

Transitioning to the Next Generation of Success

KEY FINDINGS FROM THE CCH ACCOUNTING TRENDS SURVEY

INTRODUCTION	1
Opportunities and Challenges	2
TRENDS	3
Specialization and Alliances	3
Paperless	6
Knowledge Management	8
Staffing Issues	10
Portability	11
CONCLUSION	13
PAPERLESS CHECKLIST	15



INTRODUCTION

The demands on the accounting profession have changed in unexpected and positive ways in recent years, driven by increasing regulatory complexity, the need for specialization, the globalization of businesses and shifting demographics. On top of this are economic factors, which will not only challenge some firms, but will also bring new opportunities.

As a strategic partner to tax and accounting professionals, CCH, a Wolters Kluwer business conducted a nationwide survey of accounting firms to take a closer look at the issues firms face today and the trends that will influence the profession in the near-term, over the next three years. The *CCH Accounting Trends Survey* provides professionals with a practical, inside view of what firms of all sizes, across the profession, see as opportunities and challenges and what they are doing now to prepare for tomorrow.

At the center of the survey findings is the need for firms to continue to increase revenue and the continued opportunity for growth through:

- Client specialization and client service excellence;
- Recruiting and retaining talent; and
- Efficiently and effectively leveraging employee and client knowledge.

Simply stated: Firms nationwide have said that their continued future success is about people – the people they serve as clients, the people they engage as employees, the people they partner with and successful collaboration among these groups.

This is illustrated in the factors most partners agree are driving change today: the need to improve efficiency and increase revenue, build and sustain staffing skills and do both of these at a level high enough to meet client expectations.

Top Factors Driving Change Today

- Improved efficiency and increased revenue
- Staff skills
- Client expectations

Top Factors Driving Change in Firms Today



Figure 1. Nearly two-thirds of firms identified improved efficiency and increased revenue among the top three most important factors driving change in their firm today, followed by staff skills and client expectations.

The equation has never been so clear. The ability to serve clients best is all about the clients a firm chooses to serve, the people a firm has on its team and the ability to best leverage tools to utilize client knowledge and employee expertise – anytime, anywhere.

The good news is that firms today are on the right path to achieve this next generation of success. As intelligent businesses, they are beginning to leverage their most valuable asset, professional staff, to serve clients better by most effectively and efficiently managing information and resources through paperless solutions and knowledge management programs. As a result, they are increasing the value of service they provide to clients, while also improving the efficiency with which it's delivered.

Opportunities and Challenges

It's a great time to be part of the accounting profession. Despite a slowdown in the overall economy, most survey respondents do not expect that the economy will be a top challenge for them three years from now.

In recent years, the demand for tax and accounting services has grown, and survey respondents project this trend will continue, driven by new clients and new levels of client expectations. According to the *Public Accounting Report's (PAR)* most recent analysis, revenues for

the *PAR 2008 Top 100* firms were up 11.4%, reaching \$42.4 billion and marking the third consecutive year of double-digit revenue growth.

The demand driving growth can in part be attributed to the increased volume and complexity of regulation, which is creating new and more specialized client needs and enabling many firms to provide clients with higher value services.

In fact, two-thirds (67%) of firms participating in the *CCH Accounting Trends Survey* report there are now more clients they can serve, and 61% report that the value of the services their firm provides has increased as regulatory complexity has increased. At the same time, firms are also seeing an opportunity to be more discerning about the clients they choose to serve – enabling them to ensure quality service to valued clients. Forty-three percent report avoiding controversial clients and 38% report they let go of difficult clients. Additionally, nearly 70% report their firm has a client acceptance policy in place, whether informal (40%) or a written formal policy (28%).

While regulatory complexity provides new opportunities to firms, it also presents challenges. New audit risk assessment standards, fair value measurement and Sarbanes-Oxley reporting requirements were among the most concerning to partners today. Within three years, firms believe their greatest areas of regulatory complexity will

Most Challenging Areas of Compliance

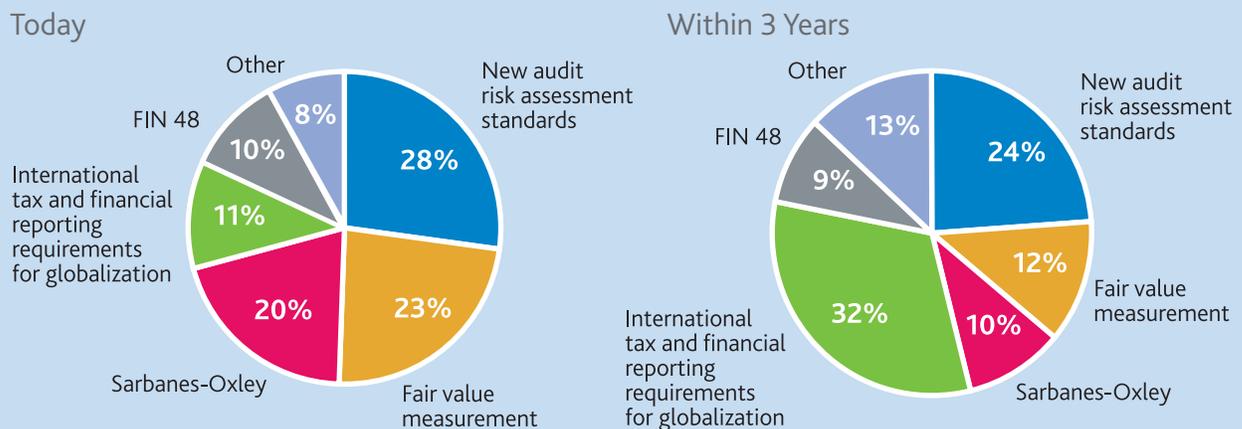


Figure 2. Firms today are challenged by a variety of regulatory issues, including new audit risk assessment standards. Looking ahead, firms are most concerned about international tax and financial reporting requirements for globalization.

shift to international tax and financial reporting requirements and audit risk assessments. New regulatory issues likely will come to the forefront as well over the next three years as accounting and tax law continue to evolve.

