Guide to SIMPLIFYING TAX TIME

by L. Gary Boomer, CPA, CITP & Jim Boomer, CPA, CITP

A BOOMER ADVANTAGE GUIDE
“Other technology solutions have tried to reduce the tax preparer to a calculator. Your clients can get a calculator from anywhere. This is all about the client experience.”

- L. Gary Boomer
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History and Challenges in Tax Preparation

Every December and January, CPA firms around the country spend countless hours and a significant amount of money printing and mailing paper organizers to help clients organize their tax information and ensure they don’t miss any valuable deductions.

Years ago, a firm we worked with on a Lean tax project cut down from their traditional organizer to a shorter organizer. They calculated that, firm-wide, it saved them over $50,000 on postage costs alone because they went from large envelopes with dozens of pages to smaller envelopes that needed less postage. Consider what your firm spends on paper organizers: With printing costs, folders, envelopes and postage the average organizer costs $15 to $20 to get to the client. Multiply that by the number of 1040 clients that receive an organizer. What is your baseline number for what paper organizers cost your firm, not counting labor?

Meanwhile, your clients receive a bulky package in the mail and groan. Those that don’t immediately toss it in the trash will either return it to you, blank and unsigned, or, if they’re really ambitious, they’ll try to fill it out, meticulously copying the amounts from the W-2s, and 1099s that they’re going to give you anyway. Much of it will be filled out incorrectly, and your staff will have to spend additional time reconciling amounts clients wrote on the organizers to the source documents.

Electronic organizers were not the solution

Even as you read this, many are saying, “Not my clients! We have electronic organizers!” Yes, online organizers were an exciting development... nearly 20 years ago. But for the most part, online organizers just took a paper organizer and put it on a screen. Few clients complete them. Even fewer complete them correctly. And your clients are left wondering why they’re doing all of this data-entry work. Isn’t that what they hired a professional – because they don’t want to DIY?
Portals only solved part of the problem

Portals are a partial solution. They eliminate the printing of organizers for the firm, but they don’t provide a questionnaire or a list of documents based on what the client provided last year. The firm might scan a paper organizer and upload it to the client’s portal, but that meant the client would have to print it out, complete the organizer, and scan the completed document again.

Portals have been more widely adopted by businesses than individuals. In our experience, many business owners will tolerate portals because they can delegate document uploading and retrieval to their accounting department. Many of those same business owners won’t deal with a portal for their individual tax preparation.

Simply put, from paper and online organizers to portals, past solutions have focused on meeting the needs of CPA firms, but they rarely take client convenience into account. That’s why these solutions have not seen wide-spread adoption. Clients can’t be forced to use solutions. They need to be compelled to use something because it benefits them.

There is a better way.
New Strategies and Tools
New Strategies and Tools

Despite their challenges and limitations, organizers play an important role in the tax preparation workflow for both clients and preparers. They give clients a list of income, deductions, and credits that they had last year to help them gather this year’s paperwork. The questionnaires and engagement letters included in an organizer minimize the firm’s liability from malpractice by asking certain, relevant questions.

Today, there is a new solution that simplifies tax time for both clients and accounting firms. TaxCaddy, SurePrep’s new 1040 productivity solution, allows clients to:

• Answer organizer questions on a desktop, laptop, tablet or mobile phone
• Upload documents from a desktop, laptop, tablet, mobile phone; snap a picture of a document to have it automatically uploaded; or link your bank or financial institution to have TaxCaddy automatically retrieve tax forms.
• Electronically review and sign engagement letters, e-file authorizations and other documents. The IRS requires e-signatures to prove that they are who they say they are using identity authentication. TaxCaddy’s e-signatures are 100% IRS compliant.
• Access prior year returns anytime, even if they are no longer a client of your firm
• Create access to copies of a previously filed return for a financial advisor or lender
How does it work?

The CPA firm sends an invitation to the client to set up a free TaxCaddy account. As soon as your client signs up, they can begin uploading documents from their PC, tablet or mobile phone immediately.

