your partners, and especially your mutual clients. Every partner you select might not turn out to be the right one, but by implementing the best practices above, you have the best chance at success. Be willing to devote the time to research, develop, and nurture your partnerships, and you'll find teamwork truly does make the CAAS dream work. ■

Kim Austin is Director of Global Strategic Accounting Partnerships at Avalara. Kane Polakoff is National Practice Leader, Client Accounting and Advisory Services Division at UHY Advisors.

4 WAYS CPAS CAN BENEFIT FROM AUTOMATION

By Justin Hatch

IF YOU'RE A CPA, chances are you've formed an opinion on financial automation. With technology rapidly evolving across a wide range of sectors, today's financial professionals are bound to encounter incredible new innovations that will revolutionize their industry. For example, in 2019, the global robotics process automation in finance market was valued at approximately USD 1.10 billion, with an anticipated growth rate of more than 33.6 percent over the following seven years.

Although these statistics appear encouraging for the future of efficient, easy accounting, some accountants hesitate to embrace automation because they believe it could negatively affect their future careers. However, the truth is that automation can actually enable CPAs to become more effective, efficient, and valuable than ever before. Read on to learn how automation provides CPAs with increased time savings, accuracy, clientele growth, and work–life balance.

TIME SAVINGS

The most obvious benefit of automation for financial professionals is saving time—lots of it. According to Gartner.com, financial automation can save finance departments 25,000 hours of avoidable work annually. For individual CPAs, these time savings can add up to several hours of work per day.

While having much more free time in your workload is certainly desirable, the real value in saving all of that time lies in the opportunity savings—after all, time is money. With every hour you save through automation, you will be free to pursue other opportunities for generating revenue, learning new skills, or whatever else you desire. In addition, providing clients with financial information in a fraction of the time it used to take will increase their confidence in your skills and abilities, providing a great advantage for your customer retention and acquisition.

HIGHER ACCURACY

Unfortunately for CPAs, human error can be a common and costly occurrence in accounting. And, since accurately reporting financials can make or break a business's success, there isn't much room left for error. Reliable automation systems can be a game-changer in workflow efficiency and accuracy. As your clients' precious data is autogenerated rather than manually gathered and entered, the chance of producing errors decreases.

Many accounting softwares can also automate a wide range of tasks, including data entry, report generation, and more, so you can enjoy accurate and efficient deliverables throughout the whole accounting process. With automated accounting software in place, you can rest assured that you won't be in danger of making math mistakes any time soon.

CLIENTELE GROWTH

With the majority of their time freed up due to automation, CPAs can now decide how to use their new bandwidth to grow their practice. Some opt to scale their client base while keeping their services the same, which is an easy way to increase revenue. Others may use their new free time to pivot their services from traditional accounting to financial advising, which can allow them to raise their prices and the quality of their services. Many CPAs choose the second option, since improving their services through automation allows them to provide much more than simple reports.

Whatever you choose to do, one fact will remain the same: The secret to your new revenue growth is automation.

IMPROVED WORK–LIFE BALANCE

Another benefit of financial automation for CPAs is an improved quality of life and work–life balance. For most accountants, the passion for work lies in problem-solving rather than crunching numbers. Automation allows CPAs to do more of what they love and excel at rather than spending hours on tedious, routine tasks. As CPAs get to increasingly enjoy this aspect of their job, they will experience higher levels of satisfaction and growth.

With automation also providing more free time in general, CPAs can spend more time enjoying their lives outside of work. Having time to pursue a variety of interests is important for managing stress and avoiding burnout, so if you're feeling overburdened, it may be time to consider automation.

With the increased time savings, accuracy, clientele growth, and work–life balance that automation provides, it's no wonder that the financial automation market is growing rapidly. As you incorporate automation into your financial practice, you will be able to enjoy these benefits and many more through your newfound efficiency. ■

Justin Hatch is the CEO of Reach Reporting.

FEATURE

HOW TO MAXIMIZE CLIENT DATA TO BUILD A BETTER FIRM

By Dr. Kristy Short

QUICK QUESTION RIGHT out of the gate: Just how important is client data in running an uber-efficient and highly lucrative firm. Quick answer: Massively!

