



## Time, Tech and the Bottom Line

*The most critical skill for accounting firm managers is the one they don't teach you. Here's a quick primer on the skill of time management.*

As a major vendor to the accounting and tax preparation industries, GruntWorx offer significant tools to help the partners and owners of firms to achieve their goals for productivity and profitability. We provide the tools for document management and workflow, we train the staff members to use those tools to full advantage, and we provide support to ensure that the tools are being used to their full advantage.

But there is another major step that firm managers and owners need to take to make their firms successful, and that is the skill of time management. Most firm managers believe that they are managing their time effectively, and using the tools available to them in ways that drive profits. But the numbers tell a far different story.

According to the AICPA's most recent PCPS/TSCPA National MAP Survey, managers in accounting firms lose, on average, about 30 percent of their time to non-billable and non-productive activities. At the partner level – where professionals earn the highest hourly fees and generate the most revenue for the firm – the situation is even worse. Partners generally average 40 percent of their time lost to non-billable activities.

In real terms, this means that a partner billing the average of \$181 per hour is losing upwards of 16 hours a week in non-billable activity. Here is the stark reality – if firms could get back just four of those hours each week in billable activity, each partner or owner could boost the firm's bottom line by as much as \$36,000 per year from just one partner. If the firm is large rather than small, that number scales upward dramatically, according to the AICPA survey.

How does an accounting firm make the change to recapture that lost billable time? Here are 10 basic steps for effective time management that can help the firm to get on the right track:

1. **Recognize where the problem is.** As much as they are critical to the day-to-day management of the firm, the partners and owners are also the chief revenue generators. So if their "utility rate" is the lowest in the firm, if they bill the fewest hours, the firm suffers a loss. Statistically speaking, the most senior members of the firm are the ones needed to generate the most revenue, and they are also the ones with the most time wasted to non-billable activities.
2. **Stop trying to do everything.** The trap for owners and managers is that they have so much experience that they try to do things that don't make economic sense. When the computer breaks down, many partners draw on their own skills to fix it. But that means they spend their time, billable at hundreds of dollars an hour, to fix a computer when an \$85 per hour IT technician could do it faster and better. The same goes for executives who make their own

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coffee, field their own phone calls, or file client documents. The simple rule is this: if you can pay someone to do a task at a rate cheaper than your billing rate, have them do it. Go bill your hours at your rate.

3. **Get a personal assistant.** This goes back to the numbers. An assistant who takes work (like handling phone calls, making travel arrangements, calling for reservations or even picking up your dry cleaning) is an investment in more billable hours. Not having an assistant may seem more egalitarian, but in fact accounting firms are not democracies and should be operated as such. The obligation of the owner or partner is to drive success, not drive the office carpool.
4. **Use the right technology.** It is simply amazing that in the 21<sup>st</sup> Century many accounting firms have their technology rooted firmly in the last century. Microsoft, for example, estimates that as many as 60 percent of businesses are still running the twelve-year-old Windows XP operating system, on hardware that's underpowered for today's software. And it's not just computers – a cheap scanner that misfeeds documents can waste countless hours. Same goes with fax machines and printers. Technology exists to save time, and should be evaluated against that standard – and updated as necessary -- on a regular basis.
5. **Move to the Cloud.** Firm-wide, a move to the cloud pays enormous benefits. No more time lost to updating software, emailing files (or worse yet, walking paper documents from desk to desk as part of the workflow scheme), maintaining servers or searching for files. Cloud computing has reached critical mass in the accounting field because it provides an unparalleled return on investment and time savings.
6. **Give up your smartphone addiction.** Smartphones are a great technology, but can be too much of a good thing. The time you spend even looking at the smartphone to see if there is new email or a new text message is lost time. Get in the habit of handing your phone to your assistant as you walk through the door, so that person is able to screen calls for you and keep the time waste to a minimum. The phone should also be given up for meetings, meals and other places it may serve as a distraction.
7. **Create a “Day Plan.”** Every human has a different rhythm to their productivity. Some people are most creative or hardest working in the morning. Others at night. In general, your peak of productivity will only last about two hours per day, but can be bracketed by an hour before and two hours after – if you recognize when that peak period is each day. Schedule your work so that routine matters – returning phone calls, checking emails, doing research, etc. – are handled outside of the peak period.

Once the peak period is identified, create a “day plan” that works around it. Assume for a moment that you are a partner who gets into the office by eight, and that your peak productivity is generally from 10 am to Noon. A sample day plan might look something like this:

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- 8 am. Arrive, get organized, check email and respond, return phone calls, meet with other partners or staff.
- 9 am. Begin peak work session.
- 1 pm. Lunch.
- 2:30 pm. Break after lunch. Power nap, walk, work out, relax.
- 3 pm. Meet with clients, perform formal staff meetings, attend to administrative matters, do pro-bono work.
- 4:30 pm. Check email, return phone calls, etc.
- 5:00 pm. Depart.

The day plan gets adjusted for issues such as rush hours and client meetings, but having a plan in mind assures that there is some structure and continuity to each work day. This is a generic plan, and each professional will need to develop his or her own.

8. **Get more rest.** It's not simply that a lack of sleep makes a person less alert. Inadequate sleep is also tied to diabetes, heart disease, obesity, drug and alcohol problems, and psychiatric problems. A partner is more than just a top earner in the accounting firm. A partner is also a key leader and influencer. It is equally important to schedule down time during the day – for a “power nap,” a walk in the park, or simply relaxing. When it comes to business, sleep is a powerful weapon.
9. **Stay off the Internet.** Hard to do, in this connected business world. But the fact is that the Internet that makes today's collaboration and communication possible can also be the world's biggest waste of time. Leaving email open on the desktop so you can instantly respond to messages also means that you are constantly interrupted. And while there is enormous appeal to checking in to the firm's Facebook page or Linked-In, neither of these are revenue-generating activities. Discipline yourself to stay off the Internet unless you are using it for work. And have the staff follow suit.
10. **Train your clients.** Accountants can generally list dozens of reasons that these 10 steps are impractical, or won't work for their firm, but the reason most often given is that the accountant absolutely has to take calls from clients. But clients can be trained, and a good assistant will soon be able to identify what client call is urgent and which can wait until later in the day. Also, letting clients know that you have “communication periods” set up in your day gives them an idea of when best to call you.

The right toolset is a critical part of the management of any accounting or tax practice. Whether it is the right technology, the right software, the right procedures or the right practices, owners and partners have an obligation to use the best and most effective tools on the market today.

But they also have an obligation to drive the success of the firm, and to address the business practices that will enable their staff members to also strive to succeed. This is what time management practices help firms to achieve, and the reason why we support the combination of time management with

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technology and client interaction as the keys to the success of the firm.

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