Overall, in terms of major challenges ahead, firms think first about business performance and the need to grow the business, then the internal factors within the firm that they must master to be successful in managing that growth, including:

- Growing the business;
- Keeping current with technology;
- Productivity issues; and
- Finding and retaining staff. (See Figure 3.)

TRENDS

As firms of all sizes address these opportunities and challenges nationwide, the *CCH Survey* identified the following trends in the profession:

1. The need for continued growth is driving greater client specialization and firm alliances to expand and enhance client service.
2. Increased efficiency and productivity needs require the accelerated adoption of paperless workflows and technology.
3. Staffing challenges and increased emphasis on a collaborative culture are driving the adoption of knowledge management practices and tools.
4. Demographics and cross-generational demands are requiring firms to become increasingly flexible and creative to address staffing issues.
5. Meeting client, firm and employee needs requires anytime, anywhere access to information and knowledge.

Trend: Specialization and Alliances

The need for continued growth is driving greater client specialization and firm alliances to expand and enhance client service.

According to the findings of the *CCH Accounting Trends Survey*, 50% of firms report that specialization is important to their future growth, and 66% report their specialization services are growing. (See Figure 4.)

Top Challenges of the Next Three Years



Figure 3. More than one-half of firms believe growing the business is among their top three biggest challenges within the next three years, followed by keeping current with technology, productivity, finding and retaining staff and keeping current with regulatory complexity.

To help grow their businesses, firms also are expanding their alliances, joining networks that allow them to offer deeper or broader – even global – coverage to meet clients’ growing demands.

Specialization

When it comes to specialization, firms see the opportunity to grow through a range of strategies, including delving deeper into existing specialty areas and expanding into new areas or focusing on clients in particular industries.

Specialization Trends



Figure 4. Two-thirds of firms agree that their specialized services are growing; most firms also agree they will need to drill deeper into the areas of specialization they currently offer.

Sixty-four percent of firms in the *CCH Accounting Trends Survey* report they will drill deeper into the areas of specialization they currently serve, while 56% report they will expand the number of areas in which they specialize.

Today, in the audit and accounting services area, respondents most commonly report audits of private companies, compilations and audits of public companies are among their firms' highest revenue services. Audits of private companies and compilations also are most commonly cited as among firms' fastest growing services, followed by reviews.

Looking ahead, the survey found that firms have identified forensic accounting services as a solid opportunity for growth. Today, less than one-third (32%) of firms have forensic accounting expertise. However, more than one-

half (51%) of all firms say they will offer this specialty within three years.

In the management advisory and consulting services area, firms report a broad array of services among their highest revenue earners. Most commonly, these include business management for small businesses, payroll services and technology consulting. Business management also is most commonly cited as among firms' fastest growing management advisory services, followed by bankruptcy/insolvency and wealth management services.

In the tax services area, firms identified their highest revenue earners most commonly as business tax compliance and consulting, individual tax compliance and consulting and tax consulting in general. Both tax compliance and consulting for businesses and individuals are seen as among the top fastest growing, followed by business planning services.