No doubt you've heard this message many times over the past few years: Your client data represents a (potential) goldmine. The simple fact is that your data, and what you do with it, is central to running a successful, sustainable and step-above-the-rest firm. It's the difference between a potential goldmine and a real one.

Firm leaders who understand this are reaping the benefits. Massive benefits, in fact... such as aggregating an ideal client roster, maximizing recurring revenue to create year-round income streams, and achieving workload balance that leads to happier staff and a sustainable business model.

Marcus Dillon, CPA and owner of

Dillon CPAs, is a prime example of a leader who has figured this out. He's someone who is leaning into Smart Client Management to maximize client data to grow and thrive. And, by the way, he's also someone who is willing to share his secret sauce.

The bottom line is that client data is at the center of everything. It's your ticket to long-term success—if you're willing to put in the time to work it. And if you are, this is a great place to begin…a starter guide on how to dig deeper into data and strike gold!

IDENTIFY YOUR IDEAL CLIENT PROFILE (ICP)

Before you can go after clients who are the best fit for your firm, you first have to know who you're looking for. Who do you want to serve? Who are you good at serving (think vertical markets)? What is your ideal client profile?

For starters, it's important to understand that **dollars don't matter**.

Okay, well, maybe this is a bit of an overstatement, but the sentiment is dead on. The point here is that looking solely at the revenue a client brings in doesn't always make them an ideal match for your firm. You must also factor in key non-financial data.

For example: Do you have families of businesses you enjoy serving? Are you skilled at serving specific verticals? Do you actually like the client? Does the client respect your team's time and efforts?

"Just because, historically, a client has spent a lot of money with you, doesn't mean they're a good fit for where you want to take your business," explained Dillon. "At one point, we decided that we no longer wanted to offer audit and attest services. While they represented some large engagements, it just wasn't the type of work we wanted to do."

Relationships are also core to Dillon's business model, which means one-time engagements don't make the ideal-client-profile cut.

"We're in the business of building relationships, not just processing transactions. We want clients to have multiple touch points with staff throughout the year and get really close to them. This is one of the things our staff love about their jobs."

Looking at the non-financial side of what makes an ideal client is a big part of the puzzle. For long-term success, you have to enjoy the clients you serve and have the skills to deliver services efficiently, effectively and in a standardized manner.

REVIEW THE REVENUE

While this feels like a backslide on advice, it's really not. (Bear with me.)

While not the sole factor in identifying your ICP, revenue is still an important factor in the data-mining process. Smart management of client data includes looking at the financial side as well. This provides insight into client longevity and adaptability to a fixed-fee, recurring-revenue model.

For Dillon CPAs, reviewing revenue has been central to the firm's thrive factor. And, according to Marcus Dillon, it's easy to do.

"We had this data readily available because we bill out of QuickBooks," said Dillon. "It made it easy to look at the lifetime value of the client, how long they've spent money with us and what their average price point is. This really helps to determine if they are a good fit for us."

A clear view into client revenue aids in understanding which clients to focus on in terms of transitioning them to the recurring revenue model—and/or those where there's an opportunity to upsell additional value-added services.

BRING YOUR STAFF INTO THE CONVO

Dillon was quick to mention that staff input is another critical element of the process. Because staff are on the front line—working with clients every day—they have valuable information to share. So be sure to mine that data as well.

Look to staff to answer such questions as: What clients are the easiest to work with? Do they have needs beyond existing services provided? Do they advance your firm's vision and support your business model (e.g., recurring revenue vs. one-time engagements)? Are they in an industry that aligns with your firm's expertise?

"We like to bring our team into this process because they are so close to our clients," Dillon explained. "At the partner level, I have to be dedicated to consistently reviewing data and refining our client base, and that means I need input from my team. I'll give them a list and ask which clients are worth fighting to keep and improve as a client, if there are ideal clients I've overlooked completely, or if there are clients that need to go."

While aggregating intelligence on clients is key, it's also an exercise in getting buy-in from staff. When employees are part of the data-mining process, it fosters a deeper understanding of the firm's bigger vision and goals. It also provides direct visibility into partner actions—like offloading non-ideal clients that don't support workload balance and a sustainable business model.

