



Right Networks®

eBook

## **Post-Tax Season Survey 2022:** The Great Resignation leaves firms searching for answers

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# Introduction

It just doesn't get any easier, does it? Tax season was tough for accounting firms before the pandemic, but now it's just plain chaotic. That's not to say that tax season 2022 was necessarily worse than January through April 2021. In fact, most respondents in the Right Networks 2022 Post-Tax Season Survey thought this year's season went better than last year's.

But a new challenge left some firms searching for answers in the season that just finished: the Great Resignation, or Great Reassessment, or whatever you want to call the post-pandemic trend of employees quitting their jobs. Survey respondents were not immune to the effects of the Great Resignation, reporting that they worked more hours than in the past, rethought their strategies for using resources and even trimmed their client lists for tax services.

So, where do firms go from here? Evidently, many aren't yet sure. The Great Resignation is **showing few signs of abating** and might even be a **sign of a new normal** for employees. Firms can't just stand pat as they struggle to retain and hire workers, and most aren't. The problem is that while most firms understand that they need to do something in response to shifts in employee activity, a clear course of action remains elusive for many.

**Smart Client Management** (SCM) could provide an answer for firms looking to improve the employee experience, and some respondents showed interest in it. SCM is the daily management of a firm's client list to achieve the following:

- Optimize a sustainable workload balance.
- Leverage insights for a holistic product service approach/technology adoption.
- Maximize revenue realization through pricing.

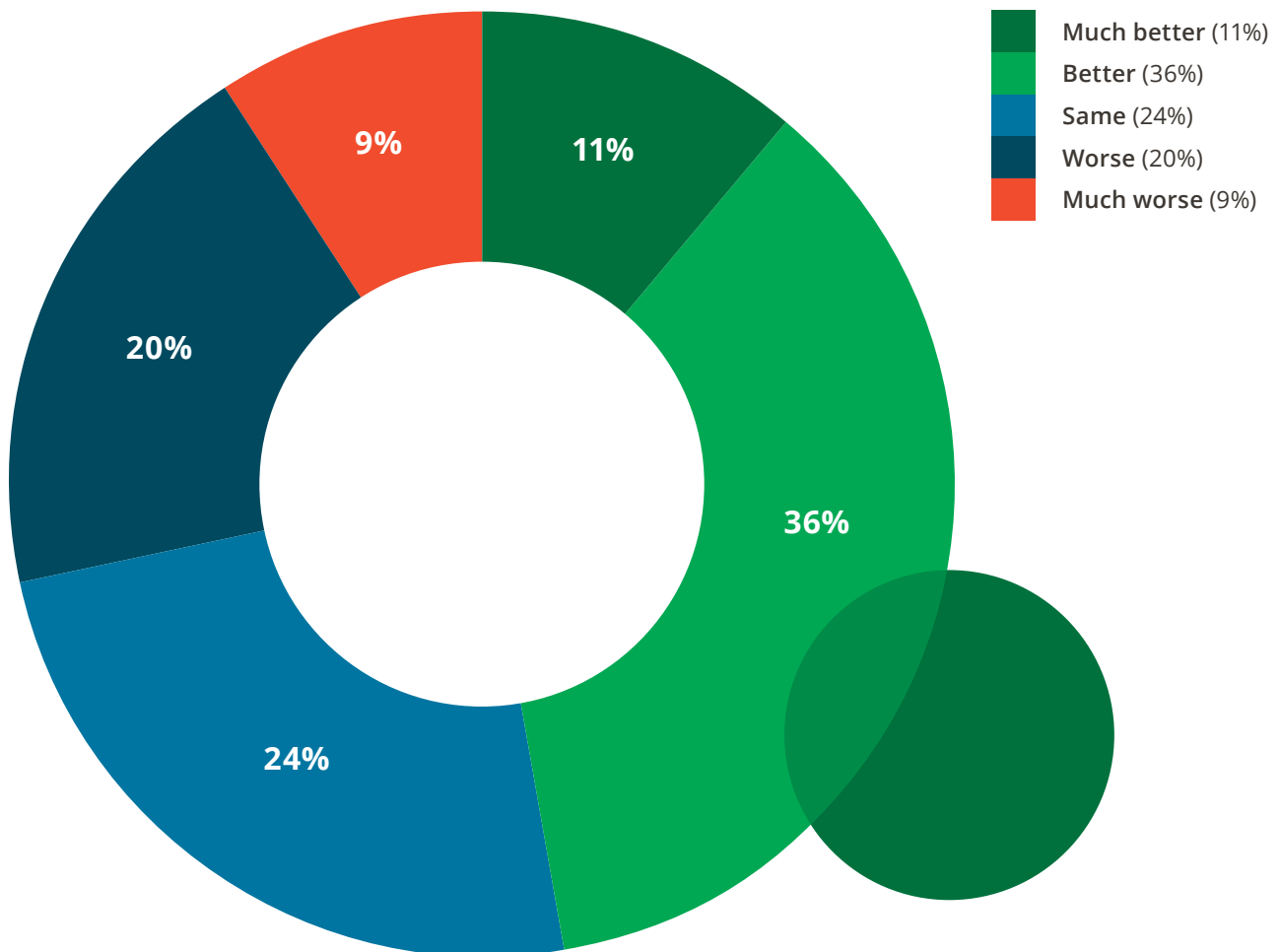
Some firms have begun to adopt elements of it, but there's still room for education among the broad set of survey respondents.



