6 SECRETS TO PRACTICE MANAGEMENT SUCCESS

OfficeTools®
BUILDING DIGITAL FIRMS

Practice Management has come a long way in the last decade.

With an ever increasing number of software applications coming on the market promising to take you to administrative nirvana—and an increasing majority of firms implementing them in some form—the pressure has never been greater to take the plunge. But with a dizzying array of options it can be hard to know where to start. We're going to look at six facets of firm activity that can greatly benefit from some practice management best practices and recommendations.

One Contact List to Rule Them All

Software based Contact Management Systems have been around as long as there have been computers to run them, and in all that time no one has figured out how to stop them from filling up with erroneous entries. Most firms love the idea of a single unified contact list, but what does it take to maintain a CMS long term? Isn't there some way to get users to just stop entering bad data? Well, no. But don't worry, the key to finding smoother waters is easier than you think. First, confront your firm's mentality toward your CMS. Just like all firm wide culture changes, it has to start with ownership. Get the leaders of your firm together, it's time to do some accounting.

Ask yourself a deceptively simple question: how much is your CMS worth? Think of it as an asset in itself. Account for the value it brings to the firm's daily activities, and the systems that rely on it. Now go a step further, and estimate the unrealized value of lost opportunities that a well-functioning CMS could provide—opportunities to better manage your client relationships and do targeted marketing campaigns for new services. An honest accounting of your CMS's value should reveal it to be one of your firm's most valuable assets. It's time to treat it like one.

For starters, that means more than a once-a-year cull. Schedule quarterly audits of your CMS and look for more than inactive clients. Identify clients with missing information, like email address or mobile number, and develop a plan to request this information. Next, regulate data entry. Institute a standard process of review for all new client entries and updates where changes are logged so managers can address issues as they arise. Finally, staff will always take their cues from managers and partners. If your leadership team begins to see your CMS as an asset protected and invested in, that mentality will filter down throughout your firm.

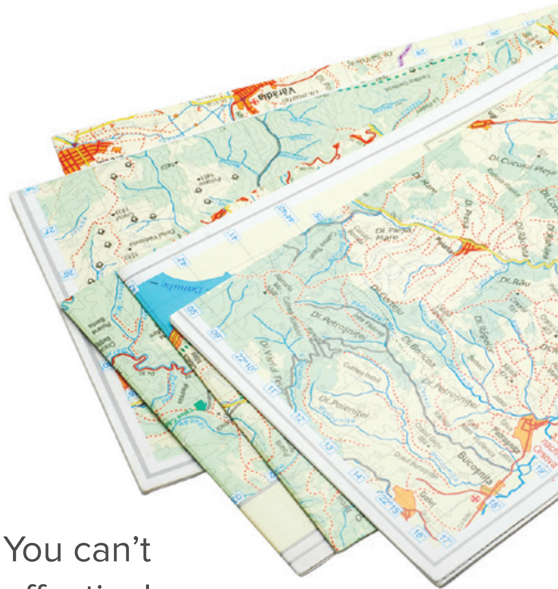
Implementing a Contact Management System can herald a sea change for the way you operate as a firm. It represents a unique opportunity to take control of your office culture, because in a tangible way the contact list is something all staff create together. It requires cooperation to keep it in working order, and teamwork to realize its value potential in all facets of your business.

Charting Your Costs

In the simplest terms, maps are for getting places. You calculate where you are in order plot a course to where you want to be. But too many firms fail to accurately chart their cost, leaving them blind when it comes to budgeting their resources and unable to confidently plan for the future.

Tracking time—all staff time—is as important to cost and budget analysis as it is for billing. Even if you flat rate or value bill, simply knowing the amount of time spent by each staff on each client can help you establish your effective hourly rates. Then consider this: if all your firm's time was billed at a given client's effective rate, would your business survive? Would it thrive? If the answer to either is "no," consider raising their rates.

Effective rates are also important for tracking staff performance. Comparing a staff member's effective billing rate to their hourly labor cost will give you their profitability ratio, an important metric in evaluating their contribution to the firm. Giving staff access to their own profitability numbers and offering incentives for meeting performance goals can be a huge productivity booster.



You can't effectively run your business without keeping an eye on cost, and your greatest cost is also your most valuable resource: time. Make sure you know how you're spending it.

Who’s Your Air Traffic Controller?

The FAA describes an air traffic controller’s role as preventing collisions, organizing and expediting flow, and providing information and support for pilots. Without controllers, airports would be a much more stressful place, and not just for pilots. A project and due date tracking system is like having your own personal air traffic controller. It keeps tabs on what’s coming in and what’s going out, so you can focus on the job at hand.

If a controller’s number one job is to prevent collisions, a project tracking system’s number one job is to prevent surprises. A good system needs to warn you of potential disasters before they happen, saving you (and your clients) a few gray hairs. Having a data set (like an Excel sheet) that shows you critical information is helpful, but there needs to be an active component that notifies you automatically when a conflict arises. These notifications can be much more than a simple “due date approaching” warning. Implement a system that will warn you if project remains idle for too long or is going over budget. Effective project tracking needs to organize and expedite the work coming into the office. It’s all about information, and tracking a few simple data points can go a long way. First, what kind of project is it? Accurate onboarding and categorizing of work is the front line of project tracking. Log the date it came in, who it’s assigned to, a time estimate for the work required, and an estimated completion date. Your project tracking system should use this information to alert you to unequal work load distribution and staffing bottle necks.

