ONLINE EXCLUSIVE: Growing Your Accounting Practice (www.CPAPracticeAdvisor.com/12382798)

CPA Practice Advisor

Today's Technology for Tomorrow's Firm

DECEMBER 2017
VOLUME 27
NUMBER 11

MOST POWERFUL WOMEN 2017

"Most of us have trouble juggling. The woman who says she doesn't is someone whom I admire but have never met."

Barbara Walters, Journalist

FROM THE TRENCHES
Holistic Firm Management is Best

TECHNOLOGY *IN* PRACTICE
2018 IT Predictions for Accounting Firms

THE STAFFING & HR ADVISOR
7 Ways to Foster a Winning Corporate Culture

PRODUCT REVIEWS:
Document Management & Storage

EXCLUSIVE
2018 EXECUTIVE PREDICTIONS & YEAR IN REVIEW 2017

"I process 176 payrolls - with just one staff member."

Tyler Winn, CPA

Tyler Winn is a CPA with a passion for building businesses, serving clients, and creating happy teams. After several years in public accounting and consulting, Tyler started his own bookkeeping business. He quickly began to witness his clients struggling to find payroll solutions that made their lives easier, so he decided to offer payroll services himself. His clients loved it, and Tyler found his entrepreneurial calling.

Tyler Winn's goal is to eventually process 1,000 payrolls with just 3 staff members. Imagine how profitable his payroll practice is now, and will be in the future. So how is he doing it?

In this exclusive conversation, Tyler shared specific details on how he used automation to transform his processes and grow his payroll practice.

In this free on-demand presentation, Tyler discusses:

- The criteria he used to select the payroll software for his practice, and why he ultimately chose Payroll Relief
- How he developed a step-by-step workflow for hyper-efficient payroll
- Specific techniques he used to grow his client base
- How he acquired more than 50 five-star testimonials and online reviews
- How Tyler's simple pricing structure gives him a sustainable competitive advantage over national bureaus

"Our processes have become seamless, and very easy to manage. And this is a huge part of what's driving our payroll practice's efficiency."

"We are doing things that you would not expect a payroll service of our size to be able to offer."

If you want to make big, fat profits from payroll services, visit **AccountantsWorld.com/Tyler** to watch his presentation.

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PR Payroll Relief®

CPA Practice Advisor

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ISSUE FOCUS: FIRM MANAGEMENT

SPECIAL FEATURE

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BUILDING YOUR NICHE PRACTICE: FRANCHISES

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The 2017 Most Powerful Women in Accounting

GAIL PERRY, CPA
Editor-in-Chief
gail.perry@cpapracticeadvisor.com
@gperrycpa

THIS MONTH WE announced the winners of the 25 Most Powerful Women in Accounting awards. This annual celebration recognizes women throughout the profession who are making a measurable difference in the success of the accounting profession itself as well as those around them.

As I mentioned when presenting the awards at Intuit's annual QBConnect conference in San Jose, I am frequently asked why there should be awards for women – aren't we all supposed to be equal in the workplace? I ponder that question myself from time to time, and so I did a bit of research on the subject.

One thing I discovered is that there are annual awards for outstanding women in just about all walks of life. There is the *Forbes* annual "World's 100 Most Powerful Women" list. *Fortune* magazine names its own list of the 50 most powerful women each year. States and cities have women recognition awards too. And then there are the "Most Powerful Women in Banking and Finance," the "25 Powerful Women Engineers," the "10 Outstanding Women in Medicine and Physiology," the 75 "Outstanding Women Lawyers," – I could keep going, but you get the picture. It really begs the question, *Why not* have a recognition of the most powerful women in the accounting profession?

Assuming that it's okay to honor women in this way, the next question I'm asked is how the winners are chosen. We have judges and they are as impartial as they possibly can be. We look for certain criteria, and here's where the messaging is quite strong. We're looking for women who are proven leaders within their own environment: their firm, their consultancy, their company, wherever they happen to hang their work hat. We then look for women who are striving to improve the profession beyond the confines of their own office – through speaking, writing, educating, broadcasting, working with accounting-related organizations, making a difference in new and innovative ways. Third, we're looking for women who are helping in their community, their state, their country, demonstrating their compassionate side. And finally, and perhaps most importantly, our winners truly care about helping others in the profession succeed.

During the awards presentation, I mentioned a conversation I had with one of this year's winners, Kimberly Ellison-Taylor, global accounting strategy director for Oracle and chair of the AICPA's board of directors. She talked about the television awards shows like America's Got Talent and American Idol. She asked me if I had ever noticed that the winner of American Idol isn't necessarily the person who has the best voice. It's the person with the whole package – the talent, the achievement in spite of obstacles, the ability to walk out on a stage and share that talent with others. And most importantly, the winner is the person who's ready to step aside and hand the microphone to the next contestant and applaud for that person to do his or her best.

And that describes this year's winners so well. Our profession's outstanding women include CPA firm partners, CEOs, a Fortune 500 firm director, business founders, published authors, keynote speakers, consultants, trainers, podcasters – and that just covers the primary titles of these women, many of whom work at multiple jobs and also volunteer their time. And all the while, they are proud to hand their microphones to the next leaders of the profession who will continue to carry the torches. Hats off to all of these outstanding women! ■

— Gail Perry, Editor-in-Chief

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Subscription Customer Service
877-382-9187; 847-559-7598
Circ.CPA@omeda.com
PO Box 3257, Northbrook IL 60065-3257

Article reprints: Brett Petillo
Wright's Media 877-652-5295, ext. 118
bpetillo@wrightsmedia.com

List Rentals: Elizabeth Jackson
email: ejackson@meritdirect.com
phone: 847-492-1350 ext. 18
fax: 847-492-0085

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How to Calculate the True Cost of Sales

By Tim Wheatcroft

"Build it and they will come" may have worked in the movie Field of Dreams, but for any business looking to generate sales from its latest product or service, things aren't so simple, and few products simply sell themselves.

Generating sales can be a complex and sometimes expensive endeavor, with marketing campaigns, lead nurturing programs, solution demos, RFPs, on-site presentations and follow-up meetings all forming a part of the typical process. Even after the initial sale, account managers need to ensure that customers remain happy with the relationship and, where possible, upsell new products and services.

THE CHALLENGE: DISPARATE DATA SOURCES

Many companies already have both CRM and expense automation solutions in place; however, these solutions only tell half the story on their own. Although both solutions may contain highly detailed information about travel and entertainment expense items and prospects or customer accounts, there is no simple, automated way to correlate this information to gain transparency into the ROI.

This complexity could explain why only 13 percent of the more than 200 sales executives surveyed across the U.S., Canada, Britain and Australia said that their employers track their travel spend against the revenues that they generate.* It's simply too much of a cumbersome task.

Absent this information, it's difficult to know the true cost of sales, and it's even harder to perform meaningful analysis of the efficacy of a team's travel and entertainment expense spend (and harder still on an individualized sales executive basis). While it may be possible to calculate accrued cost of sale average, it's much more difficult to determine how this may fluctuate amongst accounts of different sizes, without downloading data from the expense and CRM solutions into spreadsheets, then manually categorizing and cross-referencing individual groups of data. Making sense of more nuanced data is even more difficult, such as: What expense types deliver the most return on investment? Are there team-wide or individual trends for the value generated by certain expenses, such as taking prospects out for meals? How often should customers be visited each year?

If companies can't accurately tack cost of sales, budgeting becomes a difficult process for the finance and accounting teams, as it's based on snapshots of data which can also often be incomplete or inaccurate. This can lead to some sales team members' travel budgets being higher or lower than necessary, resulting in either inefficient spend – for those who have more budget than appropriate – or curtailed trips – for those who have a lower budget than they should, based on their performance. In additional, should budgets need to be adjusted over the course of the year (which is often the case, with research showing that most travel budgets are adjusted at least twice a year), poorly informed decisions could lead to across-the-board cuts. These cuts can potentially impact the team's ability to close sales, as they are unable to visit prospects as often as necessary. If the sales team's travel and

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THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

- 5 Traits that Make Veterans Great Entrepreneurs. **Patrick MacKrell, Bplans blog.** http://bit.ly/2AUZdaC
- 12 Tools to Boost E-commerce Profits. **Gene Marks, Avalara blog.** http://bit.ly/2iwgmAu
- The Small Business Owner's Weekly Reading List. **Stephanie Davis, SurePayroll blog.** http://bit.ly/2zRdZlm
- 10 Tips for Improving Customer Experience and Growing a Business. **Annie Pilon, Small Business Trends.** http://bit.ly/2mHTjY0
- Recognizing and Managing Entrepreneurial Burnout. **Sherry Walling, CorpNet blog.** http://bit.ly/2zSWjWS

LATEST SMALL BUSINESS NEWS

Small Businesses Increase Hiring, but Face Challenges Finding Staff. Following the largest increase in a decade, small business optimism held steady in the fourth quarter. www.cpapracticeadvisor.com/12382443

Ranking the Best Cities for Veteran Business Owners. More than one-in-four veterans in the workforce are running their own business, a rate that is 7.7 percentage points greater than the national average. www.cpapracticeadvisor.com/12382437

Health Insurance Rates Skyrocket for Small Business. Small business owners who purchase their health insurance on the individual marketplace are facing growing premium costs that are outpacing revenues the rise of other operating expenses. www.cpapracticeadvisor.com/12382433

Small Business Revenues and Confidence Surge. The positive outlook on the economy bodes well for growth, as 92 percent of small business owners indicated that a positive economic environment is a critical factor to their ability to grow. www.cpapracticeadvisor.com/12382440

Republicans and Democrats Agree on the Value of Homeownership. Many issues have a distinct political divide, but the majority of Republicans and Democrats agree on the value of owning a home. www.cpapracticeadvisor.com/12380858

HOLISTIC Firm Management is BEST

RANDY JOHNSTON
EVP & Partner
K2 Enterprises &
CEO of Network Management Group, Inc.
randy.johnston@cpapracticeadvisor.com
@RPJohnston

AS YOU WRAP up another successful year, you may be reflecting on the best techniques and tools you can use to manage your firm. While people and their skills are your most important asset, you can help your team by providing the right technology tools. It was clear that many firms were looking at their practice management, document management and workflow tools during this past year, and have big plans for their future use of these technologies.

We have seen advancements in other supporting tools this year including Prepared By Client (PBC) document retrieval tools, accounting documentation support such as Receipt Bank or Hubdoc, 1040 workpaper accuracy with SurePrep and CCH Scan, audit efficiency tools such as the CCH Audit Accelerator or CCH KnowledgeCoach tools, and a wide variety of upgrades in SaaS accounting software products such as QuickBooks Online, Xero or Sage Intacct. While marketing may state that one approach or another is best for your firm, remember our long-standing rule that you must look at your firm's business strategy and tactics before choosing your IT strategy and tactics. What is your overall plan for managing the firm more effectively?

CAN THE RIGHT TECHNOLOGY TOOLS HELP?

Of course! But the right technology tools won't fix management issues or procedural problems. Many partners believe that the issues in the firm are caused by or can be solved by software. Others believe that "going to the cloud" or getting the right people will eliminate operational issues. While this may be true, many of the issues are caused by faulty expectations or implementations. It is also quite common to have deficiencies in training, management skills, and operational expertise.

So first, make sure that your partners are all on the same page. Get the right vision, mission, strategies and tactics. You may do this with retreats, meetings or other techniques, but putting something in writing doesn't mean that the partners believe it or that it is being conveyed to all team members. There is nothing wrong with "managing a book of business" as long as the firm's client's and team members suffer at the whims of a dominant partner. It is very normal that firms that are managed through books of business don't spend enough on technology. The focus is so squarely on the money taken home by the partners that not enough investment is made in any area. It is also pretty clear that firms that spend the right amount on people and technology average more per partner income than those that do not.

The goal of this article is not to discuss business planning and alignment, but rather to help choose the right technologies to support the business vision, mission and strategy. We need to look at the firm holistically! This decade has been the decade of workflow, and there has been good progress of implementing automated workflow in larger firms. Firms with 50 people and below are still working on this area of the practice. While we have watched stand-alone products like XCM Workflow enable radical transitions in firms, we have seen others where the workflow tool was not implemented properly. Remember that you have to look at your firm's processes, map the existing state the "As Is" and what the new state or "To Be" should be like and encode this in the processes.

While workflow can be standalone like XCM or JetPack Workflow, there are other approaches that are document centric such as CCH WorkStream or Thomson FirmFlow as well as those that are practice management centric such as Star or APS Workflow. You can also invest in creating workflows with tools like SharePoint or IntApp, but these are likely to be more expensive to develop and maintain. One key idea in this area is that you can spend a lot for process consulting, but if you teach your entire team to understand processes, you'll get useful ideas from everywhere in the firm, and will likely be able to sell process consulting engagements to your clients, too.

Unfortunately, a number of firms have implemented document management…about 40% of the way. We understand the attitude of getting most of the benefit from implementing about 90% of a product, but we still find critical features like records retention, Optical Character Recognition, workflow, automatic naming, PDF Markup, portals and integrations with other operational products such as CCH Engagement and CaseWare not completed. If you find that it is hard to retrieve documents in your firm, or that the retrieval time is long, you may have an implementation problem.

Products like Doc.It have a number of features built-in including all of the features above. While sophisticated systems like CCH Document, GoFileRoom and iChannel may have all of these features and more, most firms simply used the products as a filing cabinet replacement, and stopped refining the implementation shortly after the conversion was complete. For both workflow and document management, we find that firms do best that review their processes and implementation twice a year, refine the implementation, and teach team members the new way of completing work. One key idea that may help you here: we believe that most firms confuse working files and final published work products. Consider what you are trying to control and when. This may eliminate the multiple copies of a single file that many firms have stored. In our consulting field work this year, we found multiple firms that had six or more copies of the same files stored in different places. No wonder team members were confused!

The riches are in the niches! You've seen this in my prior columns and it is a popular phrase among many consultants to the profession. While there are profitability pressures in the compliance areas of tax and audit, firms have gravitated to wealth management, collaborative consulting, SALT and dozens of other vertical offerings. To manage the teams and their financial results, more sophisticated practice management systems can be helpful.

This is not about value billing or time keeping, but rather about project management, scheduling, due date management and getting the right people to do the right jobs. We prefer practice management systems that can provide analytical reporting just like more sophisticated ERP systems can. You should be able to report by partner, office, service offering, niche or any other practice area that you like. AND it should not be a royal pain to do so. Most traditional practice management systems have limits in their ability to report and in their ability to manage projects.

As you review your current system, which is likely to be CCH Practice Management, Thomson Practice CS, or none at all, then you should consider what it takes to manage your firm effectively. This doesn't necessarily translate to dozens of reports or complex schedules. What does it take to keep projects' timelines and profitability visible? Can this be done with workflow, or some other collaborative tool? Should we look at new generation practice management tools like BillQuick Core, Karbon or Intuit Proline Practice? Would a higher end practice management provide what we need? One key idea in this area is to not overcomplicate your reporting needs or to micromanage your team.