Highest Revenue and Fastest Growing Services Across Practice Areas

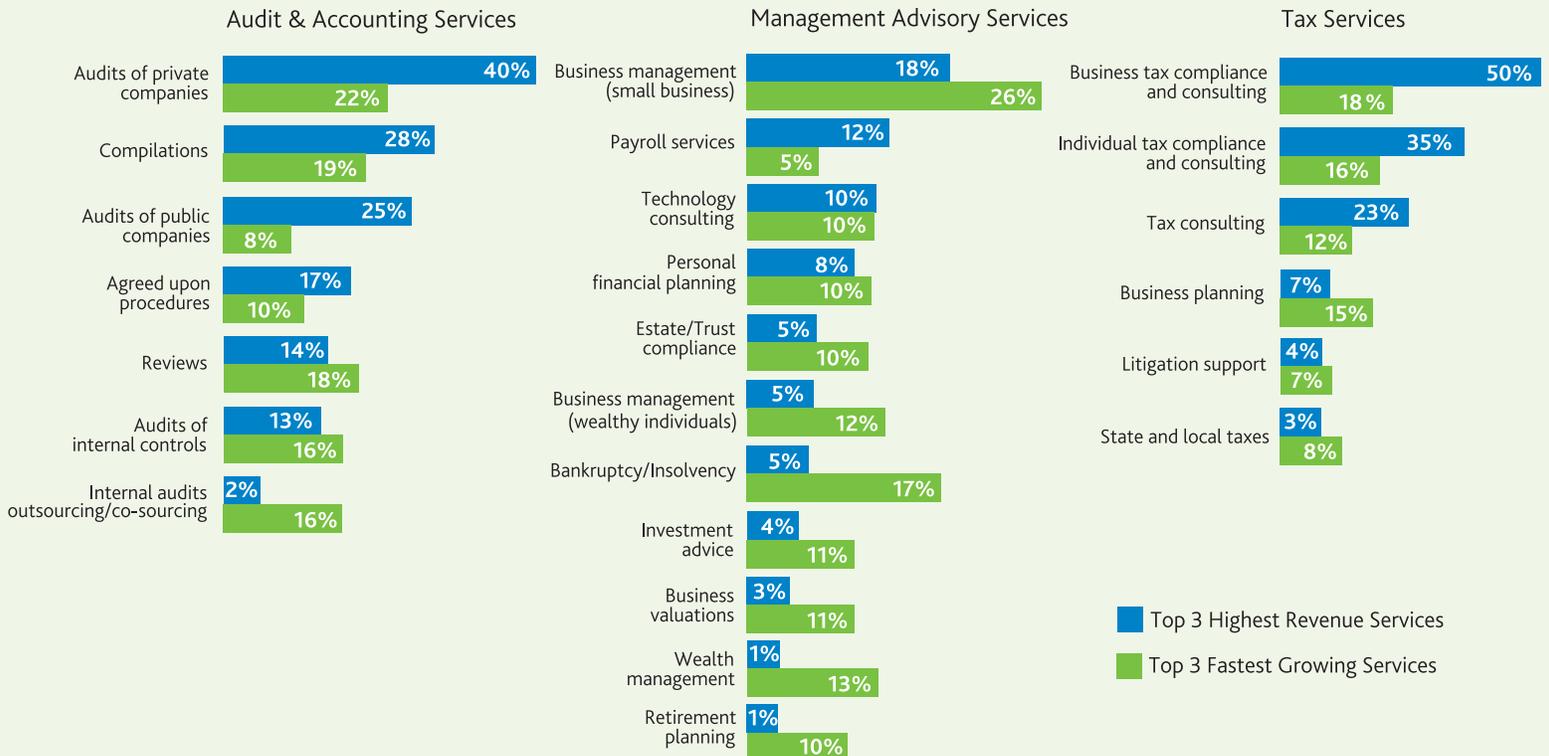


Figure 5. Firms cite a variety of services across practice areas as their highest revenue services today and their fastest growing services over the next three years.

Sixty-four percent of firms will drill deeper into the areas of specialization they currently serve, while 56% will expand the number of areas in which they specialize.

Most firms (59%) plan to become more specialized in particular practice areas, and just as many (59%) plan to become more specialized in specific industries.

When segmented by size, firms most commonly report both generating their highest income (48%) and expecting their fastest growth (54%) from serving small and mid-sized businesses. Work for individual clients also is among the fastest growing area for 36% of firms. (See Figure 5.)

Some firms are further segmenting markets to discover opportunities in particular niches – for example, focusing on Hispanic-owned businesses by providing services in Spanish and offering Spanish-language tools to these business owners so they can address business finances in their native language.

Strengthening Alliances

As firms seek to grow through specialization on their own, many also are looking to alliances to bolster their reach in terms of both specialization and geography. In fact, nearly one-half (46%) report they will need to partner with other firms to provide specialized services, according to the *CCH Accounting Trends Survey*.

Among firms participating in the survey, 38% are part of a national, regional or international professional network. The future value firms place on such participation is clear, with an additional 27% of firms planning to establish a network affiliation within the next three years, indicating the importance of partnerships not only for specialization but also for geographical reach. (See Figure 6.)



Membership in Professional Networks

Our firm...

Is not a member of a professional network

Is part of a national or regional professional network

Is part of a professional network with an international affiliation

Plans to join a national or regional professional network within 3 years

Plans to join an international professional network within 3 years

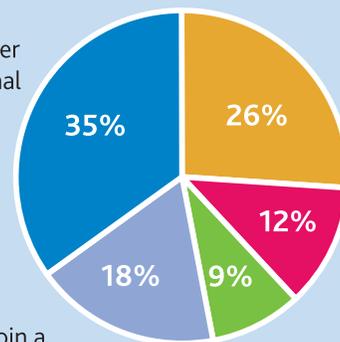


Figure 6. Most firms are, or plan to become, a part of a professional network over the next three years.

Trend: Paperless

Increased efficiency and productivity needs require the accelerated adoption of paperless workflows and technology.

The survey found that in addition to client expectations, the need for improved efficiency is a top driver of change for firms today and in the future. By enabling streamlined workflows, effective document storage and the ability to work and collaborate remotely, the paperless office plays a key role in addressing the top challenges firms face. Because a paperless strategy helps firms become more efficient and better able to deliver service to clients, it serves as a cornerstone to operating

The majority of firms believe paperless workflows and processes are critical to their future success (64%) and that paperless workflows and processes will evolve quickly in their firms in the next year (62%).

Benefits of Going Paperless



Figure 7. More than three-fourths of firms agree that paperless technologies will improve the service they can deliver to their clients.

as an intelligent business capable of being more productive and improving its bottom line.

Nearly two-thirds (64%) of firms believe paperless workflows and processes are critical to their future success. Specifically:

- 76% report that paperless technologies will improve the service they can deliver to clients;
- 71% say it will improve their competitiveness; and
- 67% state it will increase efficiency. (See Figure 7.)