A typical client experience might look like this:

1. Gather:
   • When your client renews her car registration in June, she snaps a picture of the receipt and uploads it to her TaxCaddy account right from her smartphone.
   • In September, she refinances her home. When the lender sends the final closing statement, your client immediately uploads it from her laptop.
   • In December, she makes several charitable donations and receives acknowledgment letters from the nonprofit organizations. She takes a photo of the letters with her phone and uploads them her account.
   • In January, she receives a notification that her organizer is available in TaxCaddy, along with a list of documents she provided last year. She answers the organizer questions on her tablet between appointments. As she uploads this year’s documents, her PBC list is automatically updated.
   • As K-1s, W-2s, 1099s and other documents start to arrive, she snaps a picture or scans and attaches them to her account.
   • She links her bank accounts, brokerage statements, and student loans. TaxCaddy scans for new consolidated 1099s daily. As soon as the 1099 is available online, it’s in her TaxCaddy account.
2. Prepare:
   • All of the documents gathered in TaxCaddy are streamlined into work papers and your firm’s tax software with 1040SCAN, which automatically organizes and enters more data than any other scan and populate solutions on the market. Unlike paper organizers or portal documents, everything is converted to a PDF with a click of a button. No printing and scanning required.
   • 1040SCAN exports to Prosystem fx Tax, Global fx Tax, CCH Axciss Tax, Gosystem Tax RS, Lacerte or UltraTax. Data not exported can be entered directly into the tax software. Because the firm has all of the client’s documents as soon as they become available, tax preparers are able to spread out their work and reduce workload compression.

3. Review:
   • If your firm uses SurePrep’s 1040SCAN to automatically bookmark and organize the client’s standard source documents, returns can be reviewed using SPbinder, a paperless workpaper system that organizes workpapers in an index that follows the flow of the tax return or your firm’s own custom index. SPbinder automatically bookmarks and organizes all standard documents, including W-2s, 1099s and K-1s. It also provides a collaboration tool, allowing preparers and reviewers to create, respond to and clear review notes.
   • Reviewers have the ability to sign off on workpapers so later they can easily see what was added or changed since their last review.
4. Deliver:

- Deliver returns and get signed e-file authorizations through TaxCaddy. Your client logs into her account and electronically reviews and signs the return and e-file authorizations. If you want to provide a more detailed delivery process, you can use the tax return PDF and SafeSend Returns to automate the assembly and delivery of the tax return, transmittals, and e-file forms, payment vouchers, K-1s and more.
- Your client gets an email confirming that she successfully signed her return.

Because the TaxCaddy account belongs to your client, not the firm, the client can log in anytime to retrieve prior year returns, even if they are no longer a client of your firm. We’ve heard from a few firms that see this as a threat rather than a feature, as if firm ownership of client files is the only thing preventing your client from going to a competitor.

We see this as an antiquated way of thinking about client relationships. This is thinking about what the CPA firm wants, not what the client wants. Clients won’t use software unless it is built for their wants and needs, not their CPAs. If the clients don’t use it, the CPAs don’t benefit. So we caution firms to think twice before going down this unproductive path of thinking first about how you want the software to work and instead think about how your clients want it to work.

As one CPA said when faced with this question, “If we are depending on software to retain our clients, we have bigger problems.”
We know that some clients are going to stick with paper organizers. That’s what they know, and they aren’t interested in changing. But if just half of your clients switched from paper organizers to a better productivity solution, consider what that would mean:

- Reduction in costs from printing and mailing paper organizers
- Reduction in time spent sorting and scanning paper organizers
- Improved workload compression
- Streamlined workflow
- Provide an amazing client experience

One Big 4 firm invited nearly 1,400 of their individual tax clients to try out TaxCaddy, and so far, 70% of the invited clients have created an account. That adoption rate is significantly better than any previous online organizer solution.

Another firm, Allman Johnson CPAs & Advisors of Indianapolis, Indiana, created a funny YouTube video to get their clients on board.

“Now as silly as this sounds . . . IT WORKED! We had many clients sign up for their free TaxCaddy account. We had more organizers completed than in any previous year. We received documents quicker than any previous year. But most impressive is the actual client base using this software. We had multiple clients use this option that have refused to use our client portal in the past and demanded paper returns and organizers . . . helping us realize that they didn’t hate technology, they hated the technology we were offering. As soon as we offered a solution that wasn’t cumbersome to them, they jumped aboard the tech train.”

