

“Workflow myths and challenges”

Workflow at its simplest is the movement of documents and tasks through a work process. The concept of workflow is not native to information technology. However, workflow is an integral part of document management and imaging. With this said, are your firm’s processes efficient, and do they take advantage of available technologies and team member’s skills?

While firms utilize many processes, they often don’t incorporate any accompanying standards. And if they do, there is little adherence to them.

For the purpose of this discussion, let’s consider three processes that all firms utilize:

1. The preparation of individual income tax returns.
2. The preparation of financial statements.
3. Billing and collections.

Technology can and should play an integral part in the workflow of each, yet many firms fail to capitalize on it because they adhere to several workflow myths. Here we will identify ten of these, listed from the lowest to highest in priority.

- **Myth No. 10: If it isn’t broken, don’t fix it! We have done it this way for years.**

It is often what you don’t know you don’t know that costs you money. The first thing you should do when considering any process is to diagram its steps and evaluate them for redundancy and any missed opportunities to automate and leverage technology.

For example, some firms fail to utilize electronics filing of tax returns. Other simply utilize spreadsheets and word processing, rather than automating financial statement preparation.

An established automation system can be used repetitively with a higher degree of accuracy and reliability. Implementing electronic invoicing and automatic bank drafts will also improve cash flow.

- **Myth No. 9: It doesn't pay to track smaller jobs.**

What is really being said is that it doesn't pay to manage small jobs such as the preparation of 1040s. Interestingly, when outsourcers began processing returns five years ago, the first thing they did was develop a workflow system. Every job was scheduled, tracked, reviewed and delivered with a digital workflow.

“Management” is the key word. It takes time to manage resources, but the return is significant. These systems have probably been India's biggest legacy to date. But remember, many of these same companies helped develop systems for Federal Express, UPS and financial services companies. The key is to integrate systems in order to eliminate reconciliations and duplications.

- **Myth No. 8: We can't bill and collect until we have done the work.**

This attitude is prevalent among partners and managers who have weak business savvy or lack confidence. But you must set the rules and the client will follow them. Not all people are created equal when it comes to billing and collections. If you allow clients to dictate terms, they will invariably request the most favorable.

Strong engagement letters that define and limit the scope are the first steps to billing and collecting up front. Clients prefer payment over a lump sum, so structure the

deal with an initial non-refundable deposit and payments over the course of the project. Retainers and fixed fees should be considered. Also consider the use of change orders to protect the firm and the client in the event the project's scope changes.

- **Myth No. 7: A spreadsheet can fix the scheduling problem.**

Many firms suffer spreadsheet disease. It's like a carpenter who only has a hammer everything looks like a nail!

Workflow is a database enterprise that requires the right tools and integration of multiple applications. Web-based systems are especially helpful for firms with multiple offices of those with employees who work remotely.

One major problem with spreadsheets is they create another record or database requiring reconciliation with due-date monitoring, time and billing. Firms do not need another database to maintain. They need a system that integrates with time and billing, calendars and other core production software.

- **Myth No. 6: We are deadline-driven!**

Good client service is not determined by deadlines. Good client service is determined by the experience and how reasonable the turn-around time is.

Workflow processes can be either service or deadline-driven the choice is yours. Review the flow of steps in each process and eliminate any redundancies, utilize technology to automate where possible, and eliminate the loops.

Deadlines also place stress on both front-stage and back-office employees. Reducing deadline stress is important in the retention and attraction of quality people. With the shortage of people, firms must change their cultures in order to retain and attract quality.

- **Myth No. 5: My way is the best way!**

Profitable firms are not run like an art studio, where each production is an original work of art. Too often, each partner or manager wants to incorporate his own methods and processes. This is inefficient, and especially frustrating to staff and back-office personnel.

Documentation, training, and enforcement of standards, policies and procedures are critical in shared vision forms. With standards, policies and procedure, firms reduce the required review time at the top by driving out errors at lower levels in each process.

Training to the standards is also important. Too often, firms expect employees to “figure out” the system in their own. The “firm way” is an important characteristic of a shared vision firm. The other important characteristic is compliance with firm standards, policies and procedures.

