



CPA.com White Paper

EMERGING TRENDS IN WORKFLOW PROCESSES AND PRODUCTIVITY

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Introduction

Over the last several years, public accounting firms have been looking for ways to drive realization and utilization, while delivering quality deliverables to clients and providing an engaging workplace for team members. This document will use measures derived from the fourth annual Accounting Firm Operations and Technology (AFOT) Survey to help you understand the benefits of improving or refining your processes. This year's survey will reveal several factors including:

- Why process matters
- What improving processes can do for your firm
- Who should be involved in process improvement
- How to successfully implement the process

Six Sigma™ is a set of management techniques intended to improve business processes by greatly reducing the probability that an error or defect will occur. These techniques and tools for process improvement were introduced by engineer Bill Smith while he was working at Motorola in 1986. Jack Welch made it central to his business strategy at General Electric in 1995. Today many of these principles have evolved to Lean Six Sigma™ and are part of the accounting workplace, as process improvement can be supported by management techniques and Lean Six Sigma™ principles. Workflow tools can provide a starting point for industry best practices in tax, accounting and finance processes.

What is a business process?

A business process is a series of actions or steps taken to achieve a particular end. Business processes are how people within an organization collaborate to accomplish a goal. A business

process is a collection of related, structured activities or tasks that produce a specific service or product (or serve a particular goal) for a particular client or clients. Essentially everything we do involves or contributes to some type of process. A business process:

- Has a beginning and an end
- Has a specific sequence or order for the activities
- Accomplishes a specific purpose
- Coordinates the activities or efforts between people or groups of people
- Takes place over time
- Is repeated or repeatable
- Has inputs and outputs or results

A business process can have exceptions and changes over time to meet business needs. People don't have to rigidly follow approved procedures or instructions. Typically, firms' processes are not documented, but even if they are documented, they can lose their relevance over time as the business changes.

A Business Process Map is a visual representation of a business process. There are two common types of Business Process Maps: a Process Flowchart that shows the sequence of activities and decision points, and a Deployment Flowchart that shows who does what and the interactions between people involved in the process. A Business Process Map shows:

- What work is done
- The order in which the work is done
- Who does the work
- Where the work is done
- Sometimes when the work is done
- What the inputs and outputs are
- How one process can be part of a bigger process

If your intent is to improve your process, you must first know what your process is (the "As Is" process) and determine what the optimum process will be (the "To Be" process). There are a number of techniques that can be learned for business process mapping and optimization, including the whiteboard method, the post-it method and the interview method.





All of this process mapping seems like a lot of unnecessary trouble. Why map business processes?