> Remember that you have to look at your firm's processes, map the existing state the "As Is" and what the new state or "To Be" should be like and encode this in the processes.

MORE THAN SOFTWARE

Again, remember that software won't solve a management problem. Further, installation of a product is only the beginning of a successful implementation. Beyond the vendor supplied implementation assistance, there are likely to be additional courses, conferences and webinars on how to use the product better. Many vendors have forums where ideas on how to optimize the product can be exchanged.

Beyond that, you can learn about firm management from associations like CPAmerica or through events like AccountEx. Clearly publications like this one can also be a source of ideas. Even your own CPE program should include content from providers to support your management and career growth.

OTHER KEY THINGS TO LOOK FOR?

Remember that what works well for one firm may not necessarily work for your firm. On the other hand, if a technique is working in a firm, and you can apply those same techniques to your clients in a different geography or market, why re-invent the wheel? But remember, many of the formulas that are being promoted have already reached saturation by the time you hear about them.

Consider the fundamentals of going to your client base, listening to what they would like as a service, determine if you can profitably and repeatedly provide the service to those clients and more. It's always a benefit if the service fits in your pre-defined niches, strategies and expertise. However, sometimes you'll have to make the conclusion that it is better for the firm and client to not provide the service and refer the client to another expert that already provides for this need. After all, isn't satisfying client needs a core part of what you are trying to do in your practice? ■

By Mary Girsch-Bock

Document Management & Storage Systems

IT'S BEEN ESTIMATED that nearly 20 percent of an employee's time is spent searching for documents. To make matters even worse, according to PwC, 7.5 percent of documents in an office are simply lost. Not misplaced, or on someone's desk, but lost. Forever. In fact, *The Wall Street Journal* has estimated that for every twenty documents processed in an average business, one is lost or misfiled daily.

While larger accounting firms have fully embraced the paperless office, many smaller firms continue to struggle with the overwhelming number of documents that an accounting firm produces. One of the most common misconceptions is that document storage and management is designed for larger firms. While larger firms can see the most benefit from employing a document storage/management system, it's also true that even the smallest firms can reap benefits from implementing a paperless document storage/management system including a more organized office. Even the most organized office loses documents.

In an accounting firm, the entire process is paper-driven, with employees often sharing files and documents on a daily basis. While you may be the most meticulous person in the world; always ensuring that any file or document is always returned to its original location, your co-workers may not be. Your office file clerk may have misfiled a document, your co-worker may take a file home and forget to return it. Your boss may have a file on her desk, mixed in with other papers. A good document management system allows you to place those documents in storage electronically, ensuring easy access and eliminating the need to worry about misplacing or losing documents. And with a solid document management solution, there are numerous safeguards put in place to ensure that unauthorized access is not permitted, and that files are safeguarded against edits and changes.

We can also talk about time. Who wouldn't like to save some time? If you sat down and really calculated the amount of time that can be spent searching for lost documents, you'd be astonished. Or maybe you wouldn't. Every document in an accounting firm is important, so when one goes missing, staff can spend an inordinate amount of time searching for it. What happens is instead of working to bring in more business, you're spending your time searching for a lost document. Instead of entering data or assisting with client returns, your support staff is…looking for lost documents. Wouldn't you rather have your staff be productive instead of searching file cabinets for a document that is likely never to be found?

Stop wasting time and money copying documents. Instead, with a document storage and management system in place, those that need the document can simply access it from the system. No refiling, no copying needed.

Safeguarding confidential documents is necessary for all businesses, but particularly accounting firms that handle confidential financial information for their clients on a daily basis. You can try locking a cabinet, but for every locked cabinet there is a key, which can usually be obtained fairly easily. And don't forget the ability to safeguard those documents is also required if a catastrophic event occurs. If a hurricane floods your office tomorrow, will you still have your documents stored safely? Or will they be washed away in the flood?

The office of today looks nothing like the office of 25 years ago. Staff work from home, from hotel rooms, from conference room floors, even from their client's office. Sometimes they even work from their office. And they all need to be able to access documents. With a document storage and management system in place, those users will be able to access the files they need from wherever they are.

Both document storage and document management products were reviewed in this issue. We've included a separate chart for both, highlighting the features and functionality you would most likely desire when looking for one of these systems. While the document storage and document management are very similar in many ways, document management systems typically offer more advanced features.

The Document Storage products reviewed include:

- Cloud Cabinet by AccountantsWorld
- Drake Documents
- OfficeTools WorkSpace
- SmartVault Document Storage
- FileCabinet CS by Thomson Reuters

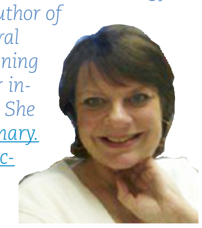
The Document Management products reviewed in this issue include:

- Cabinet SAFE Cloud
- Axcess Document/ProSystem *fx* Document by Wolters Kluwer, CCH
- iChannel by Conarc
- eFileCabinet
- Doc-It Suite
- GoFileRoom by Thomson Reuters
- Onvio by Thomson Reuters
- Personable ScanWriter

These products vary widely in some respects; with some available as a stand-alone application, while others are designed as part of a comprehensive workflow management solution. It's also important to ensure that initial system setup is completed properly, with all system users trained to access and utilize the system properly.

Many of these products offer a free demo, so users can try them out and decide what works (and what doesn't work) for them. While setting up a document management application can take some initial time, the subsequent hours saved by utilizing such a system will begin to be realized immediately.

Wouldn't it be nice to come in to work without a stack of papers on your desk? It's entirely possible with document storage and document management systems. ■



Mary Girsch-Bock is a freelance writer specializing in business and technology issues and is the author of her first book, several HR handbooks, training manuals, and other in-house publications. She can be reached at mary.girschbock@cpapracticeadvisor.com

	DESKTOP/SERVER INSTALLATION	CLOUD ACCESSIBILITY	SUPPORTS MULITPLE FILE STRUCTURES	DEFAULT FOLDER STRUCTURE	MULITPLE DOCUMENT UPLOAD	MANAGEMENT FEATURES	SCANNER INTEGRATION	DOCUMENT MANAGEMENT & ARCHIVING	CLIENT PORTALS	SECURITY	INTEGRATION	SUPPORT OPTIONS
CCH AXCESS DOCUMENT		x	x	x	x	x		x	*x	x	x	x
CCH PROSYSTEM *fx* DOCUMENT	x		x	x	x	x	*x	x	*x	x	**x	x
DOC.IT SUITE	x	x	x	x	x	x	x	x	x	x	x	x
eFILECABINET	x	x	x	x	x	x	x	x	x	x	x	x
GOFILEROOM		x	x	x	x	x	x	*x	x	x	x	x
iCHANNEL	x	x	x	x	x	x	x	x	x	x	x	x
ONVIO		x	x	x	x	x	x	x	x	x	x	x
PSISAFE/CABINET SAFE CLOUD	x	x	x	x	x	x	x	x	x	x	x	

*X with additional product
**Limited to vendor applications

CCH Axcess Document & CCH ProSystem *fx* Document

www.cchgroup.com

Both CCH Axcess Document and CCH ProSystem *fx* Document are well suited for accounting firms of any size that are currently using other CCH Axcess applications. Both products can be used as stand-alone applications as well.

Both products offer excellent document management capability, with similar features and functionality, with the main difference being deployment options, with ProSystem *fx* Document being on-premise and Axcess Document cloud-based. Pricing varies based on the program and number of users.

5 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382587

Doc.It Suite

www.Doc-It.com

Doc.It Suite is a sophisticated document management software that is well suited for firms of all sizes. Doc.It offers excellent document management capability, as well as a variety of other features such as Workflow, Archive, PDF Editor, Web Portal, and Scan and Organize.

Doc.It can be deployed as an on-premise product or hosted on the cloud by the vendor. Also available is Doc.It Go, Doc-It.'s mobile app that can be used with any device. The product is fully customizable, or can be used out of the box.

Customers receive training, software training tune-up (live) webinars, on-demand recordings, and unlimited telephone and email support.

5 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382579

eFileCabinet Document Management

www.efilecabinet.com

eFileCabinet is a solid document management solution for firms of all sizes. The addition of the Express edition of eFileCabinet now makes it suitable for even the smallest firms.

eFileCabinet offers four product levels; Express (Online Only), Performance, Professional, and Enterprise with as SQL version (Desktop Only) of the Enterprise edition available for large firms as well. The Express edition is $9.95 per user per month, with pricing for other editions available upon request. Add-ons such as SalesForce integration, Zonal OCR, Data Conversion, and Additional Data Storage are also available at an additional cost.

5 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382574

iChannel by Conarc

www.conarc.com

iChannel is best suited to larger firms that desire a more comprehensive document management system. iChannel is also a good fit for commercial real estate and construction and contracting industries.

iChannel by Conarc is part of the comprehensive suite of products which includes Document Management, Email Management, Workflow Management, CRM, and a Client Portal. Pricing starts at $26.00 per user per month for Document Management, CRM, Workflow, and the Client Portal, with final cost based on number of system users, and add-ons that may be purchased. A one-time fee is typically assessed for a PDF compressor and third-party scanning engine.

5 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382582

Onvio Documents, from Thomson Reuters

★ 4.75 2017 OVERALL RATING

https://tax.thomsonreuters.com/onvio/documents/

Onvio Documents is part of Thomson Reuters' online software product line designed for accountants and tax professionals. Along with document management, Onvio also offers the Client Center, Time and Billing, Project Manager, Workpapers, and Trial Balance modules. Designed for firms of any size, Onvio is a great fit for the firm that is looking for complete flexibility and anytime/anywhere access for all applications.

Onvio is priced by subscription, with pricing dependent on the number of users. Onvio Documents can be purchased as a stand-alone system, but the Client Center requires purchase of Onvio Documents. Support is available via email and chat and is included in the subscription price, with users able to obtain a quote directly from Thomson Reuters.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382583

PSIsafe from PSIgen (Formerly Cabinet SAFE Cloud)

★ 4.75 2017 OVERALL RATING

www.psigen.com

Document management application Cabinet SAFE and Cabinet SAFE Cloud were recently acquired by Psigen in early 2017. Completely rebranded, with a name change to PSIsafe, the product retains much of its original functionality. Originally designed as a document management application for accounting firms, PSIsafe is actively marketed to a variety of industries including HR, Legal, and Manufacturing.

PSIsafe is available in an on-premise version as well as a cloud version. Licensing for the on-premise version is $1,000 per user, and cloud licenses run $50.00 per user, per month. There is also an installation fee of $2,500 for the on-premise product and $750.00 for the cloud version. Software maintenance is included in the first year's fees for the on-premise version and will run 20 percent of the license price in subsequent years. Both maintenance and support are included in the monthly cloud subscription pricing.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382588

GoFileRoom, from Thomson Reuters

★ 4.75 2017 OVERALL RATING

https://tax.thomsonreuters.com/gofileroom

GoFileRoom is cloud-based, so users can easily manage documents from any location using any device. Designed specifically for accounting and tax professionals, GoFileRoom optionally offers complete workflow management capability, as well as seamless integration with other Thomson Reuters applications. Fully customizable, firms can create custom drawers, index structures, workflows, and reporting options to suit their needs. GoFileRoom is available as a monthly subscription, with pricing dependent on the number of users. All add-on modules and training options are priced separately, with pricing available directly from Thomson Reuters upon request.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382581

ScanWriter, From Personable

www.personable.com

For accounting firms that process a high number of transactions monthly for their clients, data entry can be time-consuming. But ScanWriter from Personable eliminates the need for data entry, automating the process entirely.

ScanWriter currently offers a version of its time-saving application for QuickBooks, Xero, and Excel users. Accounting firms can purchase ScanWriter as a stand-alone application, or used in conjunction with other Personable applications such as SourceLink, which provides document management capability for QuickBooks users, or Workflow DMS, which offers users the ability to quickly and accurately route files to the appropriate parties. Both WorkFlow DMS and SourceLink can also be purchased as a separate application.

Additional fees are also assessed for both Basic and Standard licensing, with Basic users incurring a monthly fee of $49.00 per active company per month for both Xero and QuickBooks companies. Monthly fees for Standard licensing for QuickBooks and Xero users runs $245.00 per month and includes up to 10 company files and up to 10 customized readers.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382586

	DESKTOP/SERVER INSTALLATION	CLOUD ACCESSIBILITY	SUPPORTS MULITPLE FILE STRUCTURES	DEFAULT FOLDER STRUCTURE	MULITPLE DOCUMENT UPLOAD	SCANNER INTEGRATION	DOCUMENT MANAGEMENT & ARCHIVING	CLIENT PORTALS	SECURITY	INTEGRATION	SUPPORT OPTIONS
ACCOUNTANTSWORLD CLOUD CABINET		x	x	x	x	x		x	x	x	x
DRAKE DOCUMENTS	x	x		x		x		*x	x	x	x
FILECABINET CS	x	x	x	x	x	x	x	*x	x	x	x
OFFICETOOLS	x	x	x		x	x	x	*x	x	x	x
SMARTVAULT DOCUMENT STORAGE		x		x	x	x		x	x	x	x

AccountantsWorld Cloud Cabinet

www.accountantsworld.com

Cloud Cabinet, from AccountantsWorld offers excellent document storage and management capability. The product also doubles as a document sharing portal, allowing easy sharing of documents with clients. Cloud Cabinet is an ideal option for accounting firms already using other AccountantsWorld applications, though the product can be used as a stand-alone solution as well.

Cloud Cabinet pricing currently runs $595.00 per year and includes both document management and client portals. The system includes 5GB of storage with additional storage (5GB) available for $25.00 per year. AccountantsWorld also offers a 30-day money back guarantee on the product.

★ **4.75** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382577

Drake Document Manager

www.drakesoftware.com

Drake Documents is best suited for small to mid-sized accounting firms that are looking for an all-in-one tax preparation, practice management and document management solution. Available in conjunction with other Drake Software products including Drake Tax, Drake CWU, and Drake Tax Planner, Drake Documents is not available as a separate application.

An excellent option for firms using or planning to use Drake Tax Software, Drake Documents offers solid document storage capability. Not available as a stand-alone application, users must purchase the entire system which currently runs $1,395 for the unlimited version which includes all federal and state tax packages, e-filing, Drake CWU, and Drake Tax Planner. Drake Hosted starts at $70.00 per month for a single user. A pay-per-return option is also available for those that do not process a high number of returns.

★ **4.5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382576

OfficeTools, from AbacusNext

www.officetools.com

OfficeTools is a comprehensive practice management solution for accountants. Recently purchased by AbacusNext, OfficeTools is best suited for small to mid-sized accounting firms that are in the market for a strong practice management solution that also offers an excellent document management system.

