

Building Your Virtual Office – A Comprehensive Look at How to Get Started

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Table of Contents

Introduction 3

Getting to a Vision..... 3

The Questions..... 3

A Detailed Look at Root’s Strategic Vision..... 5

Building Your Delivery Model 6

Conclusion 8

Introduction

Virtual is not where the profession is *heading*...it's where the profession *is*. Advanced cloud-based technologies allow firms to operate at maximum efficiency—supporting streamlined, paperless, and collaborative workflows. This is where firms want to be, because being anywhere else (that is, still following traditional modes of operation) will eventually bring a firm to a halt.

So, where does a firm start in order to accomplish a virtual work environment? Building a virtual office all starts with a **vision!** Do you realize that most practitioners have never taken the time to actually think about what they want their firm to become? Firm owners and partners are barreling down a path of software selection, IT infrastructure implementation, recruitment of new clients, web-development, portal implementation, and more—without ever taking the time to articulate where they want to “be.” The fact is that you can't build a successful virtual office until you have a clear vision for your business.

Getting to a Vision

Steven Covey, author of the “Seven Habits of Highly Effective People,” refers to a vision statement as “beginning with the end in mind.” Covey writes that we can work like crazy climbing the ladder of success only to wake up one day and find that our ladder was leaning against the wrong wall. This concept directly applies to firms. Without a clear “end in mind,” more often than not, firm owners will end up with a practice that doesn't represent the business they wanted at all. Owners will find that their ladder is leaning against the wrong wall. To avoid the wrong wall, you must begin with your vision.

As firm leaders move forward with building a virtual office, having a clear vision will keep them on track. The real question is: Where do you start? The easy answer is: You start out simple—by asking a few questions. It's critical to consider *why* you want to build a virtual firm, before you can even think about *how* to do it. Consider the questions you need to ask yourself.

The Questions...

Begin with the core question of “What kind of business do I want?” and work from there. Do I want a business that...

- allows me to serve the clients that I'm passionate about serving...the ones I choose to serve?

- allows me to serve the clients for whom I have the core competencies to serve?
- allows me to serve clients that value technology and seek to implement it in their own businesses?
- allows me to serve clients from wherever I choose to work?
- allows me to create a business that is not built just around my skill set, but rather can be run whether I am in the office or not?
- allows my staff to work within a technologically advanced internal system and operate at peak efficiency?
- allows me the time to work ON my business and not always IN it—offering a better environment to work and serve clients?

These are just a few sample questions to get you started and spur your thought process as you move toward developing your own unique vision statement. One piece of advice I would like to mention as you evaluate what you want in your business is that you don't forget about life. Michael Gerber, author of the popular E-Myth business book, talks about the E-Myth Five Core Principles, and at the heart of these principles is LIFE. He says, "...your business should be a way to get more of what you want out of life...a vehicle through which you gain personal and financial freedom."

Personally, I want a better life-work balance. And I kept this in mind as I developed my firm's unique vision statement years ago. I would like to share this with you to offer a more detailed guide as you create your own vision.

Root & Associates LLC's Vision Statement:

Our firm will provide outsourced CFO, accounting, payroll, and tax services to service-based businesses. We will utilize advanced technologies to support a real-time data-sharing delivery model and provide ultimate convenience for staff and clients. We will not accept clients that do not fit our defined core business model.

We will provide individual income tax services to individuals that fit our defined return types. Our income tax service will also utilize technologies that allow our firm to deliver services in the most efficient manner.

We highly value our firm's image, including overall office appearance and web presence and will strive to put our best foot forward with every interaction. We value life-work balance and consistently strive to maintain it.

A Detailed Look at Root's Strategic Vision

In my firm's strategic vision, I identified the type of clients we want to serve, how we want to serve them, and the things we value—like image of our firm and our dedication to life-work balance. Let's now look at how this vision statement impacts how and why I decided to build my virtual office.

FIRST, I desired to maintain a healthy balance between my personal life and work.

In the old days, just about everything I did required me to be in the office and behind my desk. If I was going to work 55 hours in a week, that meant working 55 hours at my desk. The #1 goal of my virtual office was to have access to any and all information whenever and wherever I happened to be—whether in the office, at home by the pool, sitting on the beach, or chilling out at Starbucks with a cappuccino. Having real-time, collaborative access to all firm and client information was key. This meant that even if I chose to work 55 hours, where and how I worked those hours would be completely up to me.

SECOND, I wanted real-time access to client and firm data to support a true collaborative working environment (putting my firm in control of workflow, not the client).

When you have the tools in place to support a collaborative workflow, efficiency goes through the roof and the quality of client services reaches a whole new level of effectiveness. The real lesson here relates to "control." That is, who has it? You or the client? If you are like most firms, the answer is the client because often it's the client who controls how the firm gets data. For example, if you're waiting on a backup of data each month from the client, the client controls when and how you get their data. If the client keeps documents in physical file cabinets and you need that information to complete work, again, it's the client who is in control. The goal here is to define your own workflow and lead clients in the direction that is best for them. You must then, like I did, be relentless in only accepting clients that fit your vision (and system) and train them on that system.

THIRD, I wanted to develop a tightly integrated suite of technology to support my operational goals.

The system that you build must be based on integration that allows you to minimize the number of databases used inside your firm. The goal is to get to a single client database that is shared across all the applications that make up your internal system. For example, this includes smartphones, tablets, contact database, and tax, accounting, and payroll software. This list goes on, but you get the point. Getting to a single client database increases workflow efficiency to unprecedented levels. To get to a single database, you must ensure that the technology you implement is available anytime, anywhere, and on any device.