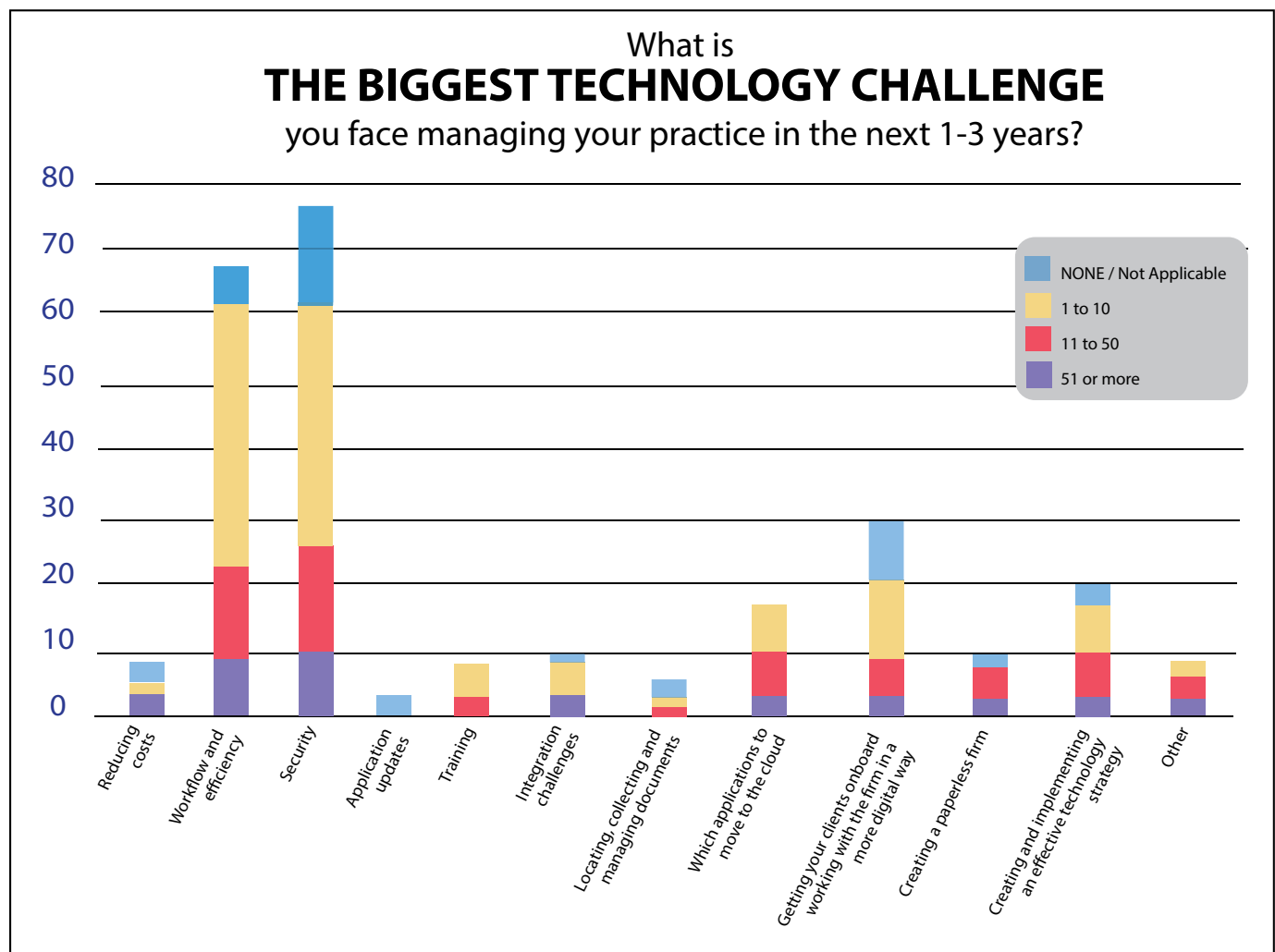
- A picture is worth a thousand words
- It helps identify all the steps in a process
- It helps identify all the inputs and outputs
- It helps identify what is really happening
- It helps people understand their role in the overall process
- It helps identify how efficiently the process is working
- It can help identify where waste and inefficiency exist
- It can help identify where the process can be improved
- It helps standardize processes throughout the organization
- It encourages new thinking about how to do things

The AFOT results from Question 19 provide guidance in this area: What is THE BIGGEST TECHNOLOGY CHALLENGE you face managing

your practice in the next one to three years? There is evidence that improving workflow processes can improve productivity. Further, workflow and efficiency was a close second in the category of “biggest technology challenge” to security, in firms of all sizes, and has been one of the leading technology challenges across all four years of the AFOT Survey.

Properly implemented processes improve productivity, the quality of client deliverables and team member satisfaction.

When you determine that workflow process can help drive productivity, you need to assess how to take advantage





of this throughout the firm. A common error made by firms that implement workflow is implementing it only in a single task, such as data collection, or tracking a return filing for tax preparation. Oftentimes this is done in a “point solution” that really doesn’t consider the entire continuum of the complete business process, and rarely effectively impacts “the people part” of the business process equation, where productivity manifests at the highest level. Another common challenge is to consider process only for a single department, such as tax. Frequently, there is a champion in that department, or there is a specific need that drives adoption.

Better results can be obtained by adopting workflow process management throughout the entire firm. For example, if workflow is adopted in your tax department, consider how audit, client accounting and administrative operations could benefit. What processes can be optimized in each area? Optimizing processes is most productive when everyone in the firm is involved and the processes are tailored to their respective business impact. The same benefit can occur for businesses in their internal audit, finance and other departments.