OfficeTools also includes a client portal as well as integration capability with a variety of applications including Intuit's Lacerte, ProSeries and QuickBooks, as well as Microsoft Excel and Outlook.

The system can be installed on a local desktop, server, or hosted in the cloud. OfficeTools supports multiple file formats, with all documents stored in their native format, so users will not need to convert files to a PDF format prior to storing.

★ **4.75** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382578

SmartVault Document Storage

www.smartvault.com

SmartVault Document Storage from SmartVault is a good fit for mid-sized accounting firms. SmartVault includes a client portal while offering integration with QuickBooks and QuickBooks Online, and also offers apps that provide integration with other accounting applications such as Xero and FreshBooks.

Available as on online subscription, a tax prep version is available for $30 per user, per month. The Accounting Pro version is $40 per user, per month, and is best suited for small to mid-sized firms. An Enterprise edition of the product is also available with pricing available via custom quote and those interested can access a free 30-day trial, with no credit card required.

★ **5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382575

FileCabinet CS, from Thomson Reuters

www.cs.thomsonreuters.com

FileCabinet CS from Thomson Reuters is a document storage and management system designed for firms of all sizes. FileCabinet CS can be used as a stand-alone application, but works best in conjunction with other Thomson Reuters CS suite of applications. Users can choose from On-Premise, Virtual Office, or SaaS deployment

Users can purchase the software as an on-premise solution, or have it hosted by Thomson Reuters. A SaaS option is also available for those that prefer to lease. Pricing for FileCabinet CS starts at $940.00, depending on the licensing option chosen. Client portals are available at an additional cost, though Thomson Reuters does offer volume licensing discounts.

★ **4.75** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12382580

How to Calculate the True Cost of Sales

CONTINUED FROM PAGE 5

entertainment is seen as a cost that needs to be minimized rather than an investment that needs to managed effectively to deliver the most value, it can have a serious impact on an organization's ability to grow.

INTEGRATING MULTIPLE DATA SOURCES

The challenge that remains is how to create a clear, visual way to see the impact travel and entertainment spend has on revenue generation. How can sales teams become more efficient, reduce unnecessary spend which doesn't deliver effective results, and increase investment in the tools that have proven ability to generate value?

By synching an organization's expense management and CRM data – from accounts and opportunities, down to individual contacts – into a single dashboard, it's possible to allocate detailed travel and entertainment expense data to each record. This data can then be viewed within the interface, clearly showing how much each member of the team has spent on a specific prospect or customer, even down to the level of individuals at each organization. This expense data is shown alongside information such as account size, so it's easy to see at a glance how spend compares to others for a specific account

If this data can be viewed in a clear, map-based dashboard, sales team leaders can obtain high-level snapshots at a glance, as well as drill down into accounts or sales team members' activity to obtain more granular insight. This insight can be used to see historical trends on the effectiveness of the travel and entertainment spend. The real benefit lies in the ability to make smarter short- and long-term planning decisions. Sales leaders easily can see where their team members' upcoming travels are planned, and by mapping this against account data, can make suggestions for other customers they can visit to maximize the trip. Finance teams can use this historical data to make smarter, more informed travel and entertainment budget calculations thereby increasing the investment in more effective sales team activities. Instead of flying blind with half-baked data, businesses can be confident that they are making the correct decisions, which can reduce unnecessary spend while also driving additional revenues. That's a sure way to grow any business.

* Research conducted by YouGov for Chrome River

Tim Wheatcroft is the head of communications at Chrome River Technologies. He can be reached at tim.wheatcroft@chromeriver.com.

The Classification of Bitcoin and Cryptocurrency by the IRS

By Craig W. Smalley, EA, MST

In 2014, after many years of speculation, the Internal Revenue Service (IRS) issued guidance in Notice 2014-21 that classified cryptocurrency as property[1], not currency, for federal income tax purposes. But according to the requirements of the Foreign Account Tax Compliance Act (FATCA), which requires foreign financial institutions to provide the IRS with information about accounts held by U.S. taxpayers or foreign entities controlled by U.S. taxpayers, cryptocurrency exchanges, in the ordinary course of doing business, are considered financial institutions.

On Nov. 30, 2016, a federal judge in the Northern District of California granted an IRS application to serve a "John Doe" summons[2] on Coinbase Inc., which operates a cryptocurrency wallet and exchange business. The summons asked Coinbase to identify all U.S. customers who transferred convertible cryptocurrency from 2013 to 2015. Why? Because the IRS is trying to get cryptocurrency owners to report the value of their wallets to the federal government.

So, an argument could be made that the IRS is treating cryptocurrency as both property and currency.

Reeling from this dichotomy, the American Institute of Certified Public Accountants recommended in a June 2016 letter[3] to the IRS that cryptocurrency accounts be reported in the summary information section of Form 8938, Statement of Specified Foreign Financial Assets, which breaks with the IRS's 2014 guidance that cryptocurrency be treated as property.

If a taxpayer were to hold gold overseas, which is considered property by the IRS and, more specifically, a commodity, there is nothing in the Tax Code, that requires the taxpayer to report the value of the gold to the IRS every year. Further, if a taxpayer owns residential property, rental property, or any other asset deemed property overseas, there also is no requirement for the taxpayer to report the fair market value of that property to the IRS.

In the case of cryptocurrency, we have a dichotomy where the IRS is treating the currency as property for income taxes, and then asking that the property be reported as a foreign bank account.

Property is divided into certain sections within the Internal Revenue Code (IRC) that determine everything from how the property is treated at sale, to how the property is depreciated, to the nature and character of the gain on sale of the asset. For instance, IRC §1231 property (real or depreciable business property held for more than one year) is treated as capital in nature when sold for a profit[4], but is treated as ordinary when the property is sold for a loss[5].

IRC §1245 property, on the other hand, is treated as ordinary in nature[6]. §1245 property encompasses most types of property. IRC §1250 property covers everything else. IRC §1250 states that a gain from selling real property that has been depreciated should be taxed as ordinary income, to the extent that the accumulated depreciation exceeds the depreciation calculated using the straight-line method, which is the most basic depreciation method used on an income statement.

Continued online at
www.CPAPracticeAdvisor.com/12380583

THIS MONTH'S TOP TAX SOCIAL MEDIA POSTS

- How Do Your Tax Prep Fees Compare to Others? **Ryan Norton, Taxing Subjects blog.** http://bit.ly/2hI9lMc
- Measuring Marginal Tax Rate on Capital Assets. **Huaqun Li, Tax Foundation.** http://bit.ly/2zWbpeb
- Three Ways to Create a Better Client Experience Next Tax Season. **Caroline O'Reilly, Wolters Kluwer blog.** http://bit.ly/2zUWG35
- How Retail's Evolution Impacts Tax Nexus. **Adam Schaffner, Thomson Reuters blog.** http://tmsnrt.rs/2jbXrKS
- The Intersection of Innocent Spouse Relief and Offers in Compromise. **Keith Fogg, Procedurally Taxing blog**. http://bit.ly/2B7CXuR

LATEST TAX NEWS

Helping Small Business Clients Avoid an Audit. As a business advisor, it is your job to not only be your small business clients' biggest fan, but more importantly, their biggest critic.
www.cpapracticeadvisor.com/12382470

The Sharks of the Overseas Company Formation Market. The expenses that are incurred in the LLC are then added to the basis of the coin that is being produced.
www.cpapracticeadvisor.com/12380585

AICPA Bestows Highest Taxation Award to Deborah Walker, CPA, MBA. In addition, to her work with Cherry Bekaert LLP, Walker edits for Bloomberg BNA, focusing on the Compensation Planning Tax Management Portfolio.
www.cpapracticeadvisor.com/12380418

Tax Tips for Military Families. Among the many challenges faced by military families are tax complications arising from the unique demands of military service.
www.cpapracticeadvisor.com/12380266

How the Digital Revolution is Changing the Sales and Use Tax Landscape. Recently, tax authorities have begun a wholesale shift in indirect tax compliance to enhance their collections and audit processes.
www.cpapracticeadvisor.com/12379622

> "Most of us have trouble juggling. The woman who says she doesn't is someone whom I admire but have never met.
>
> *Barbara Walters, Journalist*

2017 MOST WOME IN ACCOUNT

By Isaac M. O'Bannon, Managing Editor

WHO ARE THE most influential leaders in the accounting profession? Increasingly, they are female professionals who are CPAs, consultants or are the developers behind the technologies that help all accounting and tax pros be more efficient and productive.

CPA Practice Advisor has announced the recipients of its 2017 Most Powerful Women in Accounting awards, which recognize each for their significant contributions to the profession. While some are directly engaged in day-to-day client service as a partner or senior member of an accounting practice, others serve in roles as varied as consulting, media, software development, and even in political office.

Nominations were open to the public on *CPA Practice Advisor*'s website www.CPAPracticeAdvisor.com, and the final selection of this year's recipients was determined by the publication's editorial staff and editorial advisory board.

The awards were announced and presented at QuickBooks Connect, which was held November 15-17 in San Jose., California.

This year's Most Powerful Women in Accounting are:

- Karen Abramson
- Joanne Barry, CAE
- Sharada Bhansali
- Dawn Brolin
- Arianna Campbell
- Danielle Supkis Cheek, CPA, CFE, CVA
- Gale Crosley, CPA
- Loretta Doon, CPA
- Lynne Doughtie, CPA
- Sarah Elliott, CPA
- Kimberly Ellison-Taylor, CPA, CGMA
- Cathy Engelbert, CPA
- Angie Grissom
- Melissa K. Hooley, CPA, CGMA
- Stacy I. Kildal
- Beth Kieffer Leonard, CPA, CGMA
- Michelle Long, CPA
- CeCe Morken
- Amy A. Pitter
- Elizabeth Pittelkow, CPA, CITP, CGMA, DTM
- Amy Vetter, CPA, CITP, CGMA, MBA
- Jennifer Warawa
- Geni Whitehouse, CPA, CITP
- Sandra Wiley
- Jennifer Wilson

CPA Practice Advisor's editor-in-chief Gail Perry, a CPA and distinguished accounting thought leader, was also presented with one of the 2017 Most Powerful Women in Accounting awards by publisher Barry Strobel.

Read more about the winners at www.CPAPracticeAdvisor.com/12380691

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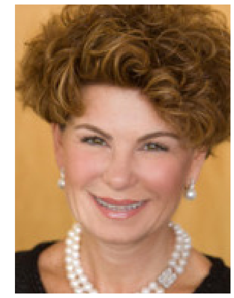
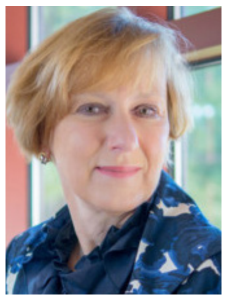
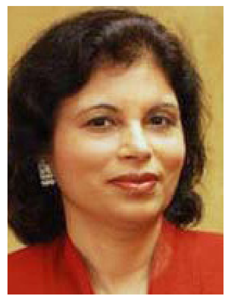
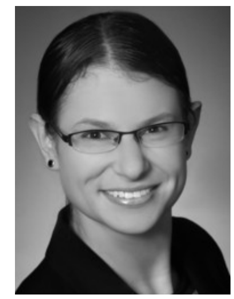

Karen Abramson


Joanne Barry


Sharada Bhansali


Dawn Brolin


Arianna Campbell


Danielle Supkis Cheek


Gale Crosley


Loretta Doon


Lynne Doughtie


Sarah Elliott


Kimberly Ellison-Taylor


Cathy Engelbert

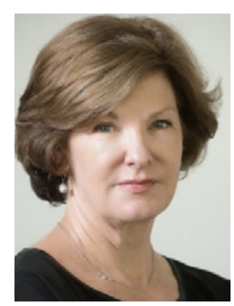

Angie Grissom


Melissa K. Hooley


Stacy I. Kildal

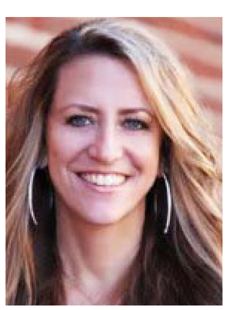

Beth Kieffer Leonard


Michelle Long


CeCe Morken


Amy A. Pitter


Elizabeth Pittelkow


Amy Vetter


Jennifer Warawa


Geni Whitehouse


Sandra Wiley


Jennifer Wilson

ROMAN H. KEPCZYK, CPA.CITP
Director of Consulting
Xcentric, LLC.
roman.kepczyk@cpapracticeadvisor.com

2018 IT Predictions for Accounting Firms

UNIVERSITY PROFESSOR JOHN M. Richardson summed up his view of the future by stating: "When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened." This quote is apropos to today's accounting technology environment as we step towards the precipice of change that is occurring around Artificial Intelligence, Block Chain and the impact of data sciences on our accounting, tax and audit processes.

In light of wanting to be one of those who "make it happen," we would like to offer up our predictions of those technologies you should be watching in the year ahead. However, before we jump to those predictions it is only fair to recap the results of our 2017 guesses which were scored by a completely biased panel (ourselves) and which we awarded ourselves seven WINS and three LOSSES, scoring ourselves as a "C-average" for to our predictive intuition as follows:

- **Major Vendor Acquires Cloud Audit Provider** (LOSE): While the focus of the major accounting vendors has been on tax production and workflow automation tools, we expected to see a surge in interest in cloud based audit suites this year resulting in one of the major vendors acquiring cloud applications to deliver a comprehensive competitive solution. While adoption of cloud-based auditing applications surged (Thomson Reuters Advance Flow, SuraLink, AuditNet), and Wolters Kluwer/CCH acquired the exclusive US rights to Validis (and rebranded it Audit Accelerator), our prediction was to "acquire" which did not happen so we have to take a "LOSE" on this one.
- **Microsoft Surface a Hit** (WIN): Our prediction was that 2017 would mark the year when Microsoft would deliver a Surface device that can truly replace our trusty accounting laptops. While there were some negative reviews from consumer groups, overall we saw Surface devices being actively piloted in a high percentage of accounting firms and had one client firm that made the jump to Surface PCs for their entire practice, so we will chock that up as a "WIN."
- **Block Chain Reality** (WIN): The prediction was "with the Big Four transitioning resources to utilizing Block Chain technology to audit financial institutions, the rest of the accounting profession will be exposed to the concept and begin scrambling for ways to take advantage of this technology." Scrambling is right as all the major firms and most of the regional firms have significant Block Chain initiatives in play, so this was an easy "WIN."
- **Cognitive Tax Application Tested** (WIN): Last year we stated: "IBM's Watson computer continues to acquire specialized knowledge and will make a dent in the legal market place this year that we believe will be followed by forays into tax compliance by automating multi-national tax strategies." With HR Block touting its IBM Watson usage and at least one of the Big Three accounting vendors also

jumping on board, we rate this as another "WIN."