Building Your Delivery Model

With a good idea of how to develop our strategic vision, you can begin to think about how you can deliver the services defined for your ideal firm. Let's take a look at the step-by-step approach I applied as I built my own ideal business. Consider each level:

Firm Infrastructure & Suite of Software—You must first settle on a suite of software. I believe a suite is important because integration is key to productivity and efficient workflow. The software solutions you choose will drive your broad firm infrastructure. There are three distinct models to consider for firm infrastructure:

1. *Build your own private cloud.* This means creating your own proprietary cloud-based infrastructure that meets all the goals set forth above and supports access anytime, anywhere, and from any device. This requires a qualified networking team to build and support your network.
2. *Use a hosted system.* This requires you to select a vendor that is capable of hosting your desktop software, instead of maintaining software inside your office. The hosting company assumes responsibility for serving up data anytime, anywhere, and on any device.
3. *SaaS-based solutions (Software as a Service).* This is the new breed of solutions, designed to run natively in the cloud on any device. This method seems to clearly be the direction most vendors are moving. The question to ask is whether the solutions you select are supported in this delivery model.

Paperless Payroll—It's time to face the fact that payroll services are a profitable service for accounting firms. Of course, this is only true if payroll is delivered using the most current technology. To build a paperless payroll offering, you need to include the following components:

1. *Online data collection.* This allows clients to login in to your solution online (from your website) to enter employee hours, salary, and changes.
2. *Simple processing.* Data is entered online and seamlessly flows into your payroll application. This allows your payroll specialist to easily process payroll electronically and direct deposit checks into the employees' payroll accounts. Simple!

3. *Paperless delivery.* Paycheck stubs and W-2s should be electronically delivered to portals where employees can access anytime and from any device. Client reports are also made available in the client portal.
4. *Electronic payroll tax forms.* At the end of each quarter, payroll forms should be an easy by-product of the quarter's payroll, and reports should be simple to electronically file with government agencies.

Paperless, Collaborative Accounting—Whether it's [QuickBooks®](#) or QuickBooks Online, clients will follow your model to collaboratively share their accounting records in real-time. It's what clients want. And why stop there? As the client's trusted advisor, take the next step and help clients move toward integrating a paperless document management solution with QuickBooks. This will further support real-time document sharing with your firm. [SmartVault](#) is a great online document management solution that seamlessly integrates with both QuickBooks and QuickBooks Online.

Online Client Access—This is where client portals are key. Portals enable you to deliver all client documents that you have traditionally delivered manually. Whether it's tax returns, financial statements, or payroll journals—every document can be made available to clients 24/7 within a secure, private portal. Service doesn't get any better or more convenient than that!

Your Website as a "Place to Do Business"—Your website is the new front door to your firm...it's a place to do business with clients on a daily basis. Firm leaders should be maximizing the potential of their websites, and not just creating a website for use as a static online brochure. Practitioners require a dedicated Client Center on their website where clients can easily log in and access their information, enter data, and communicate with firm staff. While on the subject of your website, it's also important to remember that your site should properly reflect your brand. Make sure your website is professional, unique, offers the right message, showcases your logo, and overall reflects who you are. Appearance does make a difference!

Practice Management—Managing a single client database is the by-product of the right practice management system. Be sure to implement a system that can easily track projects and tasks as they electronically move through your office. This is another key component of what is needed in your system.

Paperless Tax Workflow—No one should be operating within a paper-heavy tax space anymore. The tax workflow has evolved immensely over the past few years with the advent of so many powerful solutions. A paperless tax workflow system should include the following elements:

1. *Electronic data collection.* Your workflow should support the ability to collect source documents digitally up front. For example, clients upload PDFs of documents to their portals.
2. *Scan and organize.* Once you have client information, a scan-and-organize solution can quickly sort, organize, and identify the documents submitted for seamless import into tax software. [SurePrep](#) is an excellent scan and organize solution.
3. *Paperless preparation and review.* This means firms no longer use paper for preparation and review of tax returns, but instead all review occurs on-screen.
4. *Electronic document delivery.* Once tax returns are complete, documents are delivered within the client's portal for review and signature. No printing required!

Conclusion

This is a lot of information to digest. What is most important to take away, however, is that your vision must come first. All the other guidance within this white paper will be lost if you don't start with "the end in mind." It's your vision that gives you a competitive advantage as you transform your firm into a virtual office. Take a moment and begin asking yourself the high-level questions offered in this document. Once you are satisfied with your answers, your vision will start to take shape. And from there, the sky's the limit! You can make your virtual office a reality.

About the Author

M. Darren Root, CPA, CITP, CMGA— As the president and founding member of Root & Associates, Darren has more than 25 years of practical tax and accounting experience. His forward thinking has kept his firm at the forefront of the profession— applying leading technologies and best practices that support a highly efficient and streamlined business. Darren is also CEO of RootWorks, a membership-based consulting firm dedicated to educating small and mid-size firms on technology, practice management, marketing and branding, and more. Darren co-authored *The E-Myth Accountant* with business guru Michael Gerber and was named to the "Top 25 Most Influential Thought Leaders" list in 2011, 2012 and 2013. He also serves as Executive Editor of *CPA Practice Advisor* and is a regular guest lecturer at Indiana University's Kelley School of Business.

Darren holds CPA, CITP (Certified Information Technology Professional) and CGMA (Chartered Global Management Accountant) credentials. He is a former AICPA CITP Credential Committee Board member, and has served on the Board of Directors for the Indiana CPA Society.