# The Post-Tax Season Survey 2022: Firm management

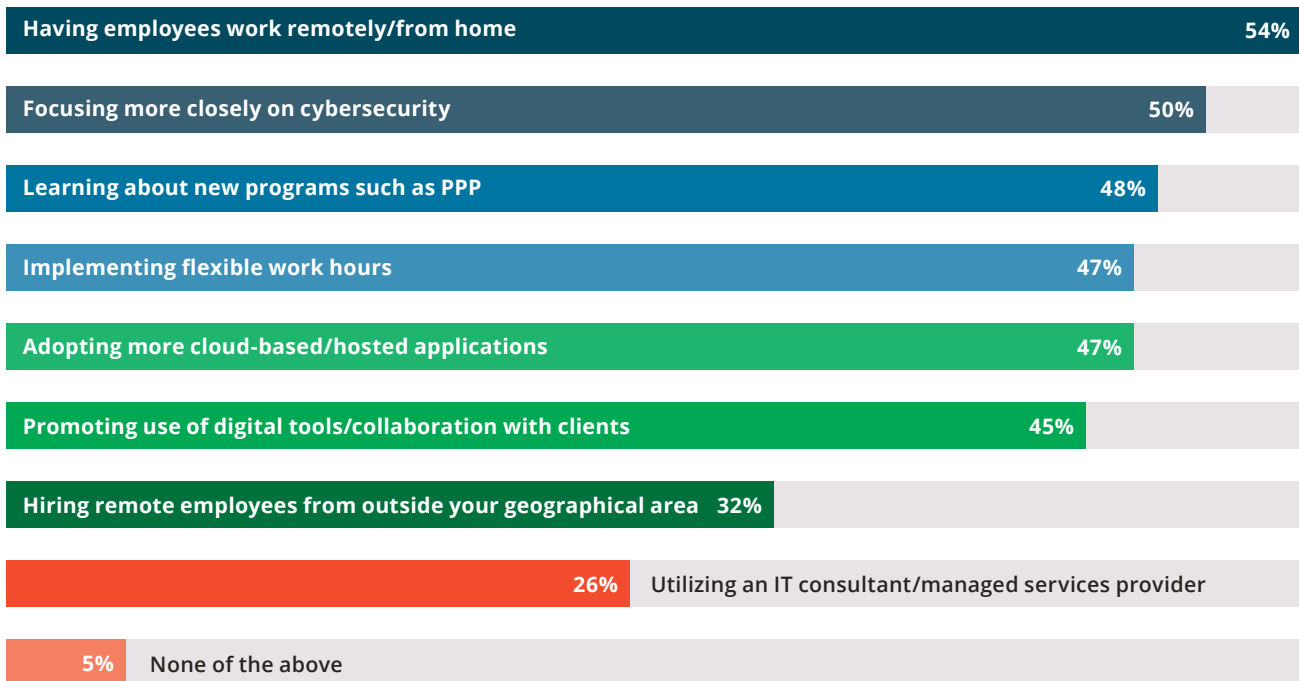
Here's how the 2022 Post-Tax Season Survey played out, question by question. The first category of questions involves business changes and firm management.

## 01 How did this year's tax season compare to last year's?



At first glance, these numbers don't look too bad. Nearly half of respondents said this season was better or much better than last season—almost the exact same percentage as the 2021 survey, in which 36% of respondents checked "much better" and 12% checked "better." But there are a few causes for concern. Nearly 3 in 10 respondents said tax season was worse or much worse—up from 23% last year—and the number that chose "much worse" actually tripled from 3% in 2021.

## 02 Which changes have you made in your business since March 2021?



A lot of firms began making many of these changes in 2020 and continued to implement them last year. Remote work seems like a new normal for many firms: 74% of respondents last year reported having implemented it in 2020, which makes sense given the timing of the pandemic. Of course, with the rise and permanence of remote work comes new security challenges. Fortunately, there are **new tools to help your firm boost security**.