Paperless Approaches

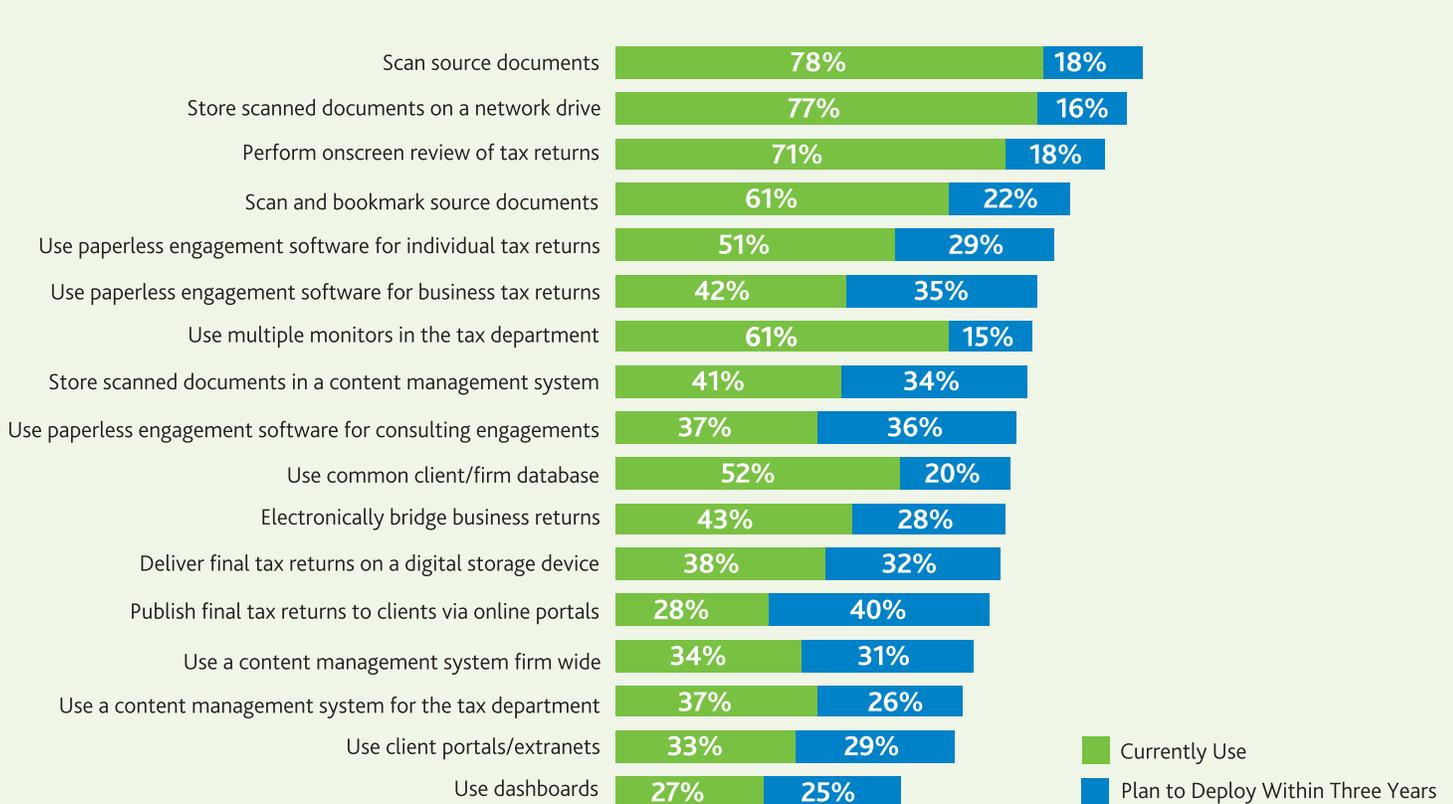


Figure 8. More than one-half of all firms will use each of these paperless approaches within three years.

With an understanding of the benefits and importance of a paperless workflow environment, and increasing pressures to drive growth and efficiency, most firms are not wasting any time in advancing their paperless strategies: 62% report that their use of paperless workflows and processes will evolve quickly over the next year.

The *CCH Accounting Trends Survey* confirmed that firms that are moving forward are taking a variety of steps. (See *Figure 8*.) For example, in the tax area more than 7 out of 10 partners report their firm already scans source documents, stores scanned documents on a network drive and performs onscreen review of tax returns, while more than one-half report their firm uses multiple monitors in the tax department, scans and bookmarks source documents, uses common client/firm databases and uses paperless engagement software for individual tax returns.

Looking ahead, within the next three years, the areas of strongest technology adoption include publishing final tax returns to clients via online portals. Just 28% of firms report doing this today, with an additional 40% planning to do so within the next three years. A collaborative approach with clients, allowing them to securely access source documents from a dedicated portal, helps firms build strong client relationships, reduces the time staff spends managing data and improves reporting accuracy because client files are in a single, shared location.

Other technologies that will see strong adoption over the next three years include using paperless engagement software for consulting engagements, using paperless engagement software for business tax returns and storing scanned documents in a content management system.

Additionally, another way firms are looking to more broadly leverage paperless technologies is by automating the population of tax returns. Twenty percent of firms today are doing this to some extent, with an additional 49% planning to do so within three years.

It's clear that given where firms are today, their focus is on quickly laying the groundwork for a paperless environment. In three years, leading firms will be more fully leveraging paperless with more dynamic technologies resulting in further improved efficiencies and productivity.

Getting Started with Paperless Initiatives

The paperless office is at the very heart of the intelligent business: it sets the foundation for success as it facilitates the ability to leverage information and knowledge; increase collaboration across the firm and with clients; and enable the elimination or minimization of repeatable, low-level tasks through the deployment of technology solutions.

Firms that already have begun to implement a paperless strategy know that realizing the benefits of their strategy and becoming fully functional in a paperless environment does not happen overnight. There is a learning curve, and processes and workflows need to be refined to best meet the firm's needs.

With 76% of firms reporting that paperless technologies will improve the service they can deliver to clients and 71% stating it will improve their competitiveness, firms that delay the implementation of a paperless environment are handing over their opportunities for growth to the competition.

The following five best practices can help firms get started with or improve the implementation of their paperless strategy to enhance firm performance across the board – from improved efficiency and productivity to higher quality client service.

1. **Automate the organization of your client source documents** – Scan documents and use software tools that allow you to benefit most from scanned documents, for example, allowing bookmarking capabilities to quickly find information.
2. **Use multiple monitors** – The investment in dual (or even more) monitors is quickly returned in increased productivity as staff can readily consult multiple documents or work within one application while referencing information in another.
3. **Simplify your workflow and collaboration** – Replace paper binders with electronic binders. By enabling staff to access everything they need from their desktop, or remotely via their laptop from a client engagement, more time can be focused on getting work done and collaborating with colleagues or clients rather than finding the information needed to do the work.
4. **Reduce data entry using product integration** – Using tools that seamlessly share information across your workflow means significantly less time staff is spending updating information and reduces the potential for errors.
5. **Store all of your firm's content electronically** – On a day-to-day basis this allows staff to be more productive as every electronic document is readily available and searchable. Make sure it's backed up and, ideally, stored remotely.

See pages 15 and 16 for a Paperless Checklist.

Trend: Knowledge Management

Staffing challenges and increased emphasis on a collaborative culture are driving the adoption of knowledge management practices and tools.

In today's environment, where the demand for services is high and the need for value-added, specialized and geographically expanded services is growing, knowledge and the knowledge worker are at the center of a firm's success. Firms face no small challenge in their ability to protect, leverage and grow the important asset of knowledge.

To date, much of the focus on the need for knowledge management has been driven by the threat of the loss of expertise resulting from the retirement of the baby boomers. Indeed, the risk is significant. But it's just one of several factors driving the need for firms to be proactive in their planning and implementation of knowledge management.

