GruntWorx®

Document Management:

A Phased Approach

Time, as Ben Franklin observed, is money.

Any efficiency gained in a tax or accounting office makes more time available, which in turn translates into higher profitability or better quality of life. In recognition of this, virtually every tax and accounting firm has already established a set of procedures for document management. Unlike a decade ago, when document management was still emerging as a management focus, the question is no longer whether a tax preparation or accounting firm will have a document management strategy.

The question is how efficient that document management strategy is today, and will be tomorrow. The truth is that practice management, its technology tools, and its strategies are constantly changing, and firms that hope for continued success must adapt to these changes.

"A firm puts itself at a severe competitive and financial disadvantage if it does not have an integrated practice management strategy that includes not only document management but workflow, mobile access, electronic distribution, and the Cloud," says Brian Stork, Vice President of Application Development for Drake Software, which offers practice management tools for document management under both its Drake Document Manager and GruntWorx brands.

How does a firm adopt the best and most efficient document management system without sacrificing the time and effort needed to serve clients? One strategy is to use a phased approach tied to the firm's business cycle in order to interfere least with the firm's revenue generation. This approach breaks document management and practice management into the phases of Research, Evaluation, Implementation, and Review.

RESEARCH

EVALUATE

IMPLEMENT

REVIEW

1

Phase One: Research

The first phase is to determine how documents are managed within the firm at present and how well that system is working. This phase is generally conducted in early summer, when tax season is complete and the attention of management does not have to be focused exclusively on client service.

Key elements in the research phase are that:

- Document management is associated with workflow in the firm, so focus on how documents are created and how they flow through the system until being distributed to the client. Look first for bottlenecks in that work flow.

- Procedures or elements that may not be a bottleneck but nonetheless reduce system efficiency. For example, the use of a single scanner for the entire staff may add only one minute to the time it takes to walk to the scanner, process documents, and return to the client. But if the firm prepares 2,400 returns, this process consumes 40 man-hours over the course of a tax season – an entire work week for one person.

- Enlist the participation of the entire staff. It is nearly always the case that the administrative staff is aware of workflow bottlenecks that management never sees. In addition, there are occasions when a bottleneck is the member of staff itself, so this is the time to address any personnel issues.

- Midsummer is an excellent time to attend a professional trade exhibition, such as the annual conference of the National Association of Tax Preparers or the AICPA Engage Conference. These are opportunities to quickly catch up on trends and technologies for document management.

- Review how well the current hardware and software are performing and whether there are new models, versions, or upgrades that will improve processing time. This will generally involve meetings with key vendors.

The research phase has identified problems and opportunities. With that complete, it's time for the Evaluation Phase.

2

Phase Two: Evaluation

The evaluation phase generally begins in late summer of the year and seeks to resolve problems or pursue opportunities identified earlier.

Key elements include:

- The need to request evaluation copies of any new software being considered, and work with each for 30 days. Or, if satisfied with the current software, install any upgrades and renew for the coming year. Purchase any new hardware or technologies so that there are several months available for staff training before the advent of tax season.

- Make any staffing changes now. This enables staff members who are being let go to find other employment in the post-summer hiring season, and gives any new staffers time to adjust to the firm's procedures and personality before tax season.

- Review mobility options, including enhanced smart phones, tablets, and other relatively new technologies

3

Phase Three: Installation

The installation phase is when all of the hardware and software changes are implemented, training begins, and any problems are corrected. This phase should be completed prior to the first day of December so that the firm can begin to focus on tax law changes and end-of-year activities for clients.

Key elements of this phase include:

- Replace computers, printers, and scanners that are more than three years old. Within the IT industry, three years is considered the optimal trade-off between cost and performance

- Upgrade to new operating systems as appropriate, checking first to ensure compatibility with document management software and drivers for scanners and printers.

With these adjustments, the document management and workflow systems have been updated and the firm is ready for another tax season. The final step is a review of all the adopted changes.

4

Phase Four: Review

This fourth phase, undertaken during tax season, is the prelude to the beginning of a new cycle for the coming year. Designed to take as little time as possible, it consists of two elements:

- Make a list of any new bottlenecks as they occur, which will reduce the amount of time needed for the research phase at the end of tax season. Have an administrative staffer keep a notebook so that a manager need only pass along details with no further time invested until after tax season.

- Keep a similar list throughout the season of new features the document management system needs so that this can be used to pass along to the DMS software company or as the basis for a change in vendors.

Document management is a business function requires attention throughout the year if it is to provide the firm with time savings and greater efficiency. A phased approach offers the accounting or tax firm a logical approach to managing this function throughout the course of the year.

By Dave McClure
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