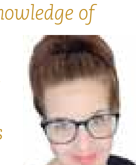
"Last year we got rid of about $80,000 of revenue by exiting several non-ideal clients," Dillon said. "This gave our team a lot of motivation because we [the partners] followed through…because we put our money where our mouth is…in creating a better work environment and opening up capacity for staff to focus on clients we actually like serving."

GETTING TO THE GOLD

Data is everything if used properly. Regular, dedicated review and management of client data provides full visibility into all vital areas of running a successful and highly profitable firm, including:

- Identifying ideal clients (as well as those who need to go).
- Balancing staff workload and opening the door to preferred, relationship-based engagements (by reducing the number of non-ideal clients).
- Creating a positive work culture and happier staff (a balanced, focused workload will do that).
- Fostering buy-in from staff by making them part of the ongoing data-mining process.
- Uncovering new opportunities for recurring revenue.
- Cultivating client relationships by proactively offering much-needed services (before they have to ask) and a year-round connection to your team.
- And the list goes on…

There is power in your data. And smart management of it can lead to stellar results. Discover the goldmine, right there inside your business, to build the firm of your dreams. ■



Kristy Short, Ed.D, has been serving the accounting profession for more than 25 years—bringing a deep knowledge of branding, marketing communications, and content strategy and development to the table. She's worked with hundreds of partners and staff to help them advance their firms for the modern era. Kristy's been named one of CPA Practice Advisor's "Most Powerful Women in Accounting" three times; has assisted noted thought leader, Darren Root, create multiple books; and published hundreds of education-based, accounting-focused articles over her career.

FEATURE

Developing a **Data Mindset** to Proactively Make **Clients' Lives Better**

By Darren Root, CPA, CITP, CGMA

I THINK THE key part of the headline of this article—and the words to really consider—are "to proactively." In my experience, accounting firms have historically operated with a very reactive model of client service. I don't think creating a reactive model was necessarily a conscious choice by most firms, but rather a reaction to not having made a choice at all. To be clear, I completely understand why firms seem to naturally gravitate to a reactive mindset. Just knowing that you have more work than you can handle, that tax season is like an ongoing three-alarm fire, and that clients are incessantly calling, emailing or texting you with questions, thoughts and concerns...well, reacting is pretty much the only way to get through your day.

If you can relate to what I just described, I want you to know that I believe there's a better way.

But first, let me acknowledge that how you've been doing it is not necessarily wrong, because I don't think there is a right or wrong way in this case. I might also suggest that the reactive model has served you well if you've grown a nice business that supports a good financial lifestyle.

But there are signs that clients want a more comprehensive approach—not only from their accountants, but also from their financial advisors and their doctors and just about any other professional they deal with. In addition, staff are weary of the practice of growing clients indiscriminately, causing staff churn and ultimately putting firms in jeopardy.

So, what's the "better way" I mentioned above? The better way is to evolve your practice from a reactive to a proactive model of working with clients.

For years, I struggled to understand exactly what the industry meant by saying that firms should be moving to "higher level advisory services." I think because my practice had been very reactive, I struggled to understand how to transition to an advisory practice. I understood that I could create offerings that were more advisory in nature, but I was still somewhat reacting to clients asking for advice on those advisory offerings.

It wasn't until I was prompted by a good friend a few years ago to sign up for an executive health program—a subscription concierge doctor—that I realized the physician's goal was to continually collect as much data on me as possible so he could proactively guide me to better health (annual physicals, access to data from my Apple Watch, etc.). The relationship I developed with my concierge doc was completely different from anything I had previously experienced in healthcare… and I liked it.

And I realized that this was exactly what I should be doing with my clients. But what I also realized was that the key driver to proactive health management was the availability of health data. The big shift needed was the development of a data mindset: the active collection and organization of all the client data necessary for a comprehensive picture of our client's financial health.

As professionals, we know what financial health looks like for our clients. If we have an ongoing snapshot of where our clients are in their financial health journey, we can proactively counsel them on next steps. Comprehensive financial health is what our clients want from us as professionals.

I categorize client data into three categories:

- **Financial data**—Information that exists in accounting systems you can easily access for benchmarking, analysis and advice.
- **Technology data**—Information that informs you about the technology tools your clients use so you can better guide them to the right solutions.
- **Business data—**Data about your clients that's not easily accessible, but important just the same. It includes data like entity type, buy/sell agreements, loan interest rates, etc. Business data is all around your firm… but rarely is it easily accessible.