- **Intuit ProConnect Tax Online Breaths New Life into Lacerte** (WIN): While Lacerte continues to be a consistently reliable on-premise tax product, it had traditionally not fared as well as its tax competitors in merger situations where it was being compared against Wolters Kluwer/CCH and Thomson Reuters. With Intuit rebranding ITO to ProConnect Tax Online (PTO) and providing an easy (and very cost-effective) transition path for traditional Lacerte and ProSeries returns to its web platform, we predicted Intuit would be growing its online tax market share, which it did 50% year over year, so another "WIN."
- **CPA Security Breaches Continue to Increase** (WIN): In a meeting with the Criminal Investigations Unit of the IRS we heard that from 3-5 practitioners systems were being compromised on a daily basis and that there were more breaches and phishing attacks in January of this year than in the previous twelve months. That puts this prediction in the "WIN" category which is unfortunately a big loss for those firms that were breached.
- **17" Laptops Adoption Increases** (WIN): We predicted that laptops would continue to get thinner and lighter which would lead to a resurgence of firms adopting 17" laptop as their "only workstation," reducing the "pooled laptop" concept for occasional use. The CPAFMA survey found that 25% of firms buying new laptops last year opted for the 17" models which we believe is due in part to traditional desktop users acquiring laptops as part of the mobile/disaster recovery strategy.
- **Crippling of Tax Organizers** (LOSE): We predicted that the number of organizers created by firms would be noticeably reduced due to the adoption of applications allowing clients to submit digital data or respond to online questionaires. While tools such as Lacerte Link, CCH's My1040Data and TaxCaddy rolled out, firms we spoke to recently seemed to be continuing with the use of organizers (even though there was a strong transition towards digital delivery), so we're taking a "LOSE" decision on this one.
- **Useful "Touch" Accounting Application Delivered** (LOSE): "While Microsoft Office applications work well on tablets and smartphones via touch commands, traditional accounting applications have been behind so we expect to see the vendors introduce useful touch capabilities into their applications making them more mobile friendly." Our prediction was accountants would actually use touch applications which was more of a curiosity than a practicality so "LOSE" number two!
- **CPAs Accept Accounting "Gig" Workers** (LOSE): We predicted firms would see an increase in the number of part-timers with expertise for more accounting type services such as project management, data extraction, IFRS financials, etc. While we saw renewed interest in outsourcing of overseas workers, this was a specific exclusion from our prediction so another check in the "LOSE" column.
- **BONUS PREDICTION: CPA Firms Adopts Drone Technology** (WIN): While this was not part of (and therefore not part of the scoring) one of the Big Four firms did utilize drones for inventory observation and asset inspection in 2017.

THE 2018 PREDICTIONS

So, in the spirit of being one of those accountants that is exploring a future "that will make it happen," let's jump on to our In Firm 2018 Accounting Information Technology predictions:

- **CPA Firm Breaches Increase Dramatically (AGAIN):** We still don't see firms taking security seriously and with the misguided belief that their internal IT people have the resources to manage it, we will predict a 50% increase in breaches over the previous year.
- **Multi-Factor Authentication Becomes Standard:** We anticipate that governments and application vendors will push out multi-factor authentication requirements in response to prediction number one, meaning that we will have to key in a code that has been sent to our phone to access at least half of our applications.
- **Biometrics Becomes Reality:** Even though we predicted this four, five and six years ago, we see 2018 being the year that we will workable biometric login to our networks using fingerprint or facial recognition.
- **3M Remote QuickBooks Online:** With a surge in clients wanting live access to their accounting information and new features being added, we anticipate the QuickBooks numbers to run up rapidly in 2018 and exceed 3 million users by this time next year!
- **5G Digital Cellular Available:** The 2018 Winter Olympics will tout the benefit of 5G Digital Cellular in South Korea, which will accelerate the rollout of 5G technology within the US in at least 20 major metropolitan areas by the end of 2018.
- **Banks Drive Block Chain Adoption:** While Bitcoin and other digital currencies continue to be speculated about, the major US (and World) Banks will push out their own distributed ledger system, on which accountants will need to learn to consult and provide assurance services.
- **Competition for Block Chain Assurance:** While traditional CPA firms have a lock on the current assurance reporting infrastructure, a rapid transition to block chain and the highly technical requirements will leave some resistive firms wondering, "What happened?" We predict there will be an influx of non-traditional competitors including financial and data analytics providers that will partner with non-traditional accounting firms.
- **Practical Artificial Intelligence (AI) Adoption:** While most firms won't have access to IBM's Watson, the major accounting vendors will roll out AI-capable applications that firms will be able to use within their audit and tax applications.
- **Cloud Standardization:** We predict at least a 10% jump in firms that are 10 members or more transitioning entirely to a vendor's cloud or a private cloud hosting solution such that they no longer have any active servers in their own offices.
- **Cloud Adoption Cuts IT Staffing:** With the transition to more cloud-based applications, we see the internal IT support requirements in firms reducing, resulting in a drop in IT metrics of at least 25%.
- **BONUS PREDICTION: Major Cryptocurrency Collapse:** We expect to see continued explosive growth amongst the cryptocurrencies, but are skeptical of where there is value being added to justify this growth (except to pay ransomware) and predict that one of the top ten currencies will collapse below 25% of the current year value.

Well, that summarizes our top ten predictions that we want to see happen in the year ahead. We hope we have provided you with some new insights to think about as you roll into another busy season! ■

Q&A with Rich Preece,

Vice President, Accountant Segment, Intuit

Rich Preece is vice president, Accountant Segment, Intuit. His extensive marketing, general management and global experience has been invaluable as the Accountant Segment continues to serve as a center of excellence for Intuit's worldwide efforts with accountants. Since joining Intuit in 2002, Rich has played a critical role in growing the business and bringing accounting and tax products to market in different regions, including the US, UK, France and India for both small businesses and accountants.

WHAT ARE THE TRENDS IMPACTING THE ACCOUNTING INDUSTRY TODAY?

An increasing number of millennials and digital natives are choosing accounting as a profession and this is having a huge impact on the industry today. A recent Intuit study commissioned by Emergent Research found that between 2000 and 2017, the number of accounting graduates has nearly doubled, from 150,000 to 280,000. These young graduates are impacting everything from the type of work they do to how they get their work done.

These young professionals desire to be mentored at work, network and work collaboratively with their peers. As digital natives, they also desire to work with technologies and implement processes that automate the work they do because they view automation as a benefit to accomplishing their work in the most efficient, impactful way. Additionally, they look for a work environment that provides real-world interactions with the clients they serve, the ability to learn from peers in order to feel their work is meaningful as well as flexibility in when and where work gets done.

In order to appeal to the next generation of accounting professionals, accounting firms need to create a work environment that focuses on collaboration and the use of apps, embraces automation and creates efficiencies that lead to a balanced work/life experience.

HOW IS INTUIT HELPING ACCOUNTING FIRMS EMBRACE COLLABORATION AND AUTOMATION?

We are focused on increasing collaboration and automation through the products and services we deliver to accounting professionals. More specifically, our vision is to provide the one place for accounting professionals to grow and manage all their clients and all their practice. We strive to fulfill this vision through QuickBooks Online Accountant, where accounting professionals can access and manage their QuickBooks ProAdvisor membership as well as manage their entire practice via Practice Management.

Today, more than 700,000 accountants globally use QuickBooks Online Accountant to manage their clients and run their practice, and the Practice Management workflow solution gives them one place to grow and manage all their clients and run their entire practice, from books, to tax, payroll, payments and third-party apps. QuickBooks Online Accountant is making them more efficient than ever before by delivering insights to make their clients more successful.

Through the ProAdvisor Program, we are focused on delivering more opportunities to connect small businesses to ProAdvisors to help both succeed and grow. Today, through improvements to the Find-a-ProAdvisor platform, we are creating nearly 1,000 connections between small businesses and accountants, every single day, worldwide.

IF WE WERE TO LOOK 3-5 YEARS INTO THE FUTURE, WHAT ARE THE TRENDS THAT WILL TRANSFORM OUR INDUSTRY?

Machine learning, artificial intelligence and data-driven insights will transform the accounting industry through increased automation across platforms and products. Our study with Emergent Research shows that accounting is one of the top industries educators and global institutes predict will be heavily impacted by automation. This impact will result in the continued growth of advisory services. In fact, advisory services have grown 137 percent between 2010 and 2015 among large and small firms.

At the same time, machine learning, artificial intelligence and data-driven insights are helping QuickBooks become more predictive and proactive, intelligently anticipating critical turning points, making customers smarter and more confident in the decisions they make for their business. For example, QuickBooks Online Accountant will soon automatically identify work, allow accountants to zoom into a single client insight and dig deeper into the insight as well as the next step actions they can take, directly from the work dashboard.

Accountants will also be able to leverage the power of billions of data points within QuickBooks to provide more advisory services. Imagine the impact of being able to provide recommendations to improve a client's business performance based on comparisons with other businesses in the same industry.

WITH SO MANY TRENDS AFFECTING THE ACCOUNTING INDUSTRY, IS THERE ANYTHING THAT WILL REMAIN THE SAME?

While automation, artificial intelligence and machine learning are changing the way work is completed, what will never change is the wisdom, experience, advice and counsel accounting professionals provide their clients each and every day. For this reason, we will remain laser focused on creating connections between small businesses and accountants. For together, we not only fuel the success of accountants and bookkeepers but also the success of their small business clients. ■

Each month we explore the advantages and intricacies of developing and growing a niche practice. This month we're examining what it takes to serve franchise clients.

RESOURCES FOR ACCOUNTANTS TO WORK WITH FRANCHISERS

- **Revenue Recognition for Franchisers** – White Paper from RSM http://rsmus.com/pdf_download/tl-cp-0216-revr-rec-article.pdf
- Videos from Professor Michael McGlaughlin, PhD., CPA, Washington University:
  - **What is Franchising?** https://www.youtube.com/watch?v=746GSFWLMTA
  - **Accounting for Franchise Fees** https://www.youtube.com/watch?v=b-MuECrIaCU&t=9s
- **How Businesses Pay Franchise Taxes** – from The Balance https://www.thebalance.com/how-businesses-pay-franchise-taxes-398272
- **What are the Keys to Franchise Success?** – International Franchise Association https://www.franchise.org/what-are-the-keys-to-franchise-success
- **Top 5 Characteristics of Successful Franchises** – from Entrepreneur magazine https://www.entrepreneur.com/article/60986

A Step-By-Step Marketing Plan to Gain and Keep Franchise Clients

By Becky Livingston

WHEN YOU THINK about franchisees, do you imagine them working in and managing their business on a day-to-day basis? If so, you may only be thinking about a portion of the industry. In some case, they may own the franchise, but not actually work in the location at all.

What's an accounting firm to do in order to market their services to franchisees if only a portion of them are at their physical locations?

First, millennials are a hot franchise commodity, according to Franchise Direct.[1] If you want to engage with this audience, you'll need to speak with them wherever they "hang out." That means social media, video, and events.

Second, multi-unit franchise owners are also on the rise; predicting the new markets they will be in will be paramount to your firm's ability to scale within a geographic area.

Third, they may not have access to a computer all day; reaching them where they work may require physical interaction, such as in-person visits, events, webinars, and more.

Fourth, research the franchise industry you wish to focus on and its pain points. Addressing those pain points should be the pillars to your marketing strategy.

Finally, develop a plan of action that will put your firm's team in front of franchisees in a way the makes them stop and listen. Addressing pain points is a big way to get attention. If you know your target market's pain points and how you can solve them, shout it from the rooftops. The quieter you are about your capabilities, the less likely they will hear you.

EXAMPLE

Your firm has a strategic initiative to increase its restaurant franchise clients by 10 percent over the next eighteen months. Those restaurants will be located in the New York tristate area (New York, Connecticut, and New Jersey). Your main focus is on fast-food restaurants and the food-truck industry.

The 5 Biggest Mistakes People Make When Buying a Franchise

INVESTING IN A franchise is a major decision. While on the one hand you're buying into a proven model, you have no evidence it will work in your town or in the location you choose. We spoke with Joel Libava, The Franchise King, who wrote *Become A Franchise Owner!* and provides advisory services to people considering franchise ownership. We asked him about the biggest mistakes people make when they buy a franchise. Here are the five main pitfalls he discussed.

1 NOT BEING A GOOD FIT FOR A FRANCHISE

According to Libava, one of the biggest mistakes is deciding to be a franchise owner in the first place, because not everyone is cut out for it.

"Would-be franchise owners don't take enough time to do a deep dive into themselves," he says. "In other words, they start looking at franchise opportunities without making sure they are right for what's really a very rigid, system-based business model. Franchise ownership is for rule-followers. Period."

2 BUYING INTO A TRENDY FRANCHISE

A lot of today's prospective franchise owners are attracted to "hot" franchises — ones that are getting a lot of publicity. But a franchise's popularity is no indicator of how successful you'll be running it.

"Lebron James just purchased rights to ten Blaze Pizza franchises, so there's a lot of buzz about the brand," Libava says. "While buying a franchise that has a celebrity 'endorsement' sounds good on the surface, the franchise has to be a fit for the person buying it. Is a food franchise a fit for every prospective franchise owner? The answer is no. The name, the brand, doesn't matter unless it makes good business sense to align yourself with it."

3 NOT GETTING THE SUPPORT OF YOUR FAMILY FIRST

Before most people buy a franchise, they'll consult their accountant, their

What should your marketing plan look like?

- **Research.** Use big data sources to find your niche, including how many, their size, location, turnover, revenue, profits, etc. From that data, create a top-10, mid-20, and bottom-30 list of franchisee owners you'd like to convert into clients. From that list, identify how many in each category you need to reach your goal.
- **Identify a team leader and champion** for this group, often a partner, who can approve content and make decision quickly when needed.
- **Construct a team** that is interested in the particular type of franchise business you want to serve. They will already have an understanding of the terms used that will draw clients toward your firm. They also possess a passion for the industry, which will make them more likely to be productive, engaged, and excited to work with those types of clients.
- **Create a multi-pronged marketing approach,** including direct mail, social media, email, and more advanced methods, such as webinars, whitepaper development, and event planning to reach prospects.
- **Research terminology and hashtags for the industry** to help put your brand and people "in front" of the prospects. That includes keywords terms for search engine optimization on your website, keywords for print and online media, plus hashtags related to the industry.
- **Develop content development and event planning schedules** that focus on pain point management, such as employee turnover, misclassification of employees, investing, exit planning, start-up costs, business planning, and more. Plan out several months ahead to allow for development and marketing.
- **Produce and share content** from blog articles, podcasts, interviews, images, video scripts and images, whitepapers, reports, and guides to more advanced pieces like webinars, demos, trials, testimonials, and newsletters.
- **Isolate key performance indicators** to help define success metrics.
- **Build a monthly (or weekly) reporting schedule** to determine what's working and not working early on so you may make adjustments.

