



Tax & Accounting

Building Your Small Firm's Ideal Tech Stack

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Incorporating the right strategies and tech-enabled services can set your clients up for success and your firm up for big-time growth.



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When your firm is focused on building momentum and differentiating itself in a cluttered and competitive space, it's often easier to focus on the work and ignore the things — technology, processes, or people — that aren't working for you. Regardless of whether your firm model is highly transactional, high-touch, or a balance of both, it's easy to get so distracted by everyday tasks that you neglect planning for the future.

But working harder rather than smarter and choosing to focus on the current workload — rather than considering how you can successfully scale and build a more resilient firm — can backfire.

When you neglect to establish strategic goals, your firm can quickly find itself in a position where your book is full of clients that don't support those same long-term goals.

When you neglect to promote your firm and differentiate yourself from your competition, you risk commoditizing your business and getting sucked into the race to the lowest price.

And when you neglect to use the data you already collect about your clients — and your firm — to drive decision-making, you're missing opportunities to increase capacity and your profit margin.

So how do small firms — who often differentiate themselves with exceptional customer service and the personal touch — set themselves up for success?

The right tech stack — one that helps your firm balance people, processes, and technology — can help.



Define Success and Determine Your Strategic Goals

Each public accounting firm has a unique definition of success. Some firms prioritize their profit margin, choosing to accept clients who support higher margins. Other firms may focus on quantity, yet other firms may focus on specializing and establishing themselves as the subject matter experts in a particular type of work. Before your firm sets strategic goals, make sure you've identified what success means for your firm.

Once you've identified what success means to your firm, align your strategic goals to help achieve success. And when you are setting these goals, make sure to keep them SMART:

- Specific
- Measurable
- Attainable
- Relevant
- Timely

Whether your firm's definition of success is to become known as the subject matter expert for a particular industry or consistently add clients every year, building your goals as SMART goals will help you achieve them.

Once you've identified your strategic goals, it's time to build your tech stack that supports those goals.



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To accomplish your strategic goals and achieve your firm's definition of success, your technology needs to support all facets of the firm — not just your tax prep or bookkeeping software.



“Technology and tech tools are what bridge the gap between where the firm is and where it wants to go by providing the solutions it needs at each stage.”

Georgia Smith
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Building Your Ideal Tech Stack

The ideal tech stack will differ from firm to firm, depending on your strategic goals and the balance of people, processes and technology that your firm finds optimal. That isn't to say there aren't similarities among firm types. For example, most small firms start in the 1040 tax prep space — and research backs this up.

According to research conducted by Accounting Today on behalf of Wolters Kluwer, the single piece of software that 86% of small firms have invested in is software for tax prep. The second

most popular software is practice management at 71%, followed by some form of document management (68%) and workflow (61%), plus a smattering of client-requested programs like Quickbooks®, Bill.com™, or Xero™.

As you consider your technology stack through the lens of your strategic goals, don't forget to consider how your existing software is supporting those goals. We've identified six categories of technology small firms should consider to help them achieve their goals.

Tax Software Should Support Complex Returns and Automate Time-Intensive Tasks

If your strategic goals include growth in the tax space, taking on more complex returns is most likely included in your growth plan. And while preparing more complex returns can be more lucrative, they also take more time to prepare and often require more staff collaboration, both of which reduce staff capacity.

Ask yourself if the tax prep software you're currently using will scale successfully as you take on more complex returns.

While your tax software can't reduce the complexity of these returns, the right software can help streamline the process by:

- Supporting staff collaboration
- Automating steps to reduce the time spent completing the return
- Helping you identify areas that need additional attention

Review your existing tax software with an eye towards how it serves your current needs and supports your strategic goals.



Don't Choose Between Price and Performance

Supercharge your growth plans with the ability to conquer complex returns and gain clear insights from advanced data analytics, all while you work anywhere, anytime with tools that help maximize your firm's efficiency.

Don't compromise with best-in-class software and support at a price you can afford →





Document Management Systems Should Provide Anywhere, Anytime Access

Regardless of your firm's goals, having a cloud-based document management system is the best way to ensure that your documents are available when and where you need them. If fully cloud-based storage isn't an option for your firm, consider a hybrid approach, where you host files on-premise or on remote, third-party servers that support VPN access.

As you consider various document management tools, make sure that they have:

- Version control and audit trails to make sure you always know when and where a document is (and has been)
- Automated retention rules to maintain compliance
- APIs or full integration with the rest of your tech stack



Save Time While Enhancing Client Relationships

Manage whatever documents come in your door with document management software that supports a paperless workflow process and enables staff to work anywhere, anytime.