If you do the work of articulating a picture of comprehensive financial health for each of your client types, and you have at your fingertips your client's financial, technology and business data, you'll be in a solid position to be proactive in serving your client. To be clear, proactive client management means you reach out to your clients with ideas and solutions to make their financial lives better.

Would your client be willing to pay a premium for this type of relationship, knowing that you're actively thinking about them and not just reacting to their questions? Could you serve fewer clients if the clients were being comprehensively served?

The approach I am describing is called Smart Client Management. Smart Client Management enables accounting firms to curate their ideal client roster, maximize recurring revenue and obtain a sustainable work environment. Executed correctly, Smart Client Management helps firms grow existing relationships and build a year-round revenue stream while developing a happier team with more satisfied clients.

Smart Client Management needs a data mindset to proactively make clients' lives better. I think most practitioners would agree with me that the reactive model currently used by most firms doesn't seem to be working for anyone. And that's why it's time to take advantage of the better way that other firms are finally employing. Not only for your clients' financial health, but for the career and life satisfaction of you and your team…and for the future of your firm. ■

Darren Root, CPA, CITP, CGMA, is the Founder of Rootworks and serves as Chief Strategist for Right Networks. Darren has over 30 years of experience as a CPA and in management within the profession. He has vast accounting expertise and a passion for helping firm owners modernize and transform their practices into thriving, sustainable enterprises. Darren has earned numerous awards and continues to contribute to the profession with books, articles, podcasts and shows that educate and inform the industry in all areas of firm operations, industry trends and business model.

AMPLIFY Your LinkedIn Profile for Free With its Creator Feature

By Becky Livingston

Like most CPAs, you're probably on LinkedIn. But do you know the Creator feature that can amplify your profile for free?

WHAT IS LINKEDIN FOR CREATORS

According to LinkedIn, "Creator mode is a profile setting on your dashboard that can help you grow your reach and influence on LinkedIn. You can turn on creator mode to get access to additional tools and features that help you create content and grow your audience base on LinkedIn."

BENEFITS OF CREATOR MODE

In addition to changing your "follow" button to "connect," your featured and activity sections are moved to the top of your profile before the summary section. Plus, your content will be emphasized so potential followers can find you and it across LinkedIn quicker. Finally, if you meet the criteria, you can also utilize LinkedIn Live and Newsletters.

"Turning on creator mode lets people know that your profile is a source for inspiring content, helping you gain followers," LinkedIn claims.

WHO IS ELIGIBLE?

Creators can be members, organizations, or companies that regularly share content with their professional community to build their reputation, grow their business, and/or empower and educate others with their experiences.

WHY DO I NEED THIS?

If you want to increase your personal or company profile and influence on this platform this feature can help. In addition, Google's algorithm currently favors LinkedIn as a valuable resource, thus boosting your profile in search engine rankings when you increase its value on LinkedIn.

HOW DOES IT WORK?

When you share posts or write articles on LinkedIn this feature amplifies your content to people who are interested in what you're talking about.

IMPROVE YOUR POST QUALITY

Here are some tips to help you improve your post quality.

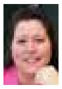
1. Cover topics your target market and audience are interested in. Consider unique insights or value you bring to the topic rather than simply sharing a link to a resource.
2. Mix the media formats, including video, custom images, document uploads, polls, open-ended questions, and more.
3. Encourage conversation by:
   a. Posting questions that encourages engagement, e.g., "What do you think?"
   b. Be authentic, using a first-person approach, even if you are just sharing a link. Include your opinion, analysis, or experience to generate interest.
   c. Mention others in your posts with the @ [profile name] feature, such as @AICPA. Use less than six mentions per post.
   d. Engage with others by commenting on their posts.
4. Use niche-focused hashtags versus generic ones, such as #realestateaccounting versus #accounting, with a maximum of three hashtags per post.
5. Review your analytics weekly or monthly to see how you're trending and who's viewing your profile. On a desktop, analytics called "Impression of your posts" are located on the left side under your profile picture. On a mobile device, click your profile picture and scroll down to Analytics. From there, view the number of profile views, post impressions, and search appearances.