- Jerica Hernandez, Client Experience Manager, Allman Johnson CPAs & Advisors
Automating and Streamlining Tax Preparation Workflow and Process: Case Studies
Automating and Streamlining Tax Preparation Workflow and Process: Case Studies

A Big 4 Firm: “This is an app that clients will drive their firms to use.”

One Big 4 firm invited over 1,000 of their individual tax clients to try out TaxCaddy. The firm’s reasons for giving TaxCaddy a try were simple:

1. Easy for clients. Clients don’t fill out paper organizers, and portals are too complicated for most of their individual tax clients to use. They need a solution that is simple and convenient for clients.
2. Secure. Although the firm would password protect documents they sent out, their clients would often email sensitive information without password protection, putting their own data at risk. They needed a solution that allowed clients to transmit documents securely.
3. Better for the firm. Chasing down Form 8879 e-file Signature Authorizations at the eleventh-hour frustrated staff and made the tax deadlines more painful than they needed to be. They needed a solution that allowed clients to review and sign returns electronically, no matter their location or device.

In their first tax season, around 70% of the invited clients created an account. That adoption rate is significantly better than any previous online organizer or portal solution and increased by about 15% in the firm’s second year using TaxCaddy.

After using TaxCaddy with external clients, the firm started using TaxCaddy to prepare partner returns. Over 800 partners signed up, and the feedback has been overwhelmingly positive – a fact the Executive Director of Tax believes will drive adoption among partners and clients even further as those partners become cheerleaders for TaxCaddy.

The partner group especially appreciated having a checklist of outstanding items in the app. That visibility drove them to get the information needed to complete their returns faster than ever before.

But the E.D. noted that the client experience is what’s really crucial. Clients like the camera to PDF feature, appreciate the ability to track outstanding items on the app and love being able to sign e-file authorizations electronically. “If an app can get the mobile stuff right, our clients will be happy to use it,” he said.

Now, the firm has a demo account to show prospective clients. “We’ve sold new clients just by showing them a TaxCaddy demonstration. This is a key selling point for clients. It differentiates us from the other firms competing for their business. This is an app that clients will drive their firms to use.”
Hartmann, Blackmon & Kilgore, P.C.: “Easier for the client and faster for us.”

HB&K is headquartered in Fairhope, AL. They have four offices, five partners and approximately 60 employees. They started using TaxCaddy this year because they were looking for a way to improve the client experience.

Kari Wolfe, Creative Content Director and champion of the TaxCaddy initiative at HB&K, says they’d tried other strategies for getting client information in faster and more complete in the past, such as setting deadlines, but information still trickled in right up to the deadline.

Of the approximately 1,500 clients invited to use TaxCaddy, around 300 used it. Wolfe attributes the modest adoption rate to HB&K’s uncertainty over how to market the system to clients. However, Wolfe notes that the clients that used it, liked it. The firm plans to use client testimonials to push TaxCaddy out to more clients next year.

Clients were especially excited about being able to upload documents throughout the year. “Being able to give clients a list of outstanding items so they can see what they’re missing was huge for us,” Wolfe says. “And knowing it works with SurePrep 1040SCAN, which we’d already been using for several years was very helpful. It’s easier for the client and faster for us.”

HB&K has a goal to turn around tax returns within two weeks of getting client information in the door and Wolfe says with TaxCaddy, they were able to get more returns through in under two weeks.

“We didn’t really know what to expect going in,” Wolfe says, “but the biggest benefit was how much our clients seemed to like it. We knew there would be hesitation getting people to sign up, but the ones who did really liked it. We think they’ll continue using it going forward and it shows potential for more adoption next year.”

Kari Wolfe
Creative Content Director
Hartmann, Blackmon & Kilgore, P.C.
Marinucci & Associates CPA:

“It helps us get away from some of the real ‘grunt work’ of tax season.”

Marinucci & Associates, a firm based in Wheaton, MD with two CPAs and five employees invited around 500 clients to use TaxCaddy this year after looking for an alternative to paper organizers for years. “The products we’d used in the past were a little clunky and hard to use from the client’s side,” Marinucci says. “The key is getting clients to use it,” Marinucci says. “If it’s not user-friendly, you can put it out there all you want but the clients aren’t going to use it. We felt like software that could utilize smartphones and take pictures is something clients would adopt.”