Firms also need to consider the expectations of their clients, who want the best the firm has

Knowledge Management's Role in an Intelligent Business

While a paperless strategy contributes to the foundation of the intelligent business by providing an intelligent environment in which a firm operates, knowledge management serves as a cornerstone by harnessing the intelligence within the firm.

Specifically, when it comes to knowledge, firms should:

- Have knowledge management processes in place that focus on collecting and leveraging unique staff knowledge and expertise, as well as client and industry information;
- Create a collaborative culture that encourages teamwork, knowledge sharing and learning; and
- Deploy technology solutions that streamline processes; facilitate the capture, management, accessibility, sharing and deployment of knowledge and customer information; and enhance client communications and relationships.

Benefits of Knowledge Management



Figure 9. Most firms report that the most significant benefit of knowledge management is increased efficiency.

to offer – continually and increasingly across a wider spectrum of needs, locations and hours. Firms also must recognize that as the need for client specialization is climbing, the availability of specialists is shrinking. Additionally, there are the generational issues and the need to tap into the talent of younger professionals who thrive on social and business networking, collaboration and the creation of community.

Based on the convergence of these factors, the importance of knowledge management to firms is shifting from optional to critical. Today, one in five (21%) firms surveyed reported they have a knowledge management program in place. The CCH Accounting Trends Survey found, however, that 59% of firms expect to have a knowledge management program in place within the next three years.

Among the top benefits of knowledge management that firms identify are increased efficiency, improved client service and increased productivity – all the factors that currently are driving change within their organizations and presenting the greatest challenges to them in growing their firms. (See Figure 9.)

Tools to Support Knowledge Management

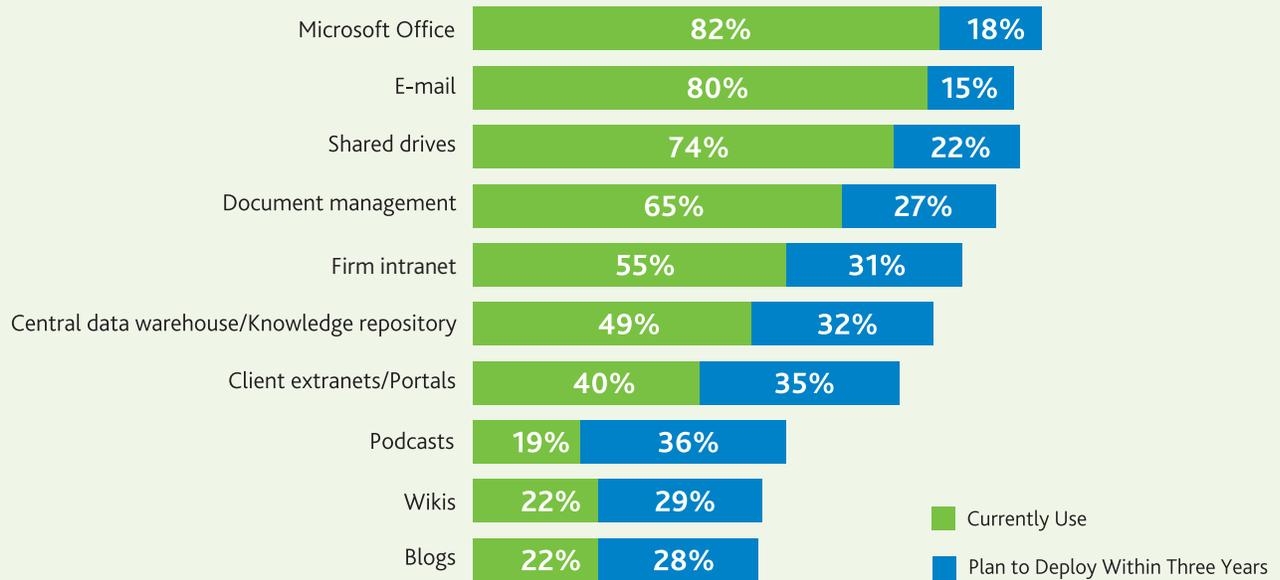


Figure 10. Traditional tools, like Microsoft Office, are the most commonly used tools to support knowledge management today, while social networking tools and portals are likely to gain in popularity over the next three years.

The importance of knowledge management is shifting from optional to critical. Fifty-nine percent of firms expect to have a knowledge management program in place within the next three years.

Today, conventional tools, such as Microsoft Office®, e-mail and shared drives, are most often being used to support knowledge management initiatives.

However, within the next three years, firms anticipate increased use of more collaborative and social networking tools, such as podcasts, blogs and wikis. The use of client extranets and portals to support knowledge management are also projected to grow quickly in the next three years. Most firms also expect to adopt knowledge repositories, indicating a move from a more informal to a more disciplined approach to capturing and leveraging knowledge across the firm. (See Figure 10.)



Trend: Staffing Issues

Demographics and cross-generational demands are requiring firms to become increasingly flexible and creative to address staffing issues.

Creativity and flexibility are key words for accounting professionals when it comes to staffing issues.

After several years of low interest among college students in the accounting profession,

Whether the issue is younger talent, or tapping the gold mine of experienced workers' expertise in new ways – as the saying goes – invention is born of necessity and firms are certainly stepping up to the challenge.

the number of newly minted accounting graduates hit a 36-year high in 2008. Unfortunately, this appears to be a drop in the bucket when it comes to meeting current and expected demand, with two out of three firms anticipating continued hiring growth.¹

Moreover, attracting new graduates is not the only concern for most firms: nearly three-fourths of organizations across the U.S. are noticeably concerned they will lose their more experienced accounting and finance professionals to other job opportunities.²

Add to this that the first of the baby boomers became eligible for Social Security in 2008 and over the next two decades nearly 80 million baby boomers – or about 10,000 per day – will hit retirement age,³ and it becomes clear firms are facing the “perfect storm” of staffing.