CASE STUDY

From my personal account, I implemented this feature on June 8, 2022. On June 4, my content had 15 impressions. By June 10, there were 53 impressions—an increase of 253%. I post five days a week; use 2-3 hashtags per post; and write and share articles about 2-3 times per month. It will be exciting to see how this feature impacts my SEO ranking and LinkedIn engagement over the coming months.

If you're looking to increase your thought leadership ranking, build a personal or company brand, or expand your lead generation strategy LinkedIn Creator might be for you.

What's your most challenging social media issue? ■



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.

HOW TO SET BUSINESS-DRIVING GOALS WITH YOUR CLIENTS

By Justin Hatch

AMERICAN BUSINESSES ARE growing, even in the face of the COVID-19 pandemic. In 2020, 4.3 million new business applications were filed, up 51 percent over the 2010–2019 period. Despite the incredible growth, it is tough to keep a business profitable. About 20 percent of new businesses fail within the first year.

Starting and growing a business is an incredible undertaking for companies of any size. CPAs are important teammates with companies in their endeavors. In order to be successful, companies must have achievable goals to strive for. Here are some ways CPAs can help their clients set business-driving goals.

START WITH THE BIG PICTURE

Good communication between CPAs and their clients is essential when crafting business-driven goals. CPAs and their clients should be a team, working together with a shared vision. Be clear with clients about what they want to achieve, and help them understand what it will take to get there.

CPAs can guide clients toward the best goals for their business as they analyze the company's data and show clients the big picture of what that data means for their growth. CPAs skilled in forecasting can give clients an accurate understanding of where their business is going, what goals are attainable, and how these goals can grow the company. Using visual reporting, all the data that goes into these projections and analysis can be displayed in a format that makes sense to individual clients and helps them make informed decisions.

GUIDE CLIENTS TOWARD THE BEST GOALS FOR THEIR BUSINESS AS THEY ANALYZE THE COMPANY'S DATA AND SHOW CLIENTS THE BIG PICTURE OF WHAT THAT DATA MEANS FOR THEIR GROWTH

ONE OF THE FIRST PLACES TO START IS WITHIN THE COMPANY, GROWING PROFITS BY CUTTING DOWN ON ERRORS, REDUNDANCY, AND TIME.

FIND WAYS TO IMPROVE EFFICIENCY

Growing a business does not always mean increasing customers, putting out more products, or expanding a company's reach. One of the first places to start is within the company, growing profits by cutting down on errors, redundancy, and time. A CPA and client who are aligned on what the big picture shows for the company can work together to set goals to improve efficiency in processes within the business.

In one survey, 52 percent of companies identified eliminating manual processes with automation as a change they wanted to prioritize. Automation can improve efficiency across industries, as it can eliminate human error, speed up processes, reduce costs, and allow companies to access and assess their data accurately. CPAs can use automated technology to work with their clients' data and identify areas of improvement, while clients can take advantage of automation to streamline their internal operations.

SET SIGHTS ON PROFITABILITY

CPAs are experts on data, efficiency, and money management, and they can be the key to helping clients increase profitability. With the big picture in mind and goals to address efficiency within a business, CPAs and their clients can turn their attention to profit margins.

CPAs can assist clients in constructing goals to increase revenue and reduce costs. For example, in years like 2022, when inflation increases rapidly, it may be wise for clients to raise their rates and product pricing to keep up. Or, perhaps a client needs to reduce the number of products they offer to cut back on costs. A CPA who is tuned in to their clients' businesses acts as a partner in goal-setting and will be able to provide valuable insight into what needs to change to improve profits. Set both short- and long-term financial goals with clients to help the business grow and stay on track with the big-picture objectives.

DATA ANALYSIS IS KEY TO MAKING AND FOLLOWING THROUGH ON FINANCIAL GOALS.

Data analysis is key to making and following through on financial goals. Using automation technology, CPAs can present clients with accurate, timely assessments of their data and help them understand their progress with the business goals they have set.

Setting business-driving goals is essential to enable a company to grow and thrive. Start with the big picture, focus on efficiency, and work toward profitability. With strong, achievable goals, a business can be set up for long-term success.

Justin Hatch is CEO of Reach Reporting.

AICPA News is a round-up of recent announcements from the institute.