One of the biggest jumps in this category from 2021 was the number of respondents boosting adoption of the cloud. Last year, 36% reported increasing adoption of cloud-based applications and tools, while that number jumped 11 percentage points year-over-year to 2022. Similarly, the number of firms hiring employees from outside their geographical base jumped from 24% to 32%, a sign that remote work is making it easier to find employees by broadening the field of recruitment.

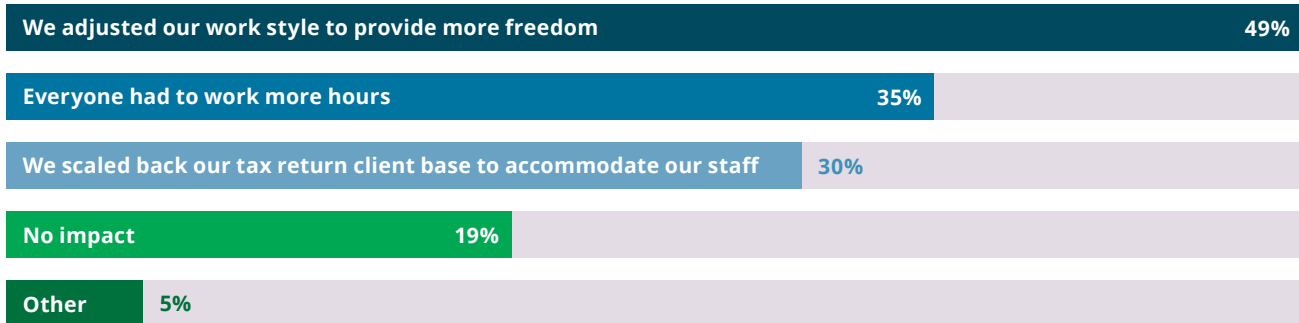
**03** If you selected a change in the previous question, please indicate how likely your firm is to keep these business changes in place for the long term.  
(Percentages shown indicate the respondent checked one of the top two boxes on a 5-point scale.)



- Utilizing an IT consultant/managed services provider (97%)
- Promoting use of digital tools/collaboration with clients (96%)
- Adopting more cloud-based/hosted applications (94%)
- Focusing more closely on cybersecurity (92%)
- Implementing flexible work hours (90%)
- Learning about new programs such as PPP (85%)
- Having employees work remotely/from home (84%)
- Hiring remote employees from outside your geographical area (79%)

Most changes put in place during the last couple of years seem permanent at this point. Last year's survey announced the arrival of a "new normal," and that's exactly what this year's survey shows taking hold. Remote work, outsourcing to the cloud and flexibility for employees are the trend for the present as well as the future. That's a positive for firms struggling to find and retain employees.

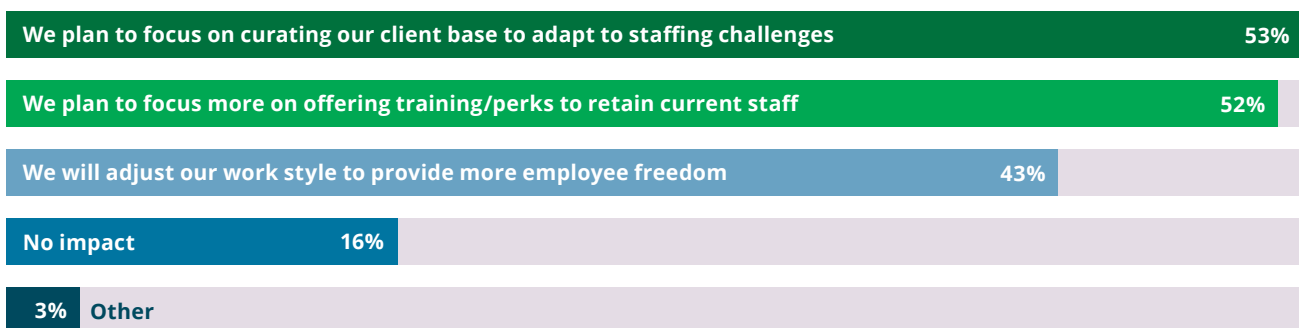
## 04 You may have heard the term “the Great Reassessment” (a.k.a. “the Great Resignation” or “the Big Quit”) in the market, referring to workers who are rethinking their careers. How did the Great Reassessment impact the way your firm managed this past tax season?



Ouch! The Great Resignation had a real impact on accounting firms. Almost half of responding firms had to adjust how they used employee resources. Much more painfully, though, more than one third reported that everybody had to work more due to employees leaving. That’s a huge number. Another 30% reduced their client base to handle work volume.