Steps Firms are Taking to Address Staffing Challenges

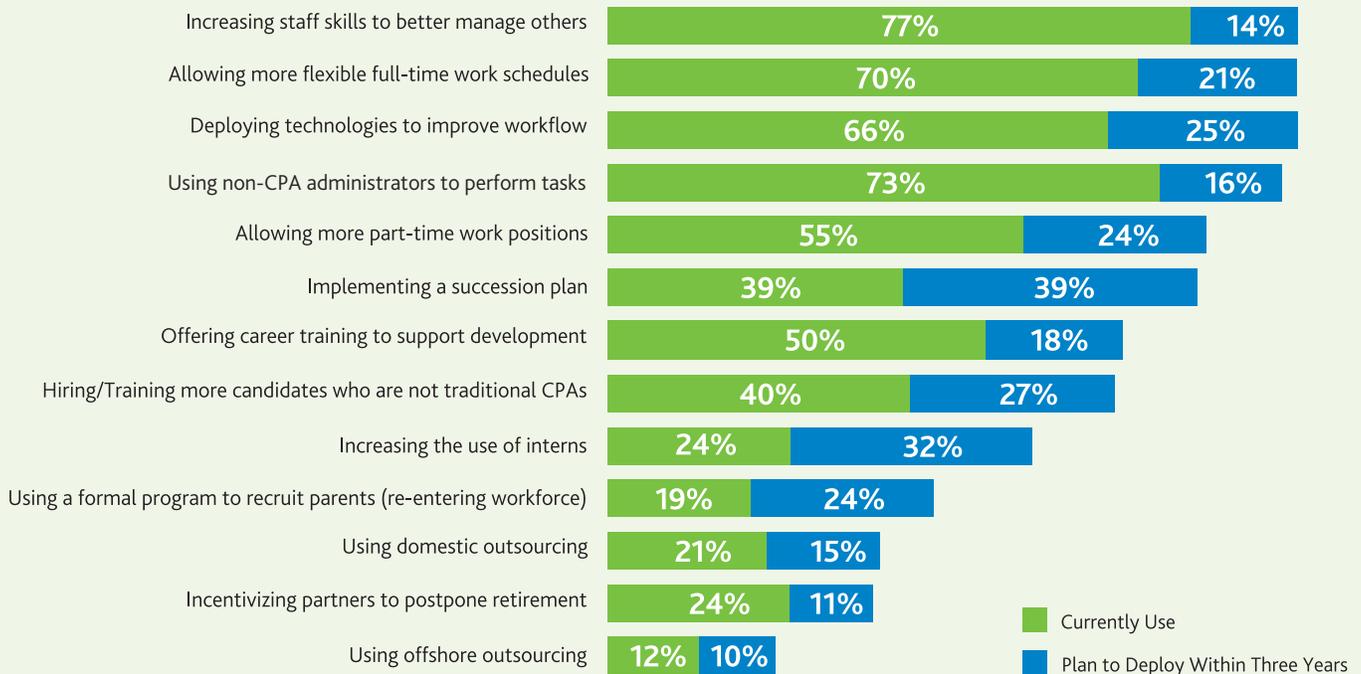


Figure 11. Most firms are taking steps today to increase staffs' people management skills; increasingly over the next few years firms will be focusing on ramping up succession planning, increasing the use of interns and deploying technologies to improve workflow.

Possibly more than any other profession today, the accounting profession needs to become more creative, flexible and intelligent about addressing its staffing challenges. Whether the issue is younger talent, or tapping the gold mine of experienced workers' expertise in new ways – as the saying goes – invention is born of necessity and firms are certainly stepping up to the challenge.

According to the *CCH Accounting Trends Survey*, firms are actively adopting a range of approaches, including programs to improve management skills; broaden their labor pool to include non-CPA and non-traditional CPAs to perform certain tasks; allow more flexible work arrangements; and deploy new technologies to streamline and improve workflows. (See *Figure 11*.)

Improving management skills is also essential in retaining staff. Studies, including the 2006 *CCH Young Accounting Professionals Survey*, have shown that younger employees thrive in learning environments and consider the ability to learn new skills an essential part of their career. While just 39% of firms indicate they've implemented a succession plan, an additional 39% of firms intend to implement succession planning in the next three years. Ideally, a strong focus on managerial skill training will help prepare their younger partners to take the helm.

Approaches that take into consideration life/work balance are also important, with 7 out of 10 firms allowing flexible work schedules and more than one-half of firms making more use of part-time positions. That trend is promising, as CCH's *Young Accounting Professionals Survey* found that after compensation, flexible hours were the most important benefit to young CPAs. It's also attractive as an alternative to retiring staff, who may want to opt out of the partner track, but want to continue to contribute their expertise to the firm, but not on a full-time basis.

As firms need to continue to attract and retain talent from across the generations, including younger and older workers who expect work to be just a part of their life, not all of it, the ability to provide a flexible work environment is increasingly important to a firm's success.

Trend: Portability

Meeting client, firm and employee needs requires anytime, anywhere access to information and knowledge.

As individuals in an information age supported by just-in-time technology, all of our expectations have changed. We want service 24/7. We expect instant access and instant answers.

The game has also changed for what clients – and for that matter, what employees – expect of accounting firms. Performance isn't about what gets done in the office; it's about what gets done – period.

Clients expect results, whether they work with a firm in their office, the firm's office or someplace in between. They want a partner who is focused on their business, and they want to be able to communicate needs; access services and information; upload or download data; and collaborate with a team of the most knowledgeable professionals – wherever they are. (See *Figure 12*.)

Performance isn't about what gets done in the office, it's about what gets done – period.

Benefits of a Mobile Workforce



Figure 12. Improved productivity and enhancing life/work balance for staff are among the top benefits firms cite for supporting a mobile workforce.

Hosted Applications



Figure 13. Among firms that have or are planning to deploy hosted applications, the most common hosted application today is accounting software; the fastest growing over the next three years will be hosted practice management applications.

The *CCH Accounting Trends Survey* shows that firms are increasingly implementing paperless and knowledge management solutions to support this workplace without walls in order to meet client demand.