IRS ISSUES AMONG TOP CHALLENGES FOR CPA FIRMS, AICPA SURVEY FINDS

Difficulties in working with a resource-challenged Internal Revenue Service have become a more pressing concern for CPA firms over the past year, even as they grapple with lingering impacts from the pandemic, a new survey by the American Institute of CPAs & Chartered Institute of Management Accountants shows.

Frustrating dealings with the IRS – whether due to slow responsiveness, backlogs or other performance issues – were cited as the top challenge of smaller firms with 10 professionals or less, according to the 2022 PCPS CPA Top Firm Issues Survey, sponsored by the AICPAs' practice management section. It was at least a top three concern for larger firm segments.

While IRS issues were cited as a top five challenge last year by all firm segments except the largest (those with 21 professionals or more), they have become a more prominent concern across the board.

As in past years, survey respondents were asked to rank nine issues expected to have the greatest impact on firm practice operations over the next five years. Recruitment/retention and changes in the regulatory environment were two leading concerns.

Topline survey results were announced at AICPA & CIMA ENGAGE 2022, one of the world's leading conferences devoted to accounting and finance. To learn more about PCPS and its resources to aid firms, please visit the section's home page. ■

DAVID LIFSON HONORED WITH PRESTIGIOUS AICPA KESS AWARD

David Lifson, CPA, a retired partner from Crowe LLP in New York, is the recipient of this year's AICPAs Sidney Kess Award for Excellence in Continuing Education. Presenting the award during AICPA & CIMA ENGAGE 2022 was Sidney Kess, CPA, J.D., LL.M., for whom the award is named.

Lifson has been a leader in Crowe's national global private client service tax and business consultancy practice. He is passionate about advising clients on managing various types of business change within tax, economic and other related constraints, and dealing with the tax compliance challenges that accompany change.

Lifson was the 2009 recipient of the AICPA's Arthur J. Dixon Memorial Award, the accounting profession's highest award in the area of taxation. He was awarded the Sustained Contribution Award in 2011, which recognizes members of the Institute who have contributed immeasurably to the AICPA and the CPA profession through their volunteer services.

He is a former president of the New York State Society of CPAs and has served in various capacities on its behalf. In addition, he chaired the Small Business and Self-Employed sub group of the Internal Revenue Service's Advisory Council (IRSAC). He is a frequently published author, teacher and spokesperson on various tax topics, nationally and internationally. ■

NASBA, AICPA, PROMETRIC EXPAND INTERNATIONAL CPA EXAMINATION TESTING LOCATIONS, EFFECTIVE JUNE 2, 2022

The National Association of State Boards of Accountancy (NASBA), AICPA, and Prometric recently announced that qualified Uniform CPA Examination candidates applying to participating jurisdictions will have the option of testing at any international location where the CPA Exam is currently offered. This became effective on June 2, 2022.

Testing eligibility for qualified international CPA Exam candidates was previously determined through jurisdictions participating in the international administration of the CPA Exam and limited to sites based on a candidate's residency and citizenship.

This change will offer greater flexibility for international test takers and encourage more international residents to consider pursuing their CPA designation and careers in the accounting profession.

For additional details on administration of the CPA Exam and approved international testing locations, visit https://nasba.org/internationalexam.

Accountants are Well Positioned to Deliver New Services Advancing Business Integrity, AICPA CEO Says

The accounting profession is seeing increased value and growth in its services, but the stakeholders it serves are demanding more than ever in a volatile business environment, senior leaders of the AICPA & CIMA and CPA.com said during a panel presentation at ENGAGE 2022.

The profession is at a defining moment, with businesses seeking advice and assurance on a broad range of areas beyond financial statements, from sustainability to integrated tax planning to the transformation of the finance function, AICPA President and CEO Barry Melancon, CPA, CGMA, said during the session at AICPA & CIMA ENGAGE, one of the world's leading events dedicated to accounting and finance.

To realize its potential, the accounting profession must continue to raise the bar on innovation, standards, trust and integrity, he said. "The pace of change is daunting but the ability of the profession as a whole to adapt and evolve is really what will set us apart," he said.