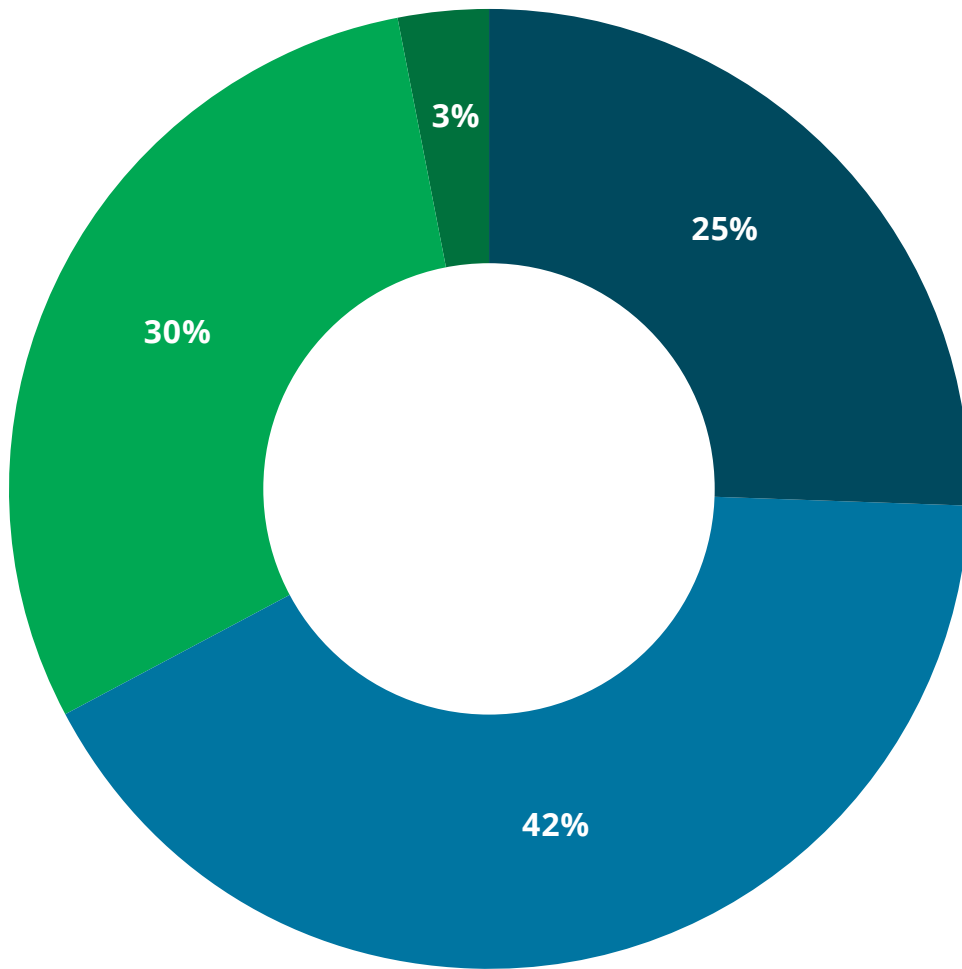
That second number doesn’t necessarily indicate anything negative, though. In fact, reducing the client base to the right clients—the ones easiest to work with, the ones that pay on time, the ones that value a relationship with the firm—is a key element of Smart Client Management. So, some firms might be practicing SCM without even knowing it. The key is to pick the right accounts from which to distance the firm.





## 05 How will the Great Reassessment impact the way your firm is managed going forward?



There’s a recognition here that the reality of working with employees has changed for good. There are also signs that firms are taking positive actions to find and retain staffers. Again, curating the client base is a cornerstone of SCM. Offering employees more freedom is a byproduct of SCM done well; when firms implement SCM properly, one of the benefits they experience is creating a better culture for people working at the firm.

**06** Based on the 2022 tax season, what statement below best describes how you would like to move your firm forward for the future?



-  Tax season is becoming too stressful for our firm; we have a new approach and plan to execute (25%)
-  Tax season went well; we like our approach (42%)
-  Tax season is becoming too stressful for our firm; we need a new approach but are unclear how to proceed (30%)
-  Other (3%)

In the responses to this question, we see a significant percentage of firms searching for answers and another substantial number just beginning to implement processes to make tax season less stressful. While a quarter of firms seem to have a plan for making tax season more bearable, they're not where they want to be yet in implementing a new approach. An even larger number reports having problems and not knowing what to do. Fewer than half of respondents are happy with what they're doing now.