As a result, firms are also enabling staff to work when and where they need to, with the implementation of more flexible work arrangements and the expanded ability for staff to work remotely. Today, firms report that on average, 22% of their professional staff works remotely to some extent.



Significantly, nearly one-half of firms (48%) expect to see an increase in the number of professional staff working away from the office within the next three years. Working at a client's office or in the field is the most common reason, cited 51% of the time, for professional staff to be working outside the office. Working from home as needed is the reason 26% of the time, while working from home under a formal telecommuting program is the reason 19% of the time.

Firms recognize that enabling staff to work remotely benefits the client, the firm and employees. The single most important benefit firms identify is that having a mobile workforce improves productivity. Other important benefits are that it improves client service and increases billable time. From a staffing perspective, supporting a mobile work environment enhances life/work balance and helps firms improve their ability to attract and retain employees.

Supporting the needs of on-demand service from clients, and an anytime, anywhere workforce, requires ready access to software and applications from any location. One-half of the firms responding to the *CCH Accounting Trends Survey* indicated they are using, or plan to implement within the next three years, third-party hosted applications or software as a service (SaaS) applications.

Among firms that already host or plan to host specific applications, the hosted ASP solutions most commonly cited are hosted accounting software, e-mail and tax compliance software. Hosted document management and hosted practice management applications will be the fastest growing over the next three years, according to the survey. (See *Figure 13*.)

In addition to benefiting mobile workers, hosted applications benefit overall firm efficiency. Firms are able to deploy technologies across their organizations – both at local and remote desktops – without dedicated IT staff resources and can ensure they have the most up-to-date software versions without having to install any software.

CONCLUSION

The demands on the accounting profession have changed in unexpected and positive ways in recent years. The *CCH Accounting Trends Survey* identified trends that are taking place as firms look to address the opportunities and challenges ahead. With a better understanding of where the profession is heading, firms need to ask themselves where they are on the continuum: ahead of the competition, on par with colleagues or about to fall behind?

Among the key findings of the survey:

- The need for continued growth is driving greater client specialization and firm alliances to expand and enhance client service. Two-thirds of firms report their specialized services are growing.

As client needs grow and also become more specialized, firms that want to maintain a leadership position will need to focus on building their strengths and also actively establishing alliances to further expand expertise and reach.

- Increased efficiency and productivity needs require the accelerated adoption of paperless workflows and technology. Most firms see paperless technologies improving the service they can deliver to clients, improving their competitiveness and increasing their efficiency. As a result, 62% expect their paperless initiatives to evolve quickly in the next year.

Best practices that can help firms get started with or improve the implementation of their paperless strategy: automate the organization of client source documents; use multiple monitors; simplify workflow and collaboration – replace paper binders with electronic binders; reduce data entry using product integration; and store firm content electronically.

- Staffing challenges and the increased emphasis on a collaborative culture compels the adoption of knowledge management practices and tools. The majority of firms expect to have a knowledge management program in place within the next three years.

When it comes to effectively managing knowledge, firms should: have knowledge management processes in place that focus on collecting and leveraging unique staff knowledge and expertise, as well as client and industry information; create a collaborative culture that encourages teamwork, knowledge sharing and learning; deploy technology solutions that streamline processes; facilitate the capture, management, accessibility, sharing and deployment of knowledge and customer information; and enhance client communications and relationships.

- Demographics and cross-generational demands are requiring firms to become increasingly flexible and creative to address staffing issues. After compensation, flexible work arrangements have been shown to be the most important benefit to younger professionals. Those programs will also help firms retain the talent of the boomers, who may want to stay in the workforce, at least part time, longer.

Firms need to adopt a range of approaches to meet the needs of a three-generational workforce, including programs to improve management skills; broaden their labor pool to

include non-CPA and non-traditional CPAs to perform certain tasks; allow more flexible work arrangements; and deploy new technologies to streamline and improve workflows.

- Meeting client, firm and employee needs requires anytime, anywhere access to information and knowledge. One-half of firms indicated they are using, or plan to implement within the next three years, third-party hosted applications or software as a service (SaaS) applications.

Supporting the needs of on-demand service from clients and a mobile workforce requires ready access to software and applications from any location.

At the center of the survey findings is that firms nationwide have said that their continued future success is about people – the people they serve as clients, the people they engage as employees, the people they partner with, and successful collaboration among these groups.

The good news is that firms today are on the right path to achieve this next generation of success. As intelligent businesses, they are beginning to leverage their most valuable asset, professional staff, to serve clients better by most effectively and efficiently managing information and resources through paperless solutions and knowledge management programs. As a result, they are increasing the value of service they provide to clients, while also improving the efficiency with which it's delivered.

About the Survey and CCH

CCH Accounting Trends Survey 2008

The CCH Accounting Trends Survey polled 194 partners in U.S. accounting firms. The survey was conducted online for CCH by Harris Interactive from August 26 to September 2, 2008. The survey reflects experiences of randomly polled accounting firms ranging in size from firms with five to more than 100 employees.

CCH, a Wolters Kluwer business

CCH, a Wolters Kluwer business is a leading provider of tax, accounting and audit information, software and services. It has served tax, accounting and business professionals and their clients since 1913. To learn more about CCH software, research and integrated workflow solutions, please visit CCHGroup.com.

For additional copies of the CCH Accounting Trends white paper, please go to CCHGroup.com/Trends.

Endnotes

- ¹ AICPA Survey: *Accounting Degrees Reach Highest Level in Over 30 Years.*
- ² Robert Half Survey: *Global Talent Shortage Continues in Accounting and Finance.*
- ³ *First Baby Boomer Receives 1st Social Security Check, Feb. 2008, USA Today.*

Paperless Checklist

Steps to Make Paperless Best Practices Work for You

Overall, your paperless strategy needs to start with a written plan. It should define your goals and objectives; identify project owners, champions and individuals who will be impacted by the migration; detail strategy and tools; and provide a timeline for implementation.