Once you've secured the clients, continue to keep them in mind as you develop content and host events. Consider what the business owner needs to know as their business matures, including multi-franchise ownership, multi-state business taxes, employee benefits, retirement plans, investing structures, having children working in the business, exit planning, and more.

The key to working with franchisee owners is to know they help the need and how you can be their solution provider. ■

attorney, maybe even a franchise consultant like Libava. But they'll likely overlook the people who can have the biggest impact on their success.

"You must have the support of your immediate family for something as big as buying a franchise," Libava says. "It's hard enough to open a new business. You don't need any added pressure to succeed from family members who never bought in to your idea in the first place and keep harassing you about the hours you're putting in with very little financial return at the beginning."

4 NOT KNOWING YOUR NET WORTH

Libava says knowing how much you're worth can go a long way to helping you determine if franchising is a good fit right now.

"Most of the people I work with have not done a net worth statement, and it's something that must be done before embarking on a franchise business opportunity search," Libava says. "If you don't know where you're at financially, you won't know what you can afford when you're searching for that perfect franchise."

You should have a minimum net worth of $300,000, with at least $50,000 being liquid if you want to become a franchise owner. Libava says many franchisors have minimum capital requirements, so having a prepared net-worth statement is crucial.

5 NOT DOING YOUR HOMEWORK

"Serious research is required if you want to increase your chances of success as a franchise owner while reducing your risk," Libava says.

To find out what it's like to own a particular brand of franchise, talk to actual franchisees. Make an effort to get to know them and ask about their backgrounds, then see if they like running that particular franchise.

"Once you've asked them several questions," he says, "you can start moving toward the money questions you have." ■

This article first appeared on the Intuit QuickBooks Resource Center.

What Every Supervisor Should Know

RICHARD D. ALANIZ
Senior Partner
Alaniz Schraeder Linker Faris Mayes, L.L.P.
ralaniz@alaniz-schraeder.com

IT SHOULD COME as no surprise to most employers that today's workplace has come to be regarded as the most regulated place in America. It is so because of one simple fact. The federal government, state government, and even local entities, such as cities, can and do issue workplace rules and regulations that require employers to do or not do a myriad of things. Employment-related regulations fill hundreds of pages of legal binders, violations of which can have significant legal consequences. And the list of workplace mandates grows longer each year.

Employers must comply with the numerous provisions of such federal laws as the Fair Labor Standards Act (minimum wage, overtime, and overtime exemptions), Title VII of the Civil Rights Act of 1964 (discrimination or harassment based on several factors), the Americans with Disabilities Act and its amendments (disability discrimination, reasonable accommodation of disabilities), the Family and Medical Leave Act (mandatory leave for certain reasons), Fair Pay Act (equal pay requirements) and numerous other federal mandates. State and local versions of these laws and others may impose even stricter standards. An employer is obligated to comply with all of them, especially if state or local rules are more demanding than the federal regulations.

Supervisors and managers make most of the significant day-to-day workplace decisions regarding employees. Since any one of those decisions could implicate provisions of the multitude of workplace regulations, it is critical that supervisors and managers have at least a basic understanding of what the most significant regulations require. Failure to abide by those rules can result in substantial liability and sometimes seemingly endless litigation. Not only are the federal and state agencies that enforce workplace regulations increasingly aggressive in challenging employer actions, the glut of lawyers looking for a potential plaintiff with a claim increases the likelihood that an agency charge or a lawsuit could result from a routine decision regarding workplace conduct or performance.

For example, in certain circumstances employee conduct that might otherwise warrant discipline, can be considered protected activity under Section 7 of the National Labor Relations Act. The provision that protects "concerted activity" has seen dramatic expansion in its use during the last few years. Conduct such as critical and disparaging remarks about the company, its management, supervisors, and even the use of profanity has been found to be "protected concerted activity." Even when such conduct is engaged in via social media with its widespread dissemination to others, it has still been found to be protected. Policies that require employees to keep company information confidential, such as salaries or wages, have also been found to violate Section 7.

While most companies provide training on a variety of work-related subjects, such as safety and production matters, few take the time to educate managers and supervisors on the legal consequences that can arise any time they make a decision that is adverse to an employee. Yet such decisions must be made in all workplaces every day.

Basic supervisor training on legal issues should include at least an understanding of the types of conduct that can constitute discrimination or harassment under Title VII. Similarly with the amendments to the ADA in 2009 that greatly expanded the definition of a "disability," cases of alleged disability discrimination have grown exponentially. Reasonable accommodation of an employee's disability is mandatory for all employers unless it creates an undue hardship on the company. Complicating the matter is the potential implication of FMLA leave issues anytime a disability involves absence from work.

Understanding what steps must be taken to demonstrate that the company complied with its obligations under both the ADA as well as the FMLA is imperative for everyone who deals with employee issues. Supervisors are generally the first to interact with employees who raise issues that may implicate these complex laws. They stand at the intersection of employment laws and the workplace. If they fail to recognize that specific steps must be taken and what the employer's obligations are, then liability may be created from the very first interaction with the employee.

Moreover, supervisors and managers can be held *personally liable* for certain types of claims, so it is important that they receive proper training to help both the company and themselves. In 2016, the Unites States Court of Appeals for the Second Circuit developed a test to determine whether a supervisor was liable for an FMLA claim. The court stated that a manager could be liable depending upon whether they had the ability to hire and fire employees, controlled employee work schedules or other conditions of employment, determined the rate and method of pay, and maintained employment records.

Personal liability also exists for some FLSA claims. Owners and managers that were liable for these claims had the authority to hire and fire employees, determine salaries, the responsibility to maintain employment records, and other control over the day-to-day operations of the business. Basic supervisor training that alerts managers and supervisors to these risks will also reduce the likelihood of a successful lawsuit against employers because management will be motivated to resolve these issues correctly.

How is a supervisor or manager to know what actions may fall under the protection of one or more of the numerous workplace laws unless they are properly trained? This does not mean that they must become human resources experts. A knowledgeable supervisor should be able to recognize and properly respond to at least the more significant potential landmines created by the web of workplace regulations. In today's litigious environment, it is imperative that appropriate legal issues training be included in every employer's preventative maintenance regimen. Failure to do so could result in liability and costly court entanglements. ■

By Dave DuVal, EA

TAX IDENTITY THEFT AND YOUR CLIENTS: 5 Steps to Finding Peace

IF YOUR CLIENTS ARE WORRIED ABOUT TAX IDENTITY THEFT

With the Equifax data breach exposing personal identifiable information of 143 million Americans this year, we need to be prepared to receive and answer more concerns than ever from clients about tax related identify theft this coming tax season.

But while the IRS has been improving safeguards against tax identity theft every year, there is still very little an individual – or their tax professional – can do to prevent tax ID theft once their information has been compromised. The best strategy for any taxpayer remains the same: file your return as early as possible in order to beat the identify thieves to the punch. That said, there are a few things we can do to help our clients who may be worried.

1. SET EXPECTATIONS: We can help clients by setting expectations for a tax season that may be fraught with delays. Filing early is an excellent proactive measure, but it may not prevent a refund from being held up. With heightened security around identity theft, any of our clients may find their refunds withheld indefinitely with little explanation from the IRS.

In addition, we may find it necessary to help our clients understand the limits of their control over tax return identity theft. For example, it might help to alert our clients that putting credit freezes on their credit accounts after being notified that their information was compromised may help prevent credit card fraud, but it is unlikely to prevent tax return fraud; a credit freeze does nothing to stop an identity thief who has enough of a client's personal identifiable information from filing a fraudulent tax return in their names.

Though state definitions may differ slightly, personal identifiable information is any data that could potentially identify a specific individual. PII generally includes any of the following: an individual's name, date of birth, credit card numbers, social security number, financial records, credit report date, state identification or driver's license number, telephone numbers, addresses, names of relatives, photographs, or anything else that can be used to identify an individual.

2. BE PROACTIVE: We can help our clients be proactive against potential tax identity theft by giving them a little nudge just after the New Year. We can call them in early January to review their prior year's return and discuss the information documents and receipts for potentially deductible expenses they will need to complete their returns for the current tax year – and ask to set up their tax appointments for the earliest possible time, while letting them know about our concerns for the upcoming filing season.

A client who has already been a victim of identity theft tax fraud may be eligible for an Identity Protection Personal Identification Number (IP PIN). An IP PIN is an assigned number that is used when filing to authenticate the tax filer's identity. Any client whose Social Security number has been compromised and who has been informed by the IRS of a possible identity theft tax fraud, or whose e-filed return is rejected as a duplicate, should complete and file Form 14030, Identity Theft Affidavit. In addition, clients who filed a tax return last year in Georgia, Florida, or Washington D.C. are able to obtain an IP PIN.

3. MONITOR: Once our clients file their returns, they may want to set up an account with the IRS that allows them to monitor the details of their tax activity. While it can be a bit of a hassle to set up, being able to check in on the activity might provide them with the extra peace of mind they need if they are concerned.

4. BE POSITIVE: Despite the additional worry caused by the data breach, there is quite a bit to be hopeful about that we can share with our clients. The IRS and its Security Summit Partners have been making steady progress over the past several years in combatting tax identity theft. The number of identity theft returns has been declining since 2015, and the number of people who are reporting themselves to be identify theft victims has also been declining substantially.

The tax industry has been sharing data points that have helped the IRS and states identify potential identity theft fraud – and this year it will be sharing more data points than it has in past years, which should help to further reduce tax related fraud. Additionally, the IRS and Security Summit Partners are continuing to share information about emerging identity theft schemes in the Identity Theft Tax Refund Fraud information and Sharing and Analysis Center.

While the Equifax breach may have exposed enough PII for someone to file a fake return, new protections are in place that may prevent them if they try. The IRS and Security Summit Partners from the federal, state, and private sectors are further refining the existing tax return security protections for the 2018 tax season. For example, beginning in 2018, 66 million W-2 forms will include a new "Verification Code" box (Box 9 of the W-2 Form) that will authenticate their W-2 as they file their tax return.

5. BE VIGILANT: Even with the incredible progress being made to combat identity theft, keeping W-2 and other financial data secure remains critical – especially for our clients whose PII has been compromised. The holiday season is a great time not only for end of year tax planning, but also to remind our clients of the need for vigilance in keeping their information secure. This includes never sending confidential documents containing PII to anyone via email, ensuring documents are stored in a secure location, shredding documents before disposing of them, maintaining firewalls, practicing safe web browsing, using best practices for password creation, and understanding how to identify and avoid social engineering schemes.

Data breaches are beyond our control. Once an identity thief gets hold of our clients' personal information, there is little we can do to prevent tax identity theft from happening to them. But we can still help by encouraging our clients to file as early as possible, monitor the activity in their accounts, and to be vigilant about their information and cyber security in order to minimize any resulting damage from compromised personal data. ■

Dave Du Val is an Enrolled Agent and the Chief Customer Advocacy Officer for TaxAudit and Audit Defense Pro. At TaxAudit, he ensures that the entire team is on the forefront of tax education, research, best practices, and audit representation. At Audit Defense Pro, Dave focuses on making sure the staff has the knowledge and technical experience to provide quality audit representation

Will New Use Tax Laws Kill Tax Free Shopping?

By Scott Peterson

RECENTLY, SCOTT PETERSON, Vice President of U.S. Tax Policy and Government Relations for Avalara, conducted a Facebook Live Chat to discuss use tax laws and shipping. This is a topic CPAs and accountants should know more about - not only to educate their clients, but also to help build a sales tax niche for their own practices. The following are excerpts from the chat.

Q: What exactly are these new laws, and how many states will this impact?

Scott Peterson: These laws are attempts by states to gather the data necessary to effectively enforce their use tax laws. A version of this law has been passed by five states and one territory so far: Vermont, Louisiana, Colorado, Washington, Pennsylvania and Puerto Rico. The focus is on whether you make sales in these states; if you do, and exceed that state's minimum threshold, the law is going to apply to you as a seller. It's very possible that more and more states are going to be considering similar laws in the near future.

Q: If I have a website and ship items all over the country, but my office and warehouse are in Florida, does anything change for my business?

SP: How you sell and where you sell it from is irrelevant. The only thing that is relevant is whether you collect the state's sales tax in those five states. If you don't collect their tax, the law applies to you. Retailers, no matter where they are based, you could become subject to these Consumer's Use Tax Reporting laws if they sell into a state that has adopted the practice. If that happens, and if the seller does not collect and remit that state's sales tax, the seller would then be required to adhere to the state's use tax reporting requirement, no matter where the seller is based.

Q: Does this mean that instead of the final consumer reporting and paying use tax, the seller will have that responsibility? And, will sellers need to collect the use tax?

SP: No, the non-collecting seller – that is, what these states call those who do not collect sales tax – will not have the responsibility of collecting use tax. The non-collecting seller will report purchase information to the state, and the state will collect the use tax directly from the consumer.

Q: Does this mean the non-collecting seller will need to register in that state, or just simply report?

SP: Luckily, none of these reports are due to states before March 1, 2018. While states are still rolling out their specific requirements, no state so far has released language specific to whether sellers need to register in their state. We're always releasing new information on this as it develops, so stay tuned to our blog and social media platforms for more information. As to whether there will be an easy online option, anyone who's been to a state department of revenue website knows that simplicity is hard to come by.

Q: What is the effective date of the new use tax laws?

SP: The three important states in this case – Vermont, Louisiana and Colorado – have laws that went into effect July 1, 2017. Pennsylvania's law was adopted in November 2017 and will become effective in 2018. Washington's law, which is similar to Pennsylvania's, goes into effect on Jan. 1, 2018. The three states where the law is already in effect impose a penalty on non-collecting sellers that don't inform their purchasers that they may owe use tax.

Q: What are the specific requirements for these use tax laws in each of these states?

SP: All the states require non-collecting sellers to notify purchasers that they might owe use tax. Some of these states require the non-collecting seller to send an annual report to their purchasers, telling them what they purchased and that they might owe use tax. Colorado and Louisiana require the non-collecting seller to send a report to the state containing a list of all their purchasers in that state, as well as the dollar amount of their purchases. At Avalara, we're putting together a state-by-state chart that will list the reporting requirements for each state. Once that resource is available, we'll be sure to post it in this event, as well as share it on our Facebook page.

Q: Do these laws apply to wholesalers and manufacturers?

SP: Not intentionally. These laws are designed to impact businesses that sell directly to consumers. The problem is that the state can't look at your business name and know whom you sell to; therefore, as a manufacturer/wholesaler, you will be forced to respond to state inquiries and prove you are not making sales directly to consumers. In addition, states tax many business-to-business sales, and because the definition of the "consumer" varies by state, businesses are often "consumers."

Q: With the rapid advance of Blockchain, Cryptocurrency, and Peer-to-Peer e-commerce, will states resort to monitoring package deliveries to ensure Use Tax compliance?

SP: States do not have access to package delivery information, so the package delivery company would have to grant access, which I don't think is likely to happen.

Q: How will these changes affect drop shippers versus Fulfillment by Amazon sellers?