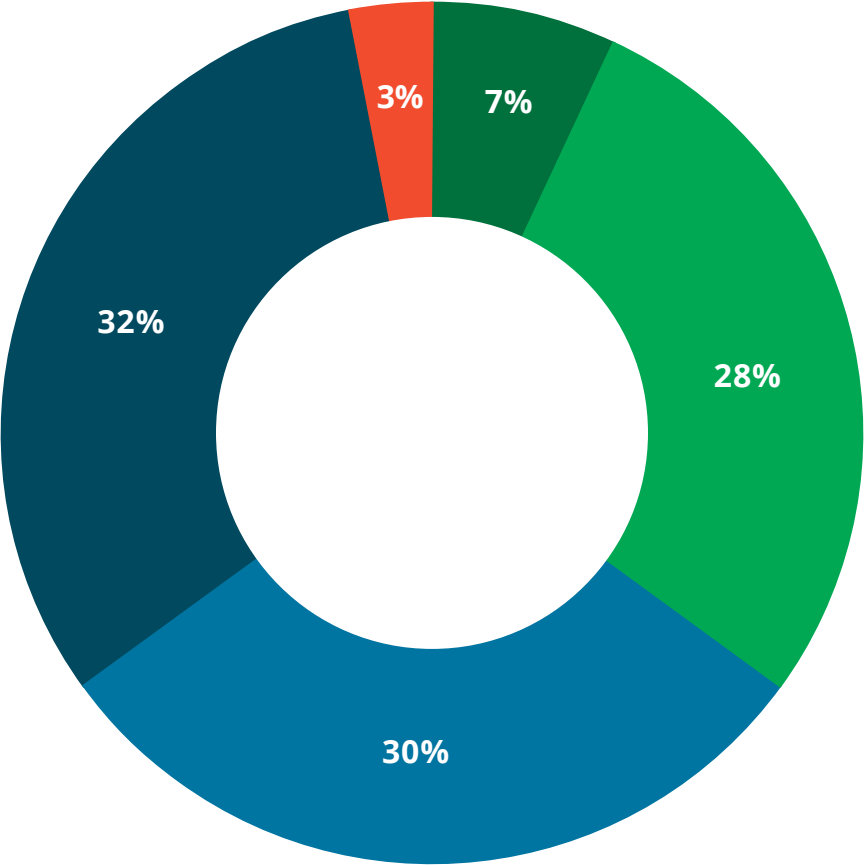
Accounting firms are in a time of transition. Many firm owners are looking to retire and either sell their firms or pass them along to family members or associates. But there is a dearth of young accountants ready to move into firms, and younger employees simply won't stick around with a firm if tax season is too...well, taxing. Firms need a new approach. They need SCM.



**Smart Client Management is a phrase used to describe the daily management of a firm’s client list to achieve the following:**

- Optimize a sustainable workload balance.
- Leverage insights for a holistic product service approach/technology adoption.
- Maximize revenue realization through pricing.