Some key growth areas include:

- Building capabilities for digital finance. Technology and finance are increasingly intertwined, and management accountants need to bring new skills to bear to deliver data-driven insights to businesses.
- Preparing the profession for ESG. Businesses and regulators are increasingly focused on environmental, social and governance (ESG) issues, such as climate risk and diversity and inclusion, among other topics.
- Maintaining momentum on client advisory services (CAS). CAS is the fastest growing category in public accounting, and the pandemic proved it's not just a strategic service line but "almost a must-have," said Erik Asgeirsson, president and CEO of CPA.com, the AICPA's business and technology arm. CPA.com has workshops and other resources for firms to elevate their practices to "CAS 2.0," a suite of services with more advanced capabilities. ■

ARIANNA CAMPBELL
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Process Issues with People Impacts

BY NOW, YOUR firm is likely feeling the effects of the Great Resignation (or the Great Reshuffle). Many baby boomers are retiring, and millennials and Gen Zers are looking for jobs with more flexibility and work/life balance. While every industry is being impacted, the accounting profession faces a dire talent shortage when the need for solid talent is steadily increasing.

Increasing compensation, focusing on employee well-being, and filling gaps with outsourcing and automation are strategies for overcoming the talent shortage. But have you considered how inefficient processes are impacting your talent?

Let's look at nine wasteful activities your firm needs to address to improve your odds of attracting and retaining top talent.

DEFECTS

Defects include mistakes like transposing numbers, entering incorrect information or not following procedures and quality guidelines. When people enter the wrong information and get the wrong product back, it takes a morale toll.

Using technology to auto-populate trial balances, financial statements, tax returns and other elements of client engagements reduces such errors.

OVERPRODUCTION

Overproduction happens when people do more work than necessary. Examples include spending significant time on tax returns that will be extended anyway or prioritizing the wrong projects.

Overproduction usually leads to people picking up and putting down work repeatedly, duplication of efforts and frustration.

WAITING

Waiting is any non-value-added time during which your team members aren't performing value-added productive work. This could involve waiting on client information or waiting on reviewers.

When people must stop work to wait on a client or things sent to reviewers take forever to come back, people have to waste time relearning or researching where they were when they last worked on the project.

This might take a tiny amount of time on an individual project level, but it wastes a lot of time collectively.

NOT UTILIZING PEOPLE'S TALENTS

We waste resources when higher-skilled people perform lower-skilled work. This might happen due to poor training, hoarding work or not leveraging technology.

Whatever the root causes, you'll struggle to retain talent when people want to grow but are forced to do the same low-level tasks repeatedly.

TRANSPORTING

Transporting is waste from passing around paper files and information from person to person instead of utilizing technology to automate workflows and share information.

It's 2022—new college graduates don't want to step back in time 20 years to deal with piles of paperwork when they start a new job. That misalignment with everyday life will send them to competitors who invest in modern tech.

INVENTORY

Inventory sounds like terminology for the retail industry, but it also applies to a firm's client engagements. Work-in-process and backlogs in email inboxes create bottlenecks and make it tough to get client engagements across the finish line.

Being pulled in a dozen different directions and dealing with competing priorities due to misalignment at the partner and manager level on what needs to be done and when creates stale inventory. This also negatively impacts the firm because that's how we get paid.

MOTION

Motion is the result of going on scavenger hunts for information. People waste time and effort searching through poorly named digital files or digging through poorly organized or overfilled physical files.

All of this leads to wasted time people could spend doing the work instead of searching.

EXCESS PROCESSING

Excess processing is doing more work than the client values or is willing to pay for. Examples include over-auditing or navigating multiple personal preferences of partners.

Spending time managing how people do the work takes a toll because it puts undue pressure on team members to keep it straight and compounds waste.

ATTITUDE

Negative attitudes, poor morale and refusal to follow firm processes impede progress. If the prevailing mindset across the firm, especially amongst leadership, is "this is how we've always done it," you won't be able to keep people.

People aren't interested in being in a firm where they aren't growing, so you need to cultivate a growth mindset.

Do any of these wasteful activities sound familiar? If so, they're a big part of why your firm is having trouble attracting and retaining talent. Each of these wasteful activities has a people impact, so solve your process issues and you'll be well on the way to solving your people issues.

Is your firm ready to stop wasting time on inconsistent and bloated processes? ■