- **Myth No. 4: We must strengthen our review processes to drive out errors and produce quality work.**

Six Sigma is a methodology to manage process variations that cause defects. Many in accounting do not believe it applies to our industry. However, the objective of Six Sigma is to deliver high performance, reliability and value to the customer.

I first witnessed the Six Sigma approach to accounting in India, where process-oriented firms believe in driving out errors at the lowest level, rather than at the end of a process. This strategy requires well-defined processes and a significant amount of training, along with instant feedback related to individual performance.

- **Myth No 3: Reconciliations and schedules are important.**

Systems designed around multiple database require multiple reconciliations and schedules that are often manually prepared. The results are redundancy and an increased chance for errors. Workflow systems that integrate with one or more databases reduce errors and production time.

Firms should consolidate databases with integrated solutions that eliminate needs for reconciliation. In addition, they should automate the process of producing requires schedules. Technology is an accelerator when systems are integrated.

- **Myth No. 2: It takes too long to plan and provide clear instructions**

Doing is often easier than thinking, planning and delegating. Integrated systems require significant planning and cooperation among firm management and IT professionals. Firm management often has difficulty understanding the capabilities of technology, and IT professionals may not understand the strategy and vision of the firm.

It is what you don't know you don't know that can cost you. Often when it comes to technology, those with the strongest opinions have the least amount of knowledge. A planned strategy for integration is necessary today in order to insure a return on your investment in both technology and people. Quality people do not want to utilize inefficient and outdated systems.

- **Myth No. 1: You must send work back so people learn and don't make the same mistake many times.**

Workflow loops can be the biggest challenge for firms wanting to improve production and increase the utilization of unique abilities among personnel. We call this improvement one-way workflow, and it requires systems, standards, management, training and performance feedback in a timely manner. Today's technology and the

human resource market dictate that firms evaluate workflow and process improvement strategies.

I first thought about this when I completed my first tax return. It was weeks before I received the point sheet and return back on my desk from the tax partner. Meanwhile, I continued to make many of the same errors. The fact is that I received little or no training and even less instruction regarding the client and the return. I was provided the client's file with previous year's returns and the current year's information and simply told to prepare the return. Thankfully, systems are better today, and many firms have implemented better training.

However, this experience came to mind again when I first visited several outsourcers. They all provide 80 to 100 hours of training on tax law, systems and processes utilized to prepared returns. Preparers are required to complete numerous sample returns before they go into production. These systems assign work based upon capabilities, track the work through completion, review the work with instant feedback, and grade the performance on each return. Rather than being sent back for correction, work continues to advance.

Let me reiterate the important steps:

- A workflow system;
- Training;
- Matching capabilities with requirements;
- Instant review and feedback;
- Performance review and grading; and,
- Change in attitude.

Change in attitude may be the most difficult, because change generally does not occur unless there is the fear of loss, or peers are profiting from the change. Pushback generally comes from partners and managers who say they are too busy and don't have the time. Unfortunately, management skills are typically not valued as highly as individual production (i.e. charge hours) in many firms.

In my opinion, the most valuable resource from outsourcing work to India is the development of workflow software. Many steps in tax return, financial statement or invoice preparation can be delegated and automated. High-level personnel will often not step aside to allow those with unique abilities to execute tasks within the process. This attitude is both limiting and goes against the strategy of teamwork.

If you wish to improve your workflow and processes, we recommend that you take the following steps to review key processes in your firm.

1. Designate a facilitator and task force. Include those who work outside of the process you need people who will ask, "Why?"
2. Diagram steps in individual processes. (Programs like Microsoft Visio can be very helpful with this.)
3. Focus on one-way workflow and eliminate loops and redundant steps.
4. Utilize technology to automate the process.
5. Define the re-engineered process.
6. Train all personnel, including partners.
7. Enforce related standards, policies and procedures.

Spending time on your processes today will pay big dividends during the busy season. Hopefully this will inspire you to think about the future, devise strategies and grow profitably.