## **07** How would you characterize your approach to Smart Client Management?



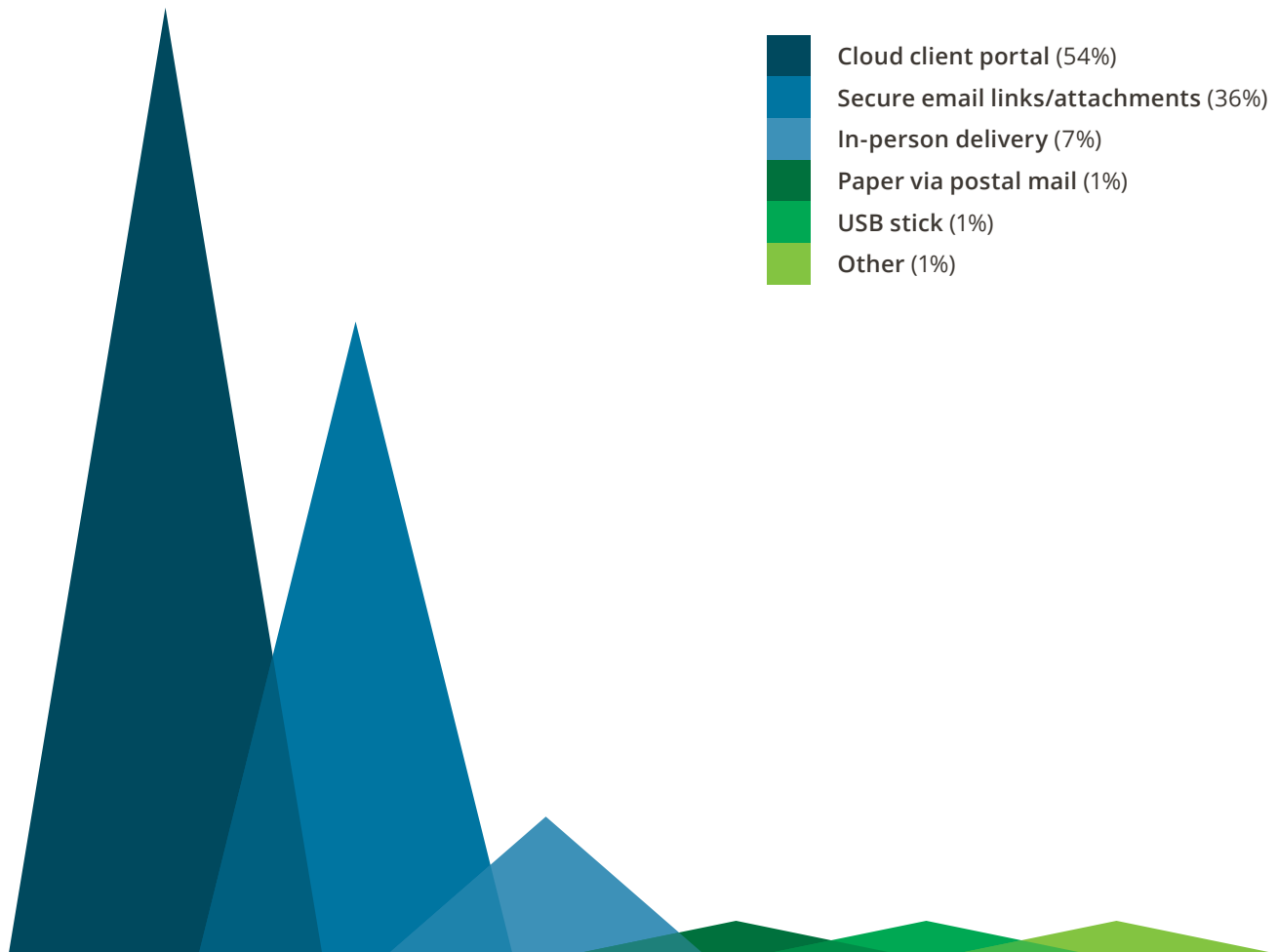
- Don't have an approach and don't really see the value (7%)
- Don't have an approach but can see the value (28%)
- Have an approach but lack a cohesive strategy for execution (30%)
- Have an approach and execute on it well (32%)
- Other (3%)

Smart Client Management is that innovative approach, and firms are starting to notice. There is still a lot of room for education in SCM, though, and smart firms will embrace it to get a jump on those that don't. Based on the responses to this question, some have already begun to implement SCM.

# The Post-Tax Season Survey 2022: Technology

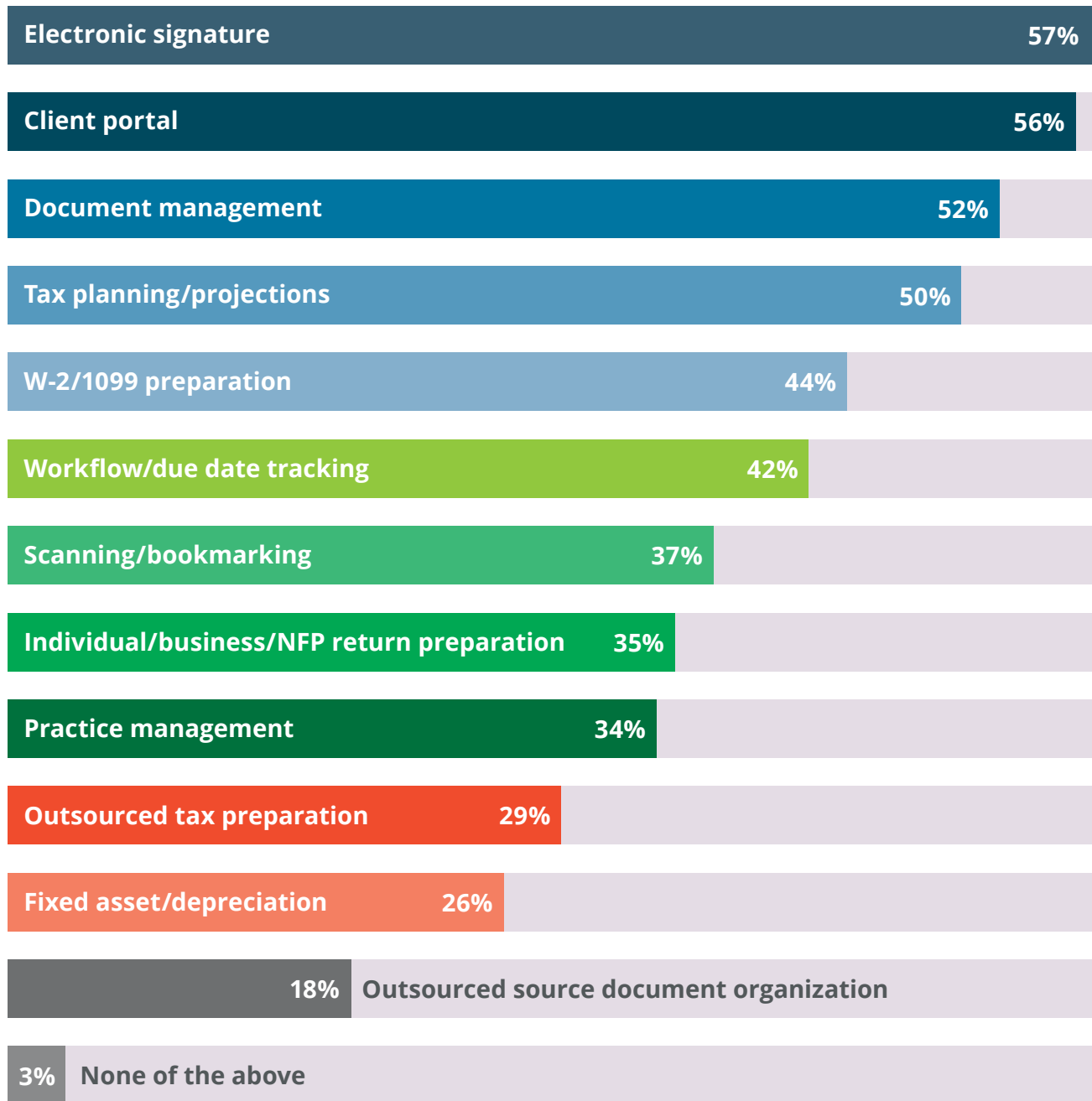
The next set of questions takes on how firms handle technology and demonstrates the value of running applications—and sometimes whole firms—in the cloud.