By implementing workflow across your entire organization, each of the top challenges identified by the AFOT Survey in Question 13 are addressed:

- **32% Attracting new clients.** When productivity improves, profitability increases and rainmakers have more time to network and attract new clients.
- **29% Managing workflow** continues to plague the profession as a leading challenge in managing the firm. Improved productivity is possible through the optimization of workflow. Workflow also aids in managing staff through monitoring and adjusting workload to ensure people are more productive, rather than waiting idly for new work.
- **27% Recruiting and retention** is impacted by team member satisfaction. Happy staff members result in a more stable workforce. This helps to resolve one of the top three practice management challenges: recruiting and retention.
- **24% Identifying opportunities for practice improvement and cost savings** is inherent with a site audit and the implementation of workflow software, customized for every workflow by service area.

“With XCM, you can measure productivity in a detailed and meaningful way. Then, we work with you to optimize your processes on our platform, so you generate continuous improvement year over year.”

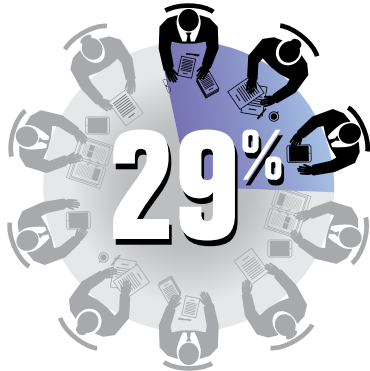
–Mike Sabbatis, COO of XCM

Firms have traditionally taken pride in the client deliverable. *An efficient workflow enables the entire firm to focus on the top priorities of client service and client deliverables, which can impact new client acquisition.* Question 14 of the AFOT Survey provides further insight on the importance of client deliverables.

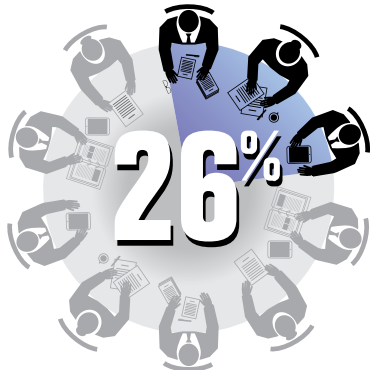
- 98% of all practitioners indicate **referrals from current clients** are their leading source for new clients. The quality of client deliverables and the services performed can help lead to a happy client. Happy clients result in more referrals. Referrals from current clients has been identified as the leading source of new clients across four consecutive years of the AFOT Survey.
- 75% indicate **referrals from other professionals** as another leading source for new clients. Professionals will be more inclined to refer business when clients are being served well.
- 54% indicate **professional partnerships** are a leading source for new clients. Partners will be more inclined to refer business when clients are being served well.
- One of the leading workflow providers, XCM™, has performance data from firms using their workflow product over an extended number of years. When processes are optimized, the time required to complete tasks declines. Their data, used with permission here, shows that firms using XCM can save over 60 to 70 minutes of time in an employee’s day. On an annualized basis, the firm can recover as much as \$570,000–\$900,000 in billable time.

Mike Sabbatis, COO of XCM, says, “With XCM, you can measure productivity in a detailed and meaningful way. Then, we work with you to optimize your processes on our platform, so you generate continuous improvement year over year.” Sabbatis reports, “XCM has business process experts, many with Lean Six Sigma, accounting firm, or corporate accounting subject matter expertise, who bring practical experience to their data and measurement technologies.”

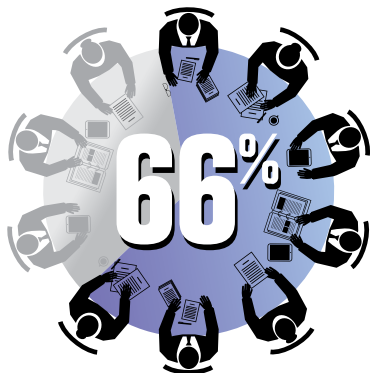
Workflow Inefficiency is Prevalent
Among Businesses of all Sizes*



Identified managing workflow
as the top business challenge.



Identified workflow and efficiency as
the top technology challenge.



Believe examining processes and
workflow is key in cost control.