SP: What makes these laws simple is there are only two types of sellers: those who collect and those who don't. The law does not impact those who collect, regardless how they sell. However, those who don't collect are impacted by the law, regardless how they sell.

Q: How will these laws impact consumers?

SP: Historically, states haven't gone after consumers for use tax because they haven't had the data to pull that off. These new laws change that. With the reports sent to them by non-collecting sellers, states will have the data they need to collect use tax directly from consumers. ■

New Sales Tax Reporting Requirements for Remote Sellers

By Dean R. Pearson

AS STATE AND local tax authorities continue to pursue lost sales tax revenue from out-of-state business e-commerce, a new enforcement approach has emerged. Referred to as "reporting laws," these statutes require out-of-state sellers with no sales tax nexus in a given state to comply with some type of reporting or notification requirement when making remote sales. These new laws attempt to impose a new compliance requirement on out-of-state sellers for sales and use tax reporting purposes, thereby compelling taxpayers with no physical connection to a given state to provide sales and use tax related information to taxing authorities.

E-COMMERCE AND STATE SALES TAX NEXUS

State authorities' frustration with lost sales tax revenue related to the growth in e-commerce stems from the U.S. Supreme Court's decision in Quill Corp v. North Dakota, 504 U.S. 298, which held that states can only require taxpayers with a physical presence in a given state to collect sales tax. As e-commerce has continued to expand and erode states' sales tax bases, state legislatures have looked for ways to halt the decline in revenue without exceeding the physical standard requirement held in Quill. The reporting laws that states are increasingly turning to provide a work-around for purposes of the physical presence standard set in Quill in that these laws do not require remote sellers without physical presence in a state to actually collect and remit tax, but rather only require some type of compliance reporting.

STATE SPECIFIC REPORTING LAWS

States that have recently enacted sales tax reporting laws include Colorado, Kentucky, Louisiana, Oklahoma, South Carolina, South Dakota, and Vermont. Each of these states' laws has its own nuances and requirements, further complicating out-of-state taxpayers' efforts to understand compliance responsibilities. These reporting laws typically have two components: (1) remote sellers must file an annual report with the Department of Revenue and (2) sellers must provide notification to in-state buyers of use tax responsibilities.

Colorado was the first jurisdiction to enact these types of sales tax reporting requirements. After the passage of Colo. Rev. Stat. Section 39-21-112.3.5 in 2010, a taxpayer sought a permanent injunction in Federal District Court, arguing that the statute violated the Commerce Clause. However, the U.S. Court of Appeals for the 10th Circuit upheld Colorado's law on February 22, 2016, with the U.S. Supreme Court declining to review the Appeals Court decision (Direct Mktg. Ass'n v. Brohl, 2016 BL 411370, U.S., No. 16-267, petition for certiorari denied Dec. 12, 2016).

POTENTIAL DEVELOPMENTS

Colorado's law may now have opened "Pandora's box" with regard to this issue. Other states, including Alabama, Kansas, Nebraska, and Utah, have plans to introduce similar laws. As states continue to pursue lost sales tax dollars, reporting laws may appear with increasing frequency. It is unclear what tools are at states' disposal that would compel taxpayers to comply with sales tax reporting laws. But many practitioners have noted that the burden of reporting laws may incentivize more taxpayers simply to start collecting sales tax in jurisdictions where they have no physical presence. The incentive for remote sellers to collect sales tax may prove a powerful tool for states in recapturing lost sales tax revenue related to the growth in e-commerce. As such, taxpayers should anticipate an expansion in these types of sales and use tax reporting laws.

However, it should be noted that Colorado's current law may undergo substantive revision via Colorado Senate bill SB 17-238. Current law requires retailers that do not collect Colorado sales tax to provide notification to all Colorado purchasers showing certain information. The notification must be sent separately to all Colorado purchasers by first-class mail. SB 17-238 specifies that the notification must instead be sent to the email address used to complete the purchase and not be included with any other emails to the purchaser regarding the purchase. SB 17-238 also repeals the notification requirement that the retailer that does not collect Colorado sales tax must send to the Department of Revenue for each Colorado purchaser that specifies the total amount paid for Colorado purchases.

RECOMMENDATIONS

Taxpayers can no longer rely on a lack of physical presence in determining state sales tax reporting obligations. In navigating multi-state sales tax compliance, taxpayers will need to be cognizant of myriad new reporting laws. As such, taxpayers selling in more than one tax jurisdiction, regardless of physical presence, should consult with a tax advisor to assist in monitoring any potential new compliance requirements. ■

This article originally appeared http://www.fgmk.com/news-resources/thought-leadership/new-sales-tax-reporting-requirements-for-remote-sellers/

Dean R. Pearson is the director of state and local tax at FGMK.

Payroll Compliance Legislation and Common Mistakes

By Kaylee Riley

When you run payroll, you must comply with payroll and labor laws. Brush up on payroll compliance legislation and common compliance mistakes so you can accurately run payroll without fear of penalties.

PAYROLL COMPLIANCE LEGISLATION

All employers must follow payroll compliance legislation. While it might seem like a burden, it's extremely important. Why is payroll compliance legislation important? It makes sure employees are paid and treated fairly. And, legislation ensures that governments receive the funding they need for certain programs.

Below are payroll compliance laws you must follow.

FLSA

The Fair Labor Standards Act (FLSA) regulates minimum wage, child labor, overtime laws, and recordkeeping.

The FLSA sets the federal minimum wage at $7.25. You must pay employees at least this much per hour. You might have to pay even more if your state or locality has a higher minimum wage.

The Act includes child labor laws to protect workers under the age of 18. It regulates the types of jobs children can do at certain ages, what times children can work, how many hours children can work, and how much you must pay children.

Because of the FLSA, many employees are entitled to extra wages when they work overtime. Overtime wages are 1.5 times an employee's regular rate of pay.

You must give overtime wages to nonexempt employees, but you don't need to give overtime wages to exempt employees. The FLSA sets the rules for determining exempt vs. nonexempt employees.

The FLSA requires you keep certain information about your employees on file. For example, you need to have the each employee's full name, Social Security number, occupation, and details about their wages. For a full list of information you need to keep, consult the U.S. Department of Labor.

You must keep payroll records for at least three years. And, you must keep documents that involve wage calculations, such as time cards and deduction information, for at least two years.

ECONOMIC REALITIES TEST

The economic realities test isn't really a law so much as it is a guide. It helps you determine if the people who work for you are independent contractors or employees. Employees have certain rights that independent contractors don't have, such as overtime wages.

The economic realities test looks at six things:

- Does the performed work relate to your business?
- How permanent is the worker?
- How much does the worker invest into doing the job?
- How much control do you have over the worker?
- Does the worker have opportunities for profit and loss?
- How much skill and judgment does the worker need?

You cannot look at one part of the test by itself. You must consider all parts together.

TAXES

Federal legislation requires you hold several types of taxes from employee wages.

FICA taxes: The Federal Insurance Contributions Act (FICA) created federal programs for old-age, survivors, disability, and hospital insurance. These programs are funded by Social Security and Medicare taxes, sometimes referred to together as FICA taxes.

FICA taxes have two parts: the employee withholding and the employer contribution. You will withhold part of Social Security and Medicare taxes from employee wages. And, you will contribute an equal part to meet full payroll tax compliance.

Federal income tax: You withhold federal income tax from employee wages. The federal government uses the money collected from federal income tax to fund government programs, such as defense, education, and health care.

Federal income tax withholding is different for every employee. To calculate federal income tax, you need to use either the wage bracket method or percentage method found in Publication 15. You also need to know the withholding allowances for each employee, which can be found on their Form W-4.

Continue reading online at the Patriot Software blog: http://bit.ly/2z0ShrW

THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- New York City Enacts "Freelance Isn't Free Act." **Annemaria Duran, SwipeClock blog.** http://bit.ly/2z1JUMR
- How to Set Personal Boundaries with Employees. **HRPayrollSystems blog.** http://bit.ly/2zS6406
- Gap Between Rich and Poor Keeps Growing. **MoneyTips blog.** http://bit.ly/2mJUnui
- The Basics of Household Employee Taxes. **SurePayroll blog.** http://bit.ly/2zQxRW3
- Avoid These Traps when Disciplining Employees. **ADP Blog.** http://bit.ly/2AWkVL8

LATEST PAYROLL NEWS

5 Year-End Payroll and Tax Issues for Small Businesses. Small business owners also need to keep a focus on several payroll and tax-related issues they will face by year-end. www.cpapracticeadvisor.com/12382573

Unhappy Employees are Bad for Your Brand. Whether you realize it or not, your employees are out there representing your firm at every moment, on or off the clock. www.cpapracticeadvisor.com/12382686

5 Steps to Become a Better Leader. It's that time of year when many companies are doing annual reviews and employees are thinking about their own performance as well as their relationship with their team and their boss. www.cpapracticeadvisor.com/12382775

What is a Tax Gross-Up for Payroll? There might be a time you want to pay an employee a specific amount. But, once you factor in taxes, that amount gets smaller. So how can you give an employee a certain net pay? www.cpapracticeadvisor.com/12382773

Thank-You Notes a Valuable Tool for Job Searchers. Eighty percent of human resources (HR) managers said they take thank-you messages into account when deciding who to hire. www.cpapracticeadvisor.com/12382778

Taking the Work Out of Sales Tax

FOR MOST SMALL businesses, closing sales in more than one city or state is a huge milestone. However, with it comes the complexity of sales tax compliance. Sales tax can be tricky for businesses operating in one locale, but even more so once various exemptions, tax holidays and rules are factored in for each state, county and jurisdiction. In an effort to help alleviate this pain point, Intuit is rolling out a new automated Sales Tax feature for QuickBooks Online.

The new featured is powered by Exactor, a cloud-based provider of sales and use tax calculation that was recently acquired by Intuit. The feature works behind the scenes, making it easy for retail customers to accurately track sales tax and ensure that they are meeting all of their tax obligations.

Whenever a new sale or invoice is started, QuickBooks Online will automatically calculate the correct sales tax rate. Because QuickBooks Online is tracking changes to tax rates and rules, it automatically knows which tax rate to apply based on the date. Additionally, the new automated Sales Tax feature can track the tax exemption rules on many products and services that state and local jurisdictions require.

Simply put, QuickBooks Online sales tax automation remembers the tax rules, so users don't have to. They no longer need to manually track and enter the tax for different state and local jurisdictions. In addition, QuickBooks Online customers can view a breakdown of the different sales tax rates for each item they sell on their invoices by clicking the sales tax link.

"Our new Sales Tax engine works hard so that accounting professionals don't have to," said Amit Dhingra, product manager, QuickBooks Online. "It tracks changes to tax rules, then calculates and applies the correct sales tax rate behind the scenes, which means accountants no longer need to spend time tracking constantly-changing state and local tax rules and fixing inaccurate tax amounts on their client's transactions. This feature will help accountants save time and keep their clients compliant."

While the new automated Sales Tax feature makes it easy for users to calculate sales tax at checkout, it also makes it easy for businesses to see the amount of sales tax they collect and owe. When users set up their sales tax, they are no longer adding a sales tax rate. Instead, users select the agency that they will pay sales tax to, the filing frequency, the start of their tax period and when they started collecting sales tax. Once this information has been added, they will be able to see in which states they owe taxes as well as the due date for each state by visiting the Taxes page. Small businesses can review their sales tax data at a glance to see how much sales tax was collected, current sales and the taxable sales. The aggregation of data ultimately helps small businesses file taxes accurately and on time.

It's reported that small businesses in the U.S. invest up to 19 hours and $2,000 monthly to be compliant, and accountants spend four to seven hours each month keeping up with the constantly changing taxability rules that govern state, local and special district taxes, preparing and filing tax returns on time. With the new integration, accountants save time because they can see at a glance how much sales tax their clients owe, when it's due and to which agency it's owed. Having their clients' sales tax information at their fingertips helps ensure they are preparing and filing their clients' tax returns with the most accurate information. It also enables them to further step into the role of trusted advisor by having key conversations centered around sales tax.

The free automated Sales Tax feature will be available to all QuickBooks Online customers. New QuickBooks Online users or those that have not previously set up sales tax can get started now using the new feature by setting up sales tax. Existing users that have already set up sales tax within QuickBooks Online will receive an email invite to opt in to the new automation experience, starting early next year. ■

The ProAdvisor Spotlight is sponsored by Intuit QuickBooks.

intuit QuickBooks.

8 Mistakes to Avoid When Hiring Seasonal Employees

From the Connect@ADP blog.

WITH WINTER APPROACHING, employers in certain industries may need to hire temporary employees to help handle seasonal increases in demand. Even though seasonal employees are by definition short-term hires, cutting corners during the onboarding process can lead to long-term headaches. When hiring seasonal employees, avoid these top mistakes:

#1: WAITING TOO LONG.

Start early by assessing business needs and determining the number of seasonal workers you will need. Work with supervisors to make sure adequate staff will be in place and establish a plan for utilizing the additional help.

#2: RELAXING HIRING STANDARDS.

The ramifications of a bad hire, whether temporary or full-time, can be significant. Prior to recruiting for an open position, write/review/update a job description for the position and establish the job-related criteria you will use to make your hiring decision. Vet each candidate carefully, with attention given to employment applications, resumes, interviews, references, and background checks, where applicable. Taking the time to look for quality workers can also benefit you in the future, since you'll have qualified workers to call upon next season.

#3: USING ONLY ONE RECRUITING METHOD.

Solely relying on one or two recruiting methods could limit the quality and diversity of your applicant pool and increase the time it takes to fill the position. Consider recruiting channels that target workers who are specifically looking for seasonal work. For example, retirees have valuable skills and availability that may be a good match for seasonal jobs. College students on winter break may also be a good fit. Also, consider asking your existing employees whether they know anyone who is qualified and looking for seasonal work.

#4: SKIPPING ORIENTATION.

Failure to take the time to acclimate seasonal hires to your company culture, procedures, and expectations can lead to lower productivity and higher turnover. Once the seasonal candidate accepts the job, begin the process of welcoming and introducing him or her to your company. Prepare existing employees for the seasonal hire's arrival and inform them of the work the new hire will be taking on. Also, effectively communicate the resources available to help seasonal hires get up to speed as quickly as possible.

#5: NEGLECTING TRAINING.

Even though seasonal employees are with you for a relatively short period, providing effective training is still critical for maintaining a productive, fair, and safe workplace. Seasonal employees should generally receive the same training as other new hires, such as training in anti-harassment, nondiscrimination, safety, and other important workplace issues.

#6: OVERLOOKING COMPLIANCE.