As part of the goals and objectives, it's important to define the scope of the project. For example, is your firm just interested in moving tax preparation or auditing functions or your firm's back-office operations to paperless, or are you looking to migrate the entire firm to a paperless environment? You also should baseline your current operations and costs so that you can accurately measure results.

The project managers are the people who will get the job done. But it's also essential to have an executive sponsor who will champion the program, providing the visibility it needs to succeed. This person should be available to resolve conflicts that arise during implementation to help ensure the project remains on track.

A broad paperless initiative will have an impact across your firm. Make sure staff knows about the initiative, why it is being undertaken, how it will impact their work and processes, and, most importantly, information about the training or support they will receive in migrating to the new environment. Externally, clients, partners and providers may also be impacted. For example, if you are moving to a client portal, clients need to understand the migration, how the new process will benefit them and how to use the portal.

The scope of your paperless effort and the resources you have assigned to implementation will drive your migration timeline. Make sure timelines are realistic and factor in other firm calendar commitments, for example, tax season. For complicated projects, include milestones so that staff can celebrate accomplishments and see progress regularly.

Your strategies and actions need to directly support your goals and objectives. Based on best practices CCH has identified, the following checklist will help you determine areas you'll want to consider as you begin implementing a paperless environment. CCH Consulting Services also is available to help you design, plan and implement your paperless environment.

Create a written plan that answers:

- What is your firm's goal in moving to paperless?
- What are your objectives?
- Who are the project managers and executive sponsors?
- Who will be impacted by the paperless environment, including staff, clients, partners and providers?
- What are the strategies and supporting tactics you are using to move to a paperless environment?
- What is the schedule for migration to paperless?
- How will you know you have succeeded?

Paperless Checklist: Steps to Make Paperless Best Practices Work for You

BEST PRACTICES	ACTIONS	CONSIDERATIONS
Automate the organization of your client source documents	✓ Create policies and procedures for scanning documents and using scanned documents	<input type="checkbox"/> Processes should focus on best practices leveraging paperless technologies, rather than focusing on how things were done before. For example, in a paperless environment, tax return review should be on screen
	✓ Select scanning software specifically designed for accounting practices	<input type="checkbox"/> Ensure software automatically identifies and categorizes client source documents <input type="checkbox"/> To improve staff efficiency, make sure software provides specialized tools for working with bookmarked PDF files
	✓ Acquire the needed scanning hardware	<input type="checkbox"/> Ensure scanners have appropriate features, speed and duty cycle for anticipated use
	✓ Establish or revisit document retention and destruction policies to ensure they reflect needs	<input type="checkbox"/> Retention policies are becoming an increasingly important aspect of complying with statutory requirements and managing a firm's legal liability
Use multiple monitors	✓ Analyze processes to determine the optimal number of monitors for different tasks	<input type="checkbox"/> For onscreen tax review, for example, two monitors may be adequate but three would be even better: one for source documents, the second for this year's tax return and the third for last year's return
	✓ Determine if computers are capable of accepting multiple monitors	<input type="checkbox"/> To add a second monitor requires the computer has two video graphic array (VGA) connectors, two digital visual interface (DVI) connectors, or one of each. If the computer does not, then you can easily add a video card <input type="checkbox"/> To add a third monitor you will generally need an additional video card <input type="checkbox"/> Consider using traditional landscape orientation on one monitor and portrait orientation on the other
	✓ Equip laptops with a lightweight portable monitor	<input type="checkbox"/> Ensure staff working in the field have set ups that closely mirror the office environment to ensure optimal productivity
	✓ Use software that takes full advantage of multiple monitors	<input type="checkbox"/> For example, PDFlyer v4.0 will support up to five monitors in various configurations
Simplify your workflow and collaboration	✓ Establish a best practices committee in your firm to review workflow and establish new processes and procedures	<input type="checkbox"/> Analyze your current workflow to identify collaboration bottlenecks
	✓ Use paperless engagement software specifically designed for the CPA profession	<input type="checkbox"/> Choose solutions that leverage staff's experience with Microsoft Office suite <input type="checkbox"/> Select workflow solutions that facilitate creating tailored audit program content
	✓ Align best practices with software	<input type="checkbox"/> Invest in consulting services to support alignment <input type="checkbox"/> Invest in training to ensure successful roll out of new software and processes
	✓ Implement a client portal	<input type="checkbox"/> Reduce paper in the firm and paper passed between the firm and clients <input type="checkbox"/> Ensure clients are properly briefed and trained on the portal <input type="checkbox"/> Use technology that ensures secure transfer of confidential information
Reduce data entry using product integration	✓ Analyze your current workflows to identify where manual data entry is performed	<input type="checkbox"/> Identify how software can automate or a paperless workflow can eliminate manual tasks. For example, look at new data extraction and importation solutions that scan data from a paper W-2 into an electronic tax return
	✓ Leverage a tightly integrated software product suite	<input type="checkbox"/> Look for solutions that facilitate automatic updates across modules, for example, updating client contact information
	✓ Use software to dynamically link trial balance information with a client's tax return	<input type="checkbox"/> Ensure changes are automatically reflected across client data with minimal intervention
Store all your firm's content electronically	✓ Identify areas of your practice that do not store information digitally	<input type="checkbox"/> Use a document management system that allows you not only to store work product – workpapers, electronic binders and source documents – but also supports paperless in your firm's back-office operations
	✓ Use software that securely stores your digital information in a central location	<input type="checkbox"/> Determine if you want to host your own document management system or if you want to have it secured off-site
	✓ Implement appropriate technology to allow for secure remote access of digital information	<input type="checkbox"/> Ensure sufficient bandwidth is available for peak usage periods <input type="checkbox"/> Stay up to date on the latest security technology or use a hosted solution that does this for you
	✓ Revisit your firm's business continuity plan to identify how paperless may facilitate business continuity efforts	<input type="checkbox"/> Revise recovery procedures to reflect anywhere access to information <input type="checkbox"/> Ensure proper back-up procedures are being followed