ACCELERATE GROWTH THROUGH WORKFLOW TRANSFORMATION

BUSINESS PROCESS MANAGEMENT

can help your business address widespread
challenges in tax, accounting, and finance by:



IDENTIFYING BOTTLENECKS



EXPOSING TIME-DRAINING
ACTIVITIES



SIMPLIFYING WORK ALLOCATION

Success hinges upon businesses' commitment to optimizing, managing and improving workflows to drive increased growth and productivity.

Learn how XCM, our preferred partner solution, can transform your business's workflow processes.

XCM™ is the premier productivity enablement and workflow platform developed by and for tax, accounting, and finance professionals **delivering unprecedented performance gains** to leaders, teams, and professionals. The cloud platform enables you to **get more out of your human capital** and the technology solutions that you currently use.

Visit CPA.com/XCM
or call us at 781.356.5152.

* Data source: 2017 NMGI Annual Accounting Firm Operations & Technology Survey

Key drivers or components of productivity

People using processes effectively are the greatest positive impact to productivity enablement, as they are able to connect people to process and technology. Work doesn't get done without people doing it. Work doesn't get done without people understanding and driving the processes. Work doesn't get done without management and measures of success. Quality is impacted in each of the proceeding areas. But, you can work harder and not smarter. To work smarter, we must think beyond the basics of task management or tracking, rise above a point solution "Band-Aid approach," and provide a more holistic view of the entire process, so firms can realize productivity gains. Processes need to be understood by all involved, as well as measured, managed and optimized continuously. So, what are the key drivers?

- People = your greatest asset toward client satisfaction and deliverables
- Process = how it is developed, as well as how to manage, measure and optimize over time
- Technology = platforms that support ease of use, and the flexibility to deploy different processes to meet the unique workflow needs for each discipline

Focusing on these factors increases realization and utilization, and ultimately brings value to all levels of a business. Workflow software, such as XCM for productivity enablement and workflow, manages these key drivers.

- People, including the benefit and value, which is productivity
- Benefits of managing millions of processes per year, plus the ability to measure, modify and improve using Lean Six Sigma™ techniques
- Technology as a platform to accommodate different process, enabling people to be more productive, and adapting to different accounting disciplines like audit, accounting, tax, finance and operations

Workflow products should be on-demand, real-time drivers of your business:

- Managing both linear and parallel processes
- Providing benefit to leaders in the business, as well as individual contributors
- Offering complete visibility to production measures, resource allocation and scheduling requirements for disciplines such as tax, accounting, audit and operations
- Delivering controls that ensure high-quality outputs and accountability
- Integrating with current implemented technologies to provide one central repository for information

When XCM is used for workflow management, approximately 70% of its customers participate in an annual site audit where they are provided data-driven analytics and professional insight that enable them to drive continuous process improvement. This is one of the many unique values from which organizations can benefit in using a platform of this scale. Ultimately, the XCM platform provides a framework where staff, leadership and administration all benefit – becoming the backbone for productivity, and yielding roughly 60-70 minutes of time saved each day for professionals.

Value of using tools to support workflow processes

In our research, processes are often controlled manually or partially in a point solution, or through laborious meetings and emails, draining the professionals' valuable time. The best results can be obtained by using a workflow platform that is flexible enough to be configured to specific business process, while powerful enough to optimize results. The value of workflow tools are that they control:

- Workflow
- Resource allocation (especially useful in tax, client accounting type work)
- Scheduling (useful in a calendar-based, multi-resource engagement such as audit and/or corporate tax)

- Analytics (helpful to establish a data-driven approach to productivity optimization)

XCM can provide a service review of your process architecture and map it against actual results, then recommend optimization techniques to improve productivity: reviewing your current processes, identifying bottlenecks, exposing time-draining activities, reviewing workload allocation and comparing results to best practices based on the millions of processes running through the platform annually.