As you would with regular employees, make sure you comply with all applicable federal, state, and local employment laws. Hold seasonal employees to the same conduct standards as regular employees and enforce policies consistently. Additionally, ensure that your seasonal employees are treated fairly and are provided a safe and nondiscriminatory workplace. Finally, be sure to comply with new hire paperwork requirements, including:

- **Form I-9.** Each new hire must complete an I-9 to verify work authorization.
- **Form W-4.** All new hires must complete a W-4 to determine the amount of federal income tax to withhold from their wages. Some states also require a tax withholding form.
- **Notice of Coverage Options.** Under the Affordable Care Act (ACA), employers must provide a Notice of Coverage Options to all new hires.
- **State and local notices.** Many jurisdictions require that employers provide specific notices to employees at the time of hire.

#7: FAILING TO PROVIDE FEEDBACK.

Like regular employees, seasonal employees need regular feedback. Supervisors should provide performance feedback immediately following a behavior they'd like to reinforce or correct. Train supervisors on how to provide effective feedback and coaching and hold them accountable. Additionally, regularly check-in with seasonal hires to see how they're transitioning into their role, and if they need any additional training or further clarification on workplace expectations.

#8: NOT THINKING ABOUT NEXT YEAR.

One way to reduce the costs and effort of recruiting seasonal employees is to encourage qualified workers to return the following year. Consider offering incentives to help improve retention, such as a bonus or pay raise to returning workers. Additionally, conducting exit interviews at the end of the season can help you identify what changes you can make to the workplace to improve retention.

LAST WORDS:

To help meet heightened seasonal demand, devote the time and resources needed to find and retain quality seasonal hires. ■

5 Year-End Payroll and Tax Issues

AS AMERICANS WRAP up the holiday season, small business owners also need to keep a focus on several payroll and tax-related issues they will face by year-end.

Paychex, Inc., a provider of payroll, human resource, insurance, and benefits outsourcing solutions for small- to mid-sized businesses, has highlighted five important tax-related issues for small business owners to consider as they approach the end of 2017 and plan for the year ahead. The list includes tax reform, new ACA filing provisions, an accelerated W-2 Form filing due date, the 401(k) tax credit, and health reimbursement arrangements.

"Changes to current legislation and uncertainty about the future of tax reform present unique challenges – and opportunities – for small business owners," said Martin Mucci, president and CEO of Paychex. "As we enter the final weeks of 2017 and look ahead to 2018, our goal is to provide small business owners with the latest tax and regulatory considerations, so they can position their businesses for continued success in the year ahead."

Here are the top five tax issues they identified:

- **Tax Reform.** Employers will need to grapple with uncertainty about what the federal tax code will look like in the years to come as they make decisions on tax filing for the current year. Tax reform legislation in Congress could look drastically different when it becomes law – and there is no certainty that it will come to fruition. Nonetheless, business owners will have to make reasonable assessments of what they anticipate, based on the best information available on tax reform and the potential impacts on their business.
- **Affordable Care Act Filing.** For tax year 2017, businesses that are defined as an applicable large employer (ALE), under the Employer Shared Responsibility (ESR) provision of the ACA, must provide a detailed reporting of healthcare coverage. Unlike the previous two years, there is no transition relief in 2017 for either how employers file or how they offer coverage, so employers should do their due diligence, ensuring the information reported on Forms 1094-C/1095-C is timely and accurate to avoid the risk of substantial penalties. Additionally, recent Internal Revenue Service (IRS) communication on healthcare coverage reporting for the individual mandate, and recent updates on the IRS ESR question and answer site, indicate the IRS is now focusing on enforcement of and collection on the assessment for the ACA shared responsibility provisions. The IRS provided more specifics on how employers will know that they may owe a shared responsibility payment and instructions on steps they should take in response to the payment notices. The agency also indicated employers will begin to receive notices of a potential assessment for 2015 in late 2017, meaning some employers will need to research these notices, correct any errors in previous filings, and communicate with the IRS, while also preparing for current year obligations.
- **Accelerated W-2 Form Filing.** Tax year 2017 marks the second year of the accelerated due date for federal W-2 filing. The deadline is January 31, 2018. The Social Security Administration indicated that the number of late W-2s filed in 2017 almost doubled compared to 2016, and the number of corrections filed on Form W-2C increased more than 30 percent from last year. Employers should ensure all W-2s are submitted on-time to avoid late or non-filing penalties assessed by the IRS. For tax year 2017 filing, seven additional states (AZ, AR, KS, ME, MO, MT, and NE) will be following the federal example and have accelerated their W-2 filing deadline to January 31. This brings the number of states requiring accelerated W-2 filing to a total of 35.
- **401(k) Tax Credit.** The Credit for Small Employer Pension Plan Startup Costs, which provides a tax credit to eligible employers who start a 401(k) plan, is again available to employers with no more than 100 employees who received at least $5,000 in compensation for the tax year. The credit, up to $500 per year for the first credit year and each of the following two tax years, is allowed to offset the costs of establishing an eligible plan as well as educating employees about the plan.
- **Qualified Small Employer Health Reimbursement Accounts.** Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs) were established in December 2016 through the 21st Century Cures Act. For non-ALE small employers that do not provide group health coverage, these arrangements provide a method of reimbursing employees for the cost of insurance, and/or qualified medical expenses, on a pre-tax basis. The programs require the benefit be provided to all eligible employees, have a notice requirement, and allow only employer contributions to a statutory maximum amount. ■

RESOURCES:

To download a Slideshare of the tax considerations for small business owners, visit payx.me/taxtips2017.

For other helpful tips to advance the long-term success of small businesses, visit www.paychex.com/worx.

Women Mentorship Programs Help Firms Realize Greater Success

By Isaac M. O'Bannon, Managing Editor

U.S. accounting firms that use advancement programs for promoting women to leadership positions overwhelmingly view them as effective tools in recruiting and retaining talent, according to new research by the American Institute of CPAs.

Mentorship is by far the most popular advancement program, with 45 percent of firms using it, the 2017 CPA Firm Gender Survey found. Sponsorship, in which influential firm leaders take a more formal role in guiding promising employees to career opportunities, professional development and promotions, is used by 12 percent of firms.

"There are two important takeaways here: 1) firms that use these programs have seen a beneficial impact on attracting and retaining talent," said Melissa K. Hooley, CPA, CGMA, chair of the AICPA Women's Initiatives Executive Committee. "And 2) firms that are taking active steps to promote women and minorities likely will have a competitive advantage when it comes to securing talent."

Women comprise nearly half of all accounting graduates entering the profession, but remain underrepresented at the partnership level and other leadership positions. The survey shows little change in this area from studies done in years past, which have typically found less than one-quarter of the partnership ranks made up of women. As was the case two years ago – the last time the CPA Firm Gender Survey was conducted – the percentage of women partners was found to be highest at smaller firms.

Firm Size	Percentage of Women Partners
Two to 10 CPAs	42% (43%*)
11 to 20 CPAs	30% (39%)
21 to 99 CPAs	26% (27%)
100+ CPAs	21% (20%)

*Results in parentheses from 2015 CPA Firm Gender Survey

Among other findings of the survey:

- An analysis of job titles found that women maintained parity or better with men in CPA firms through the senior manager level, after which the ratio declines
- The larger the firm, the greater the gender gap in equity ownership
- Only 47 percent of firms have a succession plan and only two percent have a formal gender component in those plans
- Some 89 percent of firms say they have instituted some form of modified work arrangements, with flextime and reduced hours being the most prevalent

Advancement Program	Percentage of Firms Using It	Of That Group, Those Who Say It Has an Impact on Attracting or Retaining Talent
Mentoring	45%	87%
Sponsorship	12%	97%
Gender Initiative	11%	85%
Minority Initiative	2%	90%
Combined Diversity & Inclusion	6%	90%

The CPA Firm Gender Survey was conducted online by MKTG Incorporated for the AICPA's Women's Initiatives Executive Committee from Aug. 3 to Sept. 11, 2017. Some 492 qualified respondents, drawn from CPA firms of varying sizes and regions within the United States, participated. ■

THIS MONTH'S TOP FIRM MANAGEMENT SOCIAL MEDIA POSTS

- Be the Firm You Want to Be. **Carrie Steffen, CPAConsultantsAlliance blog.** http://bit.ly/2zq8v1K
- Digital Marketing and Your Tax Practice. **Carly Moore, Canopy Tax blog.** http://bit.ly/2AkjzxA
- Vision, Values and Strategy: 3 Firms Share Their Insights. **Bryan Cytron, Firm of the Future blog.** http://bit.ly/2AY9iDF
- 5 Ways to Make the Most of Small Office Space. **AICPA Insights blog.** http://bit.ly/2iCMsKW
- Accounting Firm Owners Should Not Do Accounting. **Jason Blumer, Thrival blog.** http://bit.ly/2zqaLWM

LATEST FIRM MANAGEMENT NEWS

Building Client Relationships in a Distributed World. While there are clear benefits, cloud-enabled accounting solutions have greatly reduced or eliminated the need to interact directly with clients.
www.cpapracticeadvisor.com/12382711

Accounting Firm Cybersecurity: Training Staff and Protecting Your Business. It probably won't surprise you to hear that tax identity theft is on the rise.
www.cpapracticeadvisor.com/12377102

Tips for Growing Your CPA Firm's Affiliated Entities. As more and more CPA firms venture into consulting services, they will be faced with the question of how they should expand their non-traditional services.
www.cpapracticeadvisor.com/12382780

Marketing Your Firm with Thought Leadership. Avoiding trendy buzzwords is always a good rule of thumb when promoting your business. In certain circles, promoting yourself as a "thought leader" may cause more people to roll their eyes than anything else.
www.cpapracticeadvisor.com/12382782

Millennials and Your Audit Practice. Millennials want their work to have a purpose that connects them to something larger. That fact is important to remember when evaluating your firm's strategy.
www.cpapracticeadvisor.com/12380920

Podcast Managers and Podcasts

MANY OF US will be taking some time away from the office during the holidays, but that doesn't mean we won't want to stay connected with what's happening in the world. We surveyed members of the CPA Practice Advisor community to find out how they like to listen to their news, books, whitepapers, webinars, and other fun ways to kill time with a headset. Not only did we ask what apps they use, we also asked for recommendations for some of their favorites podcasts. Here's what we found out.

David Cieslak of Arxis Technology, told us he loves and uses **Stitcher** every day to listen to his favorite podcasts: "AP Radio," "This morning with Gordon Deal," "Left, Right & Center," and "The Ben Shapiro Show."

Daniel Vidal of Expensify uses **Apple Podcasts.** "I have found Apple Podcasts to be sufficient for me, with access to all podcasts on the go. A couple of podcasts I listen to are: 'The Tim Ferriss Show,' and 'Revisionist History' by Malcolm Gladwell."

Michelle Walsh, VP of Client Services at XCM told us that she uses **Audible** or **My Podcast** by Apple. "One that I really enjoy is '99% Invisible' and also the 'TED Radio Hour.'"

Blake Oliver of Armanino said, "My favorite podcast app is 'Overcast.' It has a feature called 'Voice Boost,' which normalizes volume so that it's easy to hear in the car without cranking up the stereo."

Garrett Wagner of Thayer & Associates told us, "For podcasts, I use **Podbean** to manage the podcasts that I listen to. My favorite podcast right now is the 'Green Apple' podcast." Green Apple is produced by John Garrett, aka "The Recovering CPA."

Ron Baker of the VeraSage Institute, a prolific podcaster himself, uses **iTunes** and **Apple's Podcast** apps to manage his podcasts. Some of my favorites include:

- Uncommon Knowledge with Peter Robinson
- EconTalk
- Rabbi Daniel Lapin
- The Soul of Enterprise: Business in the Knowledge Economy (ok, this one is mine, but I cannot not mention it!)

Doug Sleeter, founder of The Sleeter Group (now Accountex) listens to "Soul of Enterprise" as well. "It's fantastic, deep thinking ideas on building business in the knowledge economy."

Joshua Lance of Lance CPA Group is also a fan of "The Soul of Enterprise" and "Thrivecast." "To get my soccer fix, I listen to 'Wrong Side of the Pond,' " he added.

Anne-Lise Dorry, director of accounting publications at Thomson Reuters, said she runs a lot and therefore listens to a lot of podcasts. Here are her favorites:

- In the Accounting world, I listen to the PwC's "CFOdirect" podcasts. In around 20 minutes, they tell me what I need to know on a specific topic or give me a quarterly update.
- My favorite app is Radiolab's "More Perfect." It discusses the history, role, and decisions of the US Supreme Court. It sheds lights on the Constitution and the good, the bad and the ugly of its interpretations.
- For runners, I recommend the "Run to the Top" podcast. They are well researched and address a wide arrow of running topics (from nutrition, to gear, to inspirational stories).

Arline Welty, partner at DataQuest, said, "This might sound off-topic but I gotta say… 'One Bad Mother' is a comedy podcast hosted by Biz Ellis and Theresa Thorn about motherhood and how unnatural it sometimes is. It's just fun to listen to on lunch break walks."

Elizabeth Pittelkow, controller at Litéra Microsystems, uses **Stitcher Radio** as a podcast app for its functionality, interface, and selection of shows. "I enjoy the 'Let's Get Radical' podcast by Jody Padar and Liz Gold that focuses on the small business success stories and skills-building."

Caleb Jenkins, leader of client accounting services at RLJ Financial Services told us he uses the **Apple Podcasts App**. One of his favorite podcasts is the "Scaling New Heights" podcast. "The amount of powerful quality information distributed on this podcast is like no other podcast. Joe Woodard does a great job at hosting interesting, exciting, and informative podcasts for the Scaling New Heights podcast."

If you're still looking for more sounds to fill your ears, **Randy Johnston**, executive vice president and owner at K2E Enterprises and CEO at Network Management Group sent us a list of compilations of favorite podcasts.

- https://www.projectmanager.com/blog/best-leadership-management-podcasts-2016
- http://fortune.com/2014/12/04/great-business-podcasts/
- https://www.techhive.com/article/2053350/the-10-tech-podcasts-you-must-listen-to-today.html
- https://www.themuse.com/advice/9-tech-podcasts-so-addictive-your-friends-should-start-planning-the-intervention
- https://stackoverflow.com/questions/1644/what-good-technology-podcasts-are-out-there (for techies!)
- http://www.wired.co.uk/article/best-podcasts (recent recommendations)
- https://www.tripwire.com/state-of-security/security-awareness/information-security-podcast-roundup-2016-edition/ (note Paul's security)
- https://www.manager-tools.com/ ■

What Do Young Finance Professionals Want?

By Isaac M. O'Bannon, Managing Editor

Young finance professionals at small and medium-size practices are a mobile group who seek out professional development and are well-equipped to deal with changes being driven by globalization and technology, finds a new report by ACCA (the Association of Chartered Certified Accountants).

Generation Next: Managing Talent in Small and Medium Sized Practices (SMPs) dives deeper into ACCA's 2016 global survey examining the career aspirations of the younger generation in finance today. You can read the report at www.accaglobal.com/gb/en/professional-insights/pro-accountants-the-future/generation-next--managing-talent-in-small-and-medium-sized-pract.html

"Our research on young finance professionals globally suggests that this is a generation with ambitions for fast progression and rapid career development," says Warner Johnston, head of ACCA USA. "These traits place new pressures on SMPs to rethink how they attract, develop, and retain young talent."