[Reduce nonbillable hours and the time your staff spends looking for information →](#)

Workflow Solutions Should Create Time Savings — and Digitize Client Onboarding

For firms of all sizes, increasing the efficiency of their workflow can unlock an incredible amount of capacity to support firm goals. It's no surprise that streamlining internal workflows and processes was the top technology-related strategic goal for small firms, with 64% including this as one of their strategic goals.

For firms that haven't given much thought to their workflows or are still using paper routing sheets (or a spreadsheet), it may be time to consider formalizing, documenting and streamlining your workflows. And for firms that have already taken these steps, it may be time to consider automation.

If your firm has already implemented a workflow solution, review it with an eye towards improvement — how is your existing workflow supporting client work prioritization?

Can you customize processes and include automated checklists to reduce errors? Is your workflow giving your staff back time that they can spend servicing clients?

When it comes to selecting a workflow system that supports your firm goals, the solution should:

- Scale to support your current and future staff
- Provide anywhere, anytime access to support staff working in the office, onsite, or remotely
- Offer templated workflows as well as the ability to customize
- Deliver professional support that will help you migrate your data into the solution



360° Visibility that Supports Firm Goals

Connect your firm, staff, and clients with workflow software drives firm growth by creating efficiencies and removing bottlenecks while supporting strategic decision-making and providing firm-wide visibility.

Start creating additional capacity and providing higher value services →





Provide Premier Service to Clients

Provide clients with much-needed tax guidance, be more proactive throughout the year, and save critical time with a simplified, frictionless end-to-end client experience.

[Start creating a frictionless client experience while improving your marketing plan →](#)

Your Customer Experience Tools Should Help Keep Existing Customers Happy

There's an adage that it takes five times as much money to get a new customer as it does to keep an existing one. Setting aside the discussion about the relative value of a mediocre existing client versus a fantastic new client, if you lose an existing client due to inadequate customer service, you're likely to lose a new one, too. It's no shock that 54% of small firms identified improving their customer experience through digital platforms or client collaboration portals as a strategic goal in the next 3–4 years.

Ensuring a high-quality customer experience is important for all firms, but especially for firms looking to grow by increasing the number of services existing clients utilize.

If your firm has identified improving client experience as a strategic goal, consider how you're sending and receiving client information and how you're communicating with clients.

Specifically, ask if your portal and client collaboration tools:

- Provide secure, on-demand document access to your clients, reducing the time spent communicating with clients about where their documents are
- Support sending and receiving a wide variety of documents
- Integrate with your document management system to save time publishing and retrieving client documents

Your Practice Management Solution Needs to Do More Than Track Time and Billing

Along with workflow, your practice management software provides the backbone upon which your firm is built. And while 71% of small firms reported implementing some version of practice management solution — be it time tracking, billing and invoice software, or project management — 54% of those same firms cited improving project tracking and management as a way they plan to achieve their strategic goals in the next 3–5 years. It's clear that for many firms, their existing practice management solution isn't adequately supporting their needs, and for good reason when many are limited to time and billing.

A modern practice management system should go beyond the basics of project management. It should support firm-wide growth goals through simplified and streamlined processes while providing data-driven insights.

When thinking about how potential or existing practice management software is supporting your firm, consider if:

- Billing functionality supports your billing style, whether your firm bills hourly, fixed-fee, project-based, or progress-based
- Electronic payments are supported and can easily be imported in batches or automatically appear directly in your A/R system
- Time is tracked automatically as work happens, regardless of where the work occurs
- Data is centralized, supporting near real-time dashboards and reporting



Reduce Hassles and Improve Firm Processes

Gain the capacity you need to focus on growth while your practice management software provides the visibility you need to manage priorities, improve processes and work more effectively.

Start improving invoicing efficiency, increasing customer satisfaction, and analyzing profitability →





Leverage Insights to Better Support Clients

Leverage internal and external data with real-time dynamic dashboards and tools that effortlessly crunch and present data meaningfully, helping firm leadership as they make strategic decisions and take action.

[Start overcoming your firm's challenges with business intelligence tools →](#)



Reporting and Data Analytics Should Leverage Client and Firm Data to Provide Insights

Reporting and data analytics are essential for all firms, regardless of size and strategic goals. However, according to Accounting Today, only 8% of firms with five to nine employees use data analytics technology for reporting and tracking KPIs, compared to 32% of firms with 50-plus employees. It doesn't matter that you have a smaller staff — your data is just as valuable, if not more so!