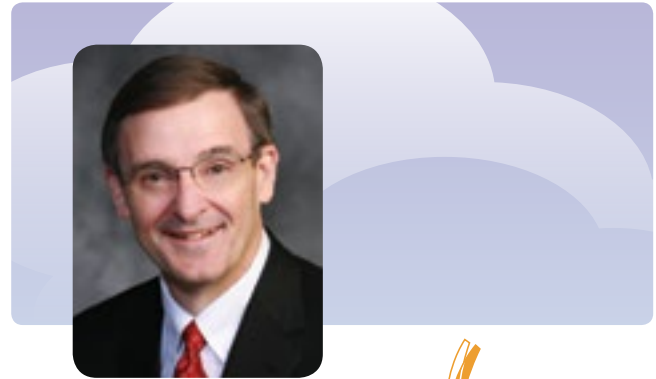
XCM has both built-in capabilities and value-added services to support a superior improvement in process and a better deployment of their workflow platform. According to AFOT Survey Question 55, firms admit one of their biggest practice management and technology challenges is managing workflow, yet 47% do not have workflow software. Furthermore, more than 25% identify a product they use for workflow that is not workflow software.

Conclusion

Workflow processes enable productivity improvement. Even more benefit can be derived when the processes are controlled by workflow software. To prepare your firm for the future, you'll need to:

- Identify a technology or management technique to optimize workflow processes at your firm
- Map and review your firm's current processes, including the people, process, and technology platforms that support different processes
- Support the process review with a workflow platform vs. a tool
- Measure and improve continuously

Best-in-class firms routinely review and optimize processes to maximize results for clients, team members and the firm.



About Randolph (Randy) P. Johnston

Randy Johnston has been an entrepreneur, technologist and teacher for most of his career. He has helped start and run many businesses, and currently owns both Network Management Group Inc. and part of K2 Enterprises. Johnston is not afraid to tackle a business management problem or to get his hands dirty answering a low-level technical question. He is best known for his early and on-going expertise in networks, accounting software, paperless and CPA firm technology. His expertise has grown to touch virtually every technology in the marketplace. He is particularly well known for his "Technology Update" overview presentation. He helps businesses with strategic technology planning, accounting software selection, document management selection and planning, and business continuity planning.

He has the ability to make complex technology understandable to any person. No wonder he is often referred to as The Last Renaissance Man. He has consulted for most leading technology companies in the United States. Johnston still likes answering questions one on one, so he can fulfill his personal mission: to help as many people as possible to use technology in the way that benefits them most. He always takes time away from work to enjoy his family, church and civic organizations.



About Mike Sabbatis

Mike Sabbatis has extensive experience leading fast-paced, customer-focused organizations that develop forward-looking technologies designed to disrupt the norm while sustaining long-term, profitable growth.

He is a leader, investor and trusted board member of software, technology and information service companies that achieve exceptional financial and operational results.

Prior to XCM Solutions, he was most notably:

- Current board member at XCM and AverQ, former board member of Doc.It
- President and CEO of CCH Tax and Accounting North America, Wolters Kluwer
- Chief revenue officer of Realpage Inc.
- CMO for Advantage MOTI, a joint venture with Datamatics Ltd.
- Vice president, Business Development and Strategic Accounts, at Thomson Corporation

Sabbatis graduated from Cleveland State University with a degree in accounting.

He is a member of the National Association of Corporate Directors.



About XCM

XCM offers a complete productivity enablement and workflow platform that empowers you to manage all types of work—within all departments, across multiple offices.

It's an open platform system that works horizontally across tax, accounting, finance, audit, and operations applications. XCM manages millions of processes per year, enabling professionals to complete more work, in less time, with greater quality. Our device and browser-agnostic cloud solutions offer real-time anywhere, anytime access to work.

Though we integrate with several popular tax and accounting packages, the real payback is through your greatest asset – your people.

XCM is the only productivity enablement and workflow platform endorsed by the AICPA, and complies with the controls and applicable criteria of the AICPA Trust Service Principles.

For more information, visit xcmsolutions.com or call 781.356.5152 today.



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CPA.com's partnership with [XCM](#), a leading provider of workflow automation, provides CPAs a proven partner that can expertly consult on business process improvement to achieve productivity enablement via workflow automation. XCM has helped more than 25,000 users realize the value of automating workflow.

Explore the [resources](#) CPA.com and XCM offer, including white papers, success stories and educational webinars on how to build a fully automated, end-to-end workflow in your firm and get more out of your human capital.

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