## 08 What is your preferred method of sharing information with clients?



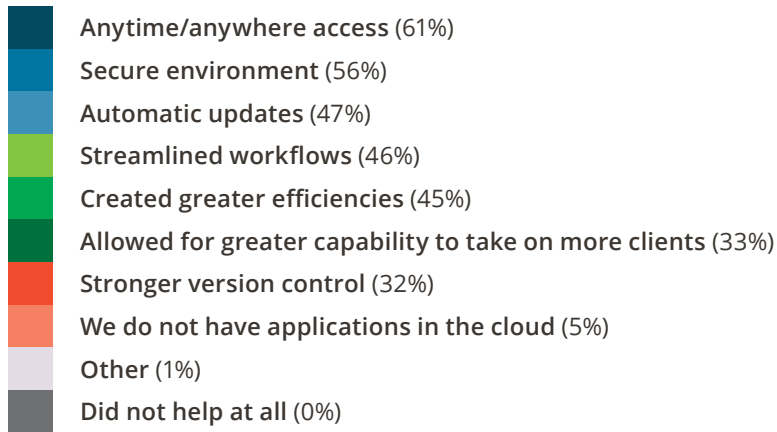
Moving to technology, it's encouraging to see that the number of respondents using infamously insecure USB sticks to exchange information with clients dropped from 5% in 2021 to 1% this year. In-person delivery ticked up a bit from 4% last year, perhaps due to greater comfort with face-to-face meetings post-pandemic. But the cloud continues to be the preferred method of information exchange, and understandably so: In the cloud, firms have the same level of security that big banks enjoy and can work with clients from anywhere and at any time. [Find out more about hosting applications](#), including QuickBooks® Desktop, in the cloud with Right Networks.

## 09 Which of the following tax solutions does your firm run in the cloud?



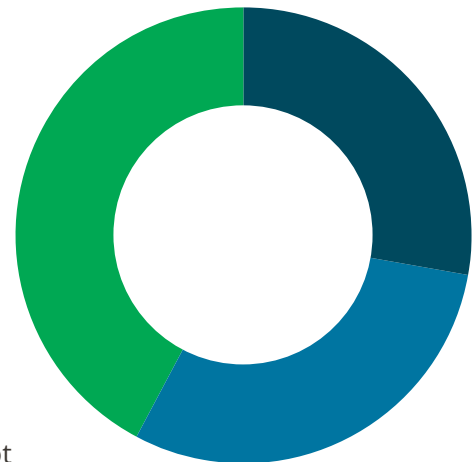
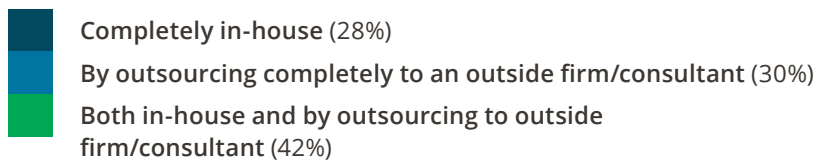
Accounting firms are embracing automation in various forms, as this survey result shows. Electronic signature, document management and workflow applications are all pillars of automation that facilitate communication between firms and clients and help strengthen relationships between the two. Expect uptake of all these technologies to continue to increase, specifically in the area of return preparation and tax-form preparation.