Your project tracking system should also provide your tax preparers and bookkeepers with essential client information and historical data. The accessibility of prior year returns and past filings can allow staff to problem solve and self-manage, reducing interruptions and managerial overhead, and increasing productivity.

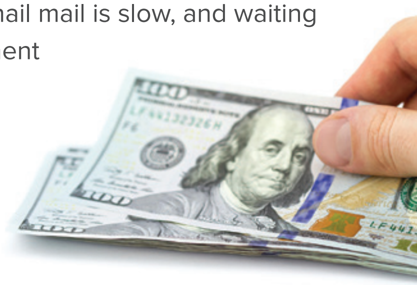
How Much Does It Cost You to Get Paid?

Simply put, the invoicing process in almost any accounting firm can be an astronomical time waster, and wasted time is lost revenue. From printing WIP reports by partner and having them write their notes by hand, to translating that into an invoice, to spending time chasing down payments, a billing system with practice management best practices and automations at its heart can significantly streamline the billing process.

The time for printing out physical WIP reports and marking them up by hand has passed. The billable time that is wasted from the billing manager to the partners during this time consuming process is too significant to ignore. In this day and age "cutting out the middleman" has never been easier. You need a billing system that supports on screen billing adjustments, allowing the partner easily preview and markup their clients' current WIP. By doing this step in software, the billing manager doesn't have to replicate the partners work (inputting it into your billing software by referencing a physical report) because the partner will already have indicated how much time is to be billed and at what markup. The billing manager should be left to the process of finalizing and delivering invoices to the client. That's it.

But why stop with printed WIP reports. Is there really still a need to spend time and money printing out invoices and manually sending them? Not to mention the overlooked cost of postage and envelopes. Your billing system needs the baked-in ability send your clients their invoice digitally, and receive payments the same way. A client portal is a perfect conduit to streamline your billing process even further. Even your most technology averse clients are familiar with the ease of online shopping, and you can make paying for your services just as simple. Don't spend money to collect money!

Speaking of mailing printed invoices, don't forget the hidden cost of "sluggish receivables.? Snail mail is slow, and waiting 30 days or more to receive payment for delivered services is quickly becoming an outdated notion. With the ability to receive online payments you can greatly expedite your collection process, and maybe even turn some of those problem clients into your most punctual.



Understand your clientele and provide digital solutions to help them receive their invoices and pay them quickly. And for goodness sake do not keep printing out WIP reports and draft invoices. Practice management systems can help automate those tedious processes and provide a bridge between you and your clients.

Much More Than a Digital Filing Cabinet

Paperless ... It sounded wonderful. You decided to go all-in. Being able to clear the reams of paper from your desk felt like the weight of the world was lifted off your shoulders. And now, your new Document Management System keeps all of your files perfectly organized and easily accessible leaving you free to contemplate all the trees you're saving—right?

Becoming a truly digital firm is a process, of which going paperless is only one part. The truth is that the efficiencies of a completely digital DMS (while still having basic advantages over a room of filing cabinets) can largely be lost when surrounded by analog processes. How many of you, for example, will print a draft copy of a return to review, mark it up by hand, and then scan and send it back to the preparer? Trying to combine analog and digital processes almost always means redundancy. If you really want to go paperless, you need a DMS designed to do much more than store digital files.

A smart DMS should be capable of integrating with every aspect of your practice, from client intake to delivery. Your admin team should be able to scan directly into a client's file while also categorizing documents for your input and prep teams downstream. Input and prep should then be able to access these digital documents and, if necessary, mark them up and send then along with other work for reviewers.

Most importantly, your DMS should facilitate and control access to documents. You should be able to restrict staff from particular client files or category types based on user rights, as well as deliver files to clients digitally. A DMS like this requires active management by an application, meaning you shouldn't try to manually create and manage all your folders in Windows Explorer. Many modern DMS applications are even integrating with or creating their own electronic signature services, further digitizing and streamlining your delivery and authorization processes.

The Unlikely Key to Peace of Mind: Documentation

We all know the feeling. You've just turned the lights out on another hectic day, you're lying in bed looking up at the ceiling hoping any moment to drift off into a peaceful sleep, but your brain decides it's a good time to start ringing your mental alarm bells.

Did I remember to submit that filing? Call that client? Respond to that email? The key to fighting this type of work anxiety is all about trust—not just in yourself or your staff (which is important too), but trust in your documentation.

Documenting all aspects of your client relationships, including all correspondence and interactions, can be a difficult habit to get into, but it's one that will pay dividends over the long run. Being able to quickly access a succinct history of a client's account is an enormous advantage when dealing with the unexpected. It allows you to quickly get up to speed, and even if something has been overlooked, you have the information you need to deal with it. Overtime, knowing you have the resources you need to address issues as they arise lends your documentation a psychological weight. A sort of mental ballast. Suddenly, when that inevitable curveball comes your way, it won't give you the same stomach dropping feeling. Good documentation tells a story. About the client, about your firm, about you. Knowing your place in the story enables you to find peace of mind even in the midst of stress, and hopefully keep those mental alarm bells from keeping you awake.

Now if you could just get your partner to stop snoring…

Each of these six principles are powerful on their own, but combined they are game changing. We designed WorkSpace, our award winning practice management software, to do just that. Schedule a personal web demonstration today and see how WorkSpace can unlock your firm's true potential.