In recent years, SMPs have faced significant challenges including deregulation, increased competition and automation. SMPs also are facing pressing challenges in talent management, with a key question focused on how employers can retain a sustainable flow of talent as the sector evolves.

"Encouragingly, this research shows that the new generation of young finance and accountancy professionals entering the world of SMPs is well-equipped to deal with the changes being driven by globalization and technology," adds Johnston.

From an employer's perspective, a focus on attraction, engagement, and retention should lead to wider changes in how many approach talent-management strategies. Generation Next as a whole is particularly mobile, and that pattern holds for those employed at SMPs: 31% would like to move to their next role in one year, and 64% in two years.

For attracting young finance professionals to SMPs, job security and work life balance are a major factor; 86% agree that job security with an employer is important; 83% agree that work-life balance is a priority; and 71% say that flexible working arrangements are an attraction.

For Generation Next, the key to retention is development: 93% agree that the availability of opportunities to learn and develop skills is key to remaining with an employer. They are nearly split on whether those development opportunities are available at their SMP: 41% say their employer does not have enough roles available to allow for career progression, while 40% say their employer offers sufficient opportunity to achieve career goals.

These career goals include significant entrepreneurial ambition among young finance professionals; 81% of respondents want to start their own company at some point, with 12% harboring ambitions to do so as a next career move. The report notes that employers should tap into this and promote the advantages of practicing entrepreneurial skills 'intrapreneurially' to identify new growth opportunities.

Additionally, much has been written over the past few years on the threat of automation to jobs, but for the next generation of accountants, including at SMPs, the rise of the robots presents an opportunity, not a risk. Globally, 80% of Generation Next employees in SMPs say technology will enable finance professionals to focus on much higher-value-added activity. Only half believe technology will replace many entry-level roles in the profession. ■

THIS MONTH'S TOP ACCOUNTING & AUDITING SOCIAL MEDIA POSTS

- Adventures of a Traveling Bookkeeper. **Dian Lucas, Accountex blog.** http://bit.ly/2AM0oZL
- The Gramm-Leach-Bliley Act Still Applies to CPAs. **AICPA Insights.** http://bit.ly/2zWtOaY
- How Big Data is Transforming Every Business, in Every Industry. **Bernard Marr via LinkedIn.** http://bit.ly/2hJUnFw
- How Blockchain is Going to Change Accounting Forever. **Eric Rosenberg, Due blog.** http://bit.ly/2B0q6Kn
- Managing Protected View in Excel. **David Ringstrom, Accountex blog.** http://bit.ly/2zKvMbJ

LATEST A & A NEWS

AICPA Recognizes Accounting Educators. The AICPA has recognized seven educators from colleges and universities across the country with the 2017 Effective Learning Strategies (ELS) Awards. www.cpapracticeadvisor.com/12381495

AbacusNext Acquires HotDocs. The company plans to integrate HotDocs into its existing technology solutions for accounting, legal, and business management. www.cpapracticeadvisor.com/12380357

GASB Clarifies Guidance on Majority Equity Interests. GASB has proposed guidance that would clarify the accounting and financial reporting for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. www.cpapracticeadvisor.com/12382444

Supplier Retention is Critical to Finance Organizations. A majority of companies (68%) believe it is critically important to retain long term business relationships with their payees and that payments is a critical touchpoint. www.cpapracticeadvisor.com/12381505

New Tech for Digital Payments. Bank-based electronic payment products require customers keep track of what payment type their supplier accepts, and maintain all the supplier's information, including their bank account or routing number for ACH payments. www.cpapracticeadvisor.com/12379185

7 Ways to Foster a Winning Corporate Culture

PAUL McDONALD
Senior Executive Director
Robert Half
paul.mcdonald@cpapracticeadvisor.com

NO MATTER IF they offer similar services, each business has a different workplace culture. Some firms have a reputation for a relentless pace, whereas others pride themselves on family-friendly policies and programs. Some are known for having fun, others for being all business.

Whether it evolved naturally or is the product of constant refinement, your organization's culture informs the way work gets done and may even define how clients see you. Yet, of the CFOs interviewed for a recent Robert Half Management Resources survey, only 17 percent said they're very involved in shaping their company culture, and 48 percent said they have little or nothing to do with it.

As a busy executive with an already too-long to-do list, why should you care about this? For one thing, a corporate culture that differentiates you from your competitors for its attractive aspects makes it easier to hire and retain skilled employees. A positive culture is also good for the bottom line because it typically leads to higher productivity and better customer service.

Here are seven ways you can cultivate this essential aspect of your firm.

1 ARTICULATE YOUR CORPORATE CULTURE.

Culture is a nebulous concept to describe. Of course, you know what your workplace is like, but putting it into words may be a different matter. If your firm doesn't have a well-defined statement that captures the essence of your culture, spend time drafting one. You'll be better able to convey the organization's values and vision to your team and job candidates you want to join it.

2 MAKE CORRECTIONS AS NECESSARY.

Your corporate culture requires ongoing communication and feedback. Otherwise, elements that run counter to your values may take hold in the workplace. For example, if your firm prides itself on an openness to diverse perspectives and new ideas, gently yet firmly correct employees who go counter to this philosophy with their words and actions. Don't ignore these or other sources of workplace conflict.

3 SHOW YOUR GRATITUDE.

At the same time, reinforce positive behavior by letting employees know their efforts are appreciated. Celebrate actions that reflect the firm's mission. Some employers hand out certificates and gift cards to workers who demonstrate collaboration, save the day or go beyond what's asked of them. Others hold elaborate awards events attended by every member of the executive team to show top-down support for rewarding employees who exemplify company values. Financial productivity incentives and bonuses for attaining certifications can also be part of your effort to recognize role models.

4 BE THE CHANGE YOU WANT TO SEE.

You are responsible for fostering the corporate culture just by virtue of being in senior management. This means your staff model their behavior after what you do and not necessarily what's on the website. For example, to promote a culture of entrepreneurship, don't punish people who dare to innovate and, in the process, make occasional mistakes. Instead, adopt a no-fault workplace where the entire team learns from failures.

5 PRIORITIZE CAREER PATHING.

Hold on to people who have grown to love your culture and could become ambassadors for it. Develop those with leadership potential, starting by showing them what their in-house future could look like. That way, they won't be tempted to go elsewhere for the next rung of their career.

> To attract and retain talented professionals, make cultivating your corporate culture one of your top business priorities

6 HIRE FOR FIT.

Every member of your team plays a role in supporting — or not supporting — your firm's culture. Let's say your firm prides itself on having a team-oriented mindset. That value would be on shaky ground if you brought in brilliant but lone-wolf accountants and auditors. That's why it's so important to hire for fit in addition to more tangible aspects such as CPA status and tech savvy. You want employees who get along well with colleagues and won't negatively alter the culture you're trying so hard to cultivate.

7 LET JOB CANDIDATES KNOW WHO YOU ARE.

Publicize your culture to job applicants. That way, you'll have a better chance of attracting those who are a match for it. Start with your website's career section. Talk about your values, perks and professional development offerings. Perhaps even offer up a few employee testimonials. Then make sure these aspects are present and consistent across your job postings, marketing materials and social media channels, as well as promoted in interviews.

Skilled accountants frequently have multiple options today. To attract and retain talented professionals, make cultivating your corporate culture one of your top business priorities. ■

Phases of Change

By Arianna Campbell

WHY ARE SOME organizations so successful at implementing changes while others fail, time and time again? It's not that those successful organizations have people that naturally thrive on change. It's that their leaders have learned to recognize and master the emotions of those who stand in the way of change, including their own.

Change evokes many emotions: fear, curiosity, exhaustion, loyalty, paranoia, optimism, rage, and revelation, to name a few. Unfortunately, management often overlooks or underestimates the emotional impact of changes such as mergers, process improvements and other strategic initiatives. But when we fail to take those emotions into consideration, all the operational information and numeric data in the world won't be enough. Instead, expect, plan for, address, and manage those emotions for successful transformation. It begins with understanding the five phases of change, as outlined in the book *The Change Monster: The Human Forces that Fuel or Foil Corporate Transformation and Change*, by Jeanie Daniel Duck.

#1 – STAGNATION

Before the decision to change is made, the organization is in Stagnation mode. Management may assume the organization is "safe" because they've been profitable for a while and don't feel the effects of any serious threats or compelling opportunities. Or perhaps people know change is needed, but are unsure of what direction to take. People have difficulty making decisions and there is a general lack of motivation.

The challenge in Stagnation mode is to create a healthy dissatisfaction with the status quo and start building an appetite for change within the workforce.

#2 – PREPARATION

Once the decision to change is made, the organization moves into Preparation mode. This is the time to be wary of rushing into the wrong answers. Some may jump into action, only to find that they failed to clarify the scope of the project, develop a plan, or appreciate the complexity of communicating the reasons for the change with their constituents.

To navigate this stage successfully, leaders must ensure that their plan is aligned with the firm's vision and strategic plan and develop a plan of action that will generate energy and enthusiasm. Also, prepare to be tested by detractors. Everyone in the organization will not jump on board. If you anticipate this and plan for the detractors, you'll be better able to manage resistance.

#3 – IMPLEMENTATION

The Implementation phase is an exciting time. Many of your people are ready and raring to go. However, this is a time when it's crucial for leaders to manage the expectations. Some early wins may generate unrealistic expectations that it's all smooth sailing from here on out when in reality there is still potential for things to go downhill.

Maintaining your focus, addressing beliefs and behaviors directly, and reinforcing desired actions are critical to the success of the implementation.

Continued online at
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JIM BOOMER, CPA.CITP
CEO, Boomer Consulting, Inc.
Director, Boomer Technology Circle™
jim.boomer@cpapracticeadvisor.com

Leveraging the Gig Economy

IT MIGHT BE time to remove "remote work opportunities" from your company's list of perks and call it a survival strategy. A recent survey from the Freelancers Union found that the freelance workforce has grown three times faster than the traditional workforce since 2014. If it continues at that rate, the majority of the U.S. workforce will be freelancers within the next ten years.

While freelancing is a part-time or side-gig for many people, a growing number of people make it a full-time living. Twenty-nine percent of survey respondents said their freelance business is their only source of income, up from 17% in 2014. We're not just talking about drivers, writers, graphic designers and other types of service providers. It includes accountants.

Before we discuss how firms can leverage the gig economy, let's consider what's behind this growth.

- Freedom. Freelancing used to be a fallback for people between jobs, but it has become an attractive career option. In the survey, 63% of respondents said they're doing freelance work by choice, not necessity. Half said they would not take a traditional job if it were offered to them, for any amount of money. People don't want to answer to a boss, have projects forced on them, or ask for permission to do things like go to a doctor's appointment.
- Flexibility. While Millennials may be the driving force behind the movement toward more flexibility in the workplace, they aren't the only ones craving flexibility in their careers. Older generations want it as well. In fact, this is one of the most widely cited reasons people quit a traditional job to freelance. People want to telecommute, work when they want to work, travel and not be bound by location or time frames.
- Technology. Although stability used to be a concern for freelancers, 66% of respondents said the freelance job market has changed in the past few years. Technology has made it easier to find work, and they're averaging 36 hours per week.
- Income. Freelancers are making more money than ever before. The percentage of freelancers making $75,000 to $99,999 per year reached 19%, up from 9% in 2014. Those earning $100,000 to $149,000 increased from 5% to 12%. And among the 17.2 million people who quit a traditional job to freelance, two-thirds say they're making more money on their own.

So now we know why people want to freelance, but why should firms care?

SEASONAL STAFFING

Leveraging the gig economy actually makes a ton of sense for accounting firms due to the seasonality of the profession and the nonrecurring nature of client demands (i.e., acquisition or sale of a business, new accounting guidance being issued, etc.).

Hiring gig workers during tax season and other high-volume times of year can help firms up their staffing levels, make their existing staff's workload more manageable, and avoid layoffs or paying for idle capacity during quieter months.

TAPPING INTO TALENT

Hiring gig workers also allows firms to tap into people's unique abilities. There are a wide variety of talented people out there, and not all of them are looking for 9-to-5 work. Limited time does not equal limited skill.

> Twenty-nine percent of survey respondents said their freelance business is their only source of income, up from 17% in 2014.

A small firm may have a hard time finding one or two employees with the range of skills needed to perform client accounting services, compliance work, advisory services, and M&A consulting. Rather than spending time trying to find a "unicorn," firms can retain several different specialty freelancers, each of whom has the particular skills that are required to handle different client needs.

HOW TO FIND AND WORK WITH FREELANCERS

The gig economy is a tremendous opportunity for firms to access a broad pool of talent without the expense of insurance and perks, but on-demand work isn't right for every task.

Here are some guidelines for finding and working with freelancers:

- Make sure you need a freelancer, not an employee. If you just need extra hands during busy season or specialized knowledge for a certain project, an on-demand worker may be the answer. If you need someone for ongoing work that will require a lot of direction or set hours, you should hire a part-time or full-time employee.
- Identify the right platform. Once you've decided that a freelancer is the right choice, identify the appropriate platform for finding your freelancer. On-demand platforms span a wide range of industries, and their numbers are growing. Even traditional job boards are getting in on the action. Upwork, Freelancer, Accountingfly, Indeed, Guru, and FlexJobs are good places to start, but there are dozens of others. You may even be able to find one locally using your own network.
- Create structure and provide tools. While your freelancers should be able to work independently, you need to provide a structure to make that happen. Clearly communicate deliverables, expectations and timeline. Have them sign an independent contractor agreement and consider the tools they'll need to complete their work. Will you need to set up an email address on your domain? Will they have access to all client files? If not, how will you limit access? Who will they report to and how will they communicate? How will they submit invoices and get paid?

The gig economy is growing, and big companies, including Intuit and PwC, are already taking advantage of it. What's holding your firm back? ■

MARK YOUR CALENDAR:

- January 1, 2018: New Year's Day
- January 2: National Science Fiction Day
- January 4: National Spaghetti Day
- January 8-10: AICPA PFP Summit, Rancho Palos Verdes, CA
- January 15: Martin Luther King, Jr. Day
- January 16: 4th Quarter Individual Estimated Tax Payments
- January 22: Expected Date IRS to Start Accepting Returns

WHAT YOU'LL FIND IN THE FEBRUARY *CPA PRACTICE ADVISOR*:

- Monthly Theme: Budgeting/Forecasting
- Reviews: Cash Management
- Building Your Niche Practice: Gig Economy
- Apps We Love: Cash Management
- Special Section: Readers' Choice Awards

YOUR TO DO LIST:

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- **Support a Worthy Cause:**
  Amazon Smile: https://smile.amazon.com/
- **Take care of yourself:**
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