## 10 How has the cloud enabled you to better manage client demands during tax season?



The response to this question clearly lays out the benefits of the cloud. Every respondent using the cloud in some way saw a benefit from it, with access and security the top advantages. Firms that run applications in the cloud significantly reduce their security risk and operational costs. They can focus on their business and let experts handle running critical applications. The 5% percent of firms in this survey not in the cloud are missing out, falling behind and exposing themselves to security risks.

## 11 How do you manage your IT today?



A hybrid model, such as hosting key business applications in the cloud, takes the plurality of responses here. It's interesting to note that more firms outsource all their IT than run it completely in-house. Running IT in-house comes with maintenance costs and security risks that can be too great for a lot of firms. The benefits of the cloud are clear. **Fully outsourcing IT**—for instance, with Cloud Premier from Right Networks—is an intriguing option for firms that want to focus on running their businesses and don't want to deal with technology.

**12** For those who manage all or some IT in-house, which statement below best describes how you feel about fully outsourced IT services?



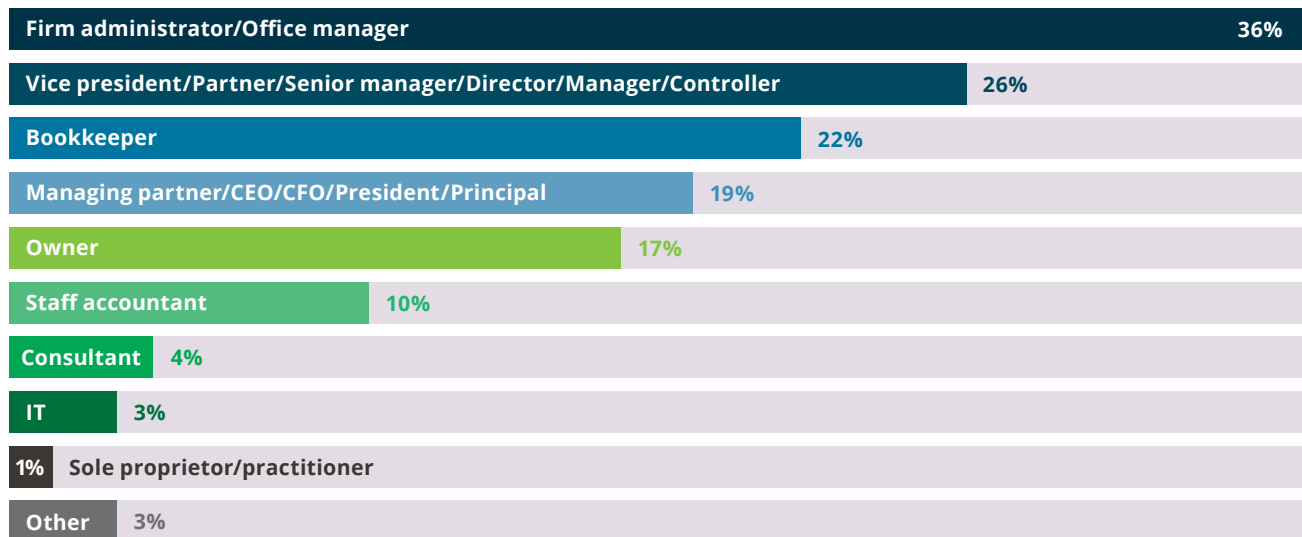
- Have tried/used fully managed IT services in the past and would not use again (7%)
- Have tried/used fully managed IT services in the past and would consider it again (47%)
- Have not used fully managed IT services and would not consider it (8%)
- Have not used fully managed IT services but would consider it (28%)
- I'm not sure (10%)

With security a constant issue, maintenance costs rising and IT workers harder to find and maintain, outsourcing IT completely is an option that works well for a lot of firms. Few respondents have had a bad experience with it. Full IT outsourcing is a model that's likely to grow as firms look to focus on accounting and minimize effort spent running IT operations.

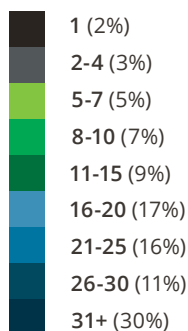
# Survey demographics

This survey was conducted online and received responses from 149 accounting firms. Demographic details of respondents follow:

## 13 What is your job role?



## 14 How many employees does your firm have?



## 15 What types of services does your company provide?