Interestingly, only 25% of small firms identified using data and analytics as a strategic goal in the next 3–5 years.

Leveraging big data and data analytics to provide clients with data-driven insights — and drive firm decision-making — may be a potential differentiator for firms struggling to set themselves apart in a highly competitive market.

As you consider integrating reporting and data analytics tools into your tech stack, make sure that they can help you answer questions such as:

- What are the firm's strongest and weakest revenue streams?
- Where can the firm achieve strategic growth?
- Which internal processes are inefficient?
- Are staff entering data consistently and following a standard process?

Limited Time and Resources Shouldn't Constrain Growth

Take a good look at where your firm is focusing its time and resources. Most small firms have made the investment in a tech stack that includes practice management (71%), document management (68%), and workflow (61%) solutions.

But to grow — and to become more valuable in your clients' eyes — consider other ways to streamline your firm's low-margin work so you and your staff can focus on higher-value consultative services.

What 20% of tasks are taking up 80% of your time? What tools can help reduce the time spent on those tasks?

One solution is to outsource to remove that transactional work from your plate and turn your attention to more advisory work. Currently, only 11% of small firms are outsourcing any accounting services, compared to 42% of large firms.

If your firm is considering outsourcing, make sure to ask these questions:

- Will the outsourced staff work with my internal team?
- Do I have a dedicated contact?
- What security precautions are in place to protect my data?
- Will they use the same software and processes we use now?



Support Growth and Increase Engagement

Reduce the costly burden of hiring, training, and retaining staff without sacrificing quality when you outsource tax preparation and accounting services with Xpitax®.

Start improving work-life balance while realizing cost savings and reducing resource allocation stress →

“The wonderful part about growth is that how you grow is up to you. You can grow a single stage at a time, in multiple stages, or all at once. The key is in identifying your specific stages so that you pair them with the appropriate solutions that you need.”

Georgia Smith

Lead Technology Product Manager
Wolters Kluwer Tax & Accounting





“There’s more to a tech solution than its price and features — there’s whether or not it talks to other tools. Some solutions may cost a little more but easily pay for themselves when looking at the value added and the capacity gained when you’re no longer entering the same data multiple times.”

Georgia Smith
Lead Technology Product Manager
Wolters Kluwer Tax & Accounting

Make Sure Your Tech Investments Play Well With Others

Don’t forget to ask about your technology partner’s API policy as you consider the various technologies discussed above.

Whether you’re compiling a best in breed tech stack with tools from multiple vendors or using a platform system that offers everything you need with a common core database, it’s important to understand how (and if) you can get your data from one solution to another without doing it manually.

To prevent your firm from ending up in this position, make sure that any tool you invest in can scale with your firm as it grows and that the vendor has an open API policy that will enable you to leverage your data with other software and systems used in your firm.

It’s not unusual for a firm to outgrow one solution but feel trapped because it’s a laborious and expensive process to transfer their data into a new system. An open API policy prevents that from happening.



Finding the Right Fit for Your Firm

Just because your firm is small doesn't mean it's limited in the technology it can use. Advances in technology mean that you can use the same tools — and get the same benefits — as regional and national firms. Just make sure that you're looking at your potential tech stack through the lens of your strategic goals — and your definition of success. For example:

Firms actively recruiting new business or individual clients should look for tools that streamline client onboarding and engagements, which will increase staff capacity. These firms should also consider investing in their website and other marketing tools that will help them promote their services to new clients. Outsourcing time-intensive, transactional work is another step these firms could take to increase staff capacity, especially if it is a struggle to hire, train, and retain qualified staff.

Firms with goals to increase the number of services used by clients should pay particular attention to tools that integrate predictive intelligence and client analysis, which will support them in leveraging data to pinpoint opportunities to upsell current clients on additional services. These firms would also benefit from heightened client experience and marketing tools that support better communication and promote new services to existing clients.

Firms looking to specialize, or establish themselves as niche experts should explore tools that allow you to custom-build your processes to take advantage of workflow automation and optimization.

Remember, it's not just about choosing the shiniest new technology out there; to support your practice as it scales, your tech stack needs to support your strategic goals. But by reviewing your current and existing tech stack through the lens of your firm's goals, your small firm can build a profitable and scalable practice that capitalizes on existing expertise while providing growth opportunities.

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