The firm started using TaxCaddy somewhat late in the tax season and didn’t do a lot of client awareness but about 140 clients used it. “Those that used it gave us the most positive feedback we’ve gotten of any product we’ve used in the past,” said Tony Marinucci, Managing Member of Marinucci & Associates.

Marinucci believes using TaxCaddy reflects well on the firm.

“We heard comments from clients like, ‘You’ve stepped up your game, I see,’” he says.

While the firm didn’t track metrics specific to TaxCaddy, Marinucci says he has a gut feeling the system helped them get information in sooner. “The first wave of people who were excited to adopt the new technology were motivated and started scanning right away,” Marinucci says. “We were almost caught by surprise at how fast we started getting returns in.”

He says it also helped them turn around work faster.

“When a client uploaded their documents and we could submit them to 1040SCAN verify the next day and have a return that’s 80% done a day later, that’s a huge time saver over how we used to do things.”

Marinucci is confident that they’ll find ways to save even more time going forward because their team has bought into the fact that TaxCaddy is something that can really improve how they do things. “There’s no piles of files sitting around waiting to be scanned or data entered,” he says. “It helps us get away from some of the real ‘grunt work’ of tax season.”
“Paper organizers are just so ridiculous. We knew there had to be something better.”

Filomeno & Company, P.C., a firm in West Hartford, Connecticut with 20 professionals, invited 500 of their clients to use TaxCaddy. About 100 clients created a TaxCaddy account, which exceeded their expectations.

The firm’s main reason for giving TaxCaddy a try was to find an alternative to paper organizers.

“The paper organizers are just so ridiculous,” said Tina Faggaini, Director of Operations. “We knew there had to be something better.”

Despite the limited adoption among clients, their staff still found it helpful for compiling client information and getting questionnaires completed. The clients that used TaxCaddy to its full potential used it and enjoyed it. Filomeno plans on using TaxCaddy again next year and talking to more clients about it during the offseason so those clients will be more comfortable with the system next year.

When asked how the value of TaxCaddy compared to its cost, Faggaini said,

“The client perspective is all that matters. From that perspective, it’s great. We’re thankful to have an option for clients that want it.”

Client Perspective:

“Most innovative thing I’ve seen this year.”

Gary Boomer, Visionary and Strategist at Boomer Consulting, Inc. also convinced his CPA to use TaxCaddy this year.

Gary says it took him about one-third of the time to get his documentation to the firm than it has in the past. He typically has to get around 30 documents to his CPA in order to prepare his return each year. Those documents arrive piecemeal over the course of a couple months. Gary had to choose whether to hold all of those documents until the last K-1s were available, then deliver them all to the firm shortly before the filing deadline, or send them to his CPA as they came in. While using the firm’s portal was secure, it was also inconvenient and inefficient. His CPA was already using SurePrep’s 1040SCAN solution, so using TaxCaddy to collect documents and flow into 1040SCAN was a no-brainer.

With Gary’s tech background, he was very comfortable with the security of TaxCaddy and found it phenomenally easy to use from a client’s perspective.

“I’ve never filled out a paper organizer before. This questionnaire was easy to fill out and relevant. It took me about five minutes to answer the organizer questions.”

“This is the most innovative thing I’ve seen this year,” Gary says.
Jim Boomer, CEO of Boomer Consulting, Inc., was fed up with the inconvenience of paper organizers. Last year, his CPA rolled out digital organizers, but because Jim was the only client that used them, the firm was planning on returning to paper organizers. That prospect left Jim unsettled and looking for a better way.

“So much of what I do in my life is done online. With the digital organizer, I knew that I was doing a lot of data entry that the firm then had to redo. Despite that, I wasn’t going back to paper. I would deal with a less than perfect digital solution before I went back to paper.”

When Jim heard about TaxCaddy, he saw an opportunity to convince his CPA to give it a try. The firm was already using SurePrep’s 1040SCAN solution, so using TaxCaddy would provide the firm with the added benefit of eliminating some of the administrative functions associated with printing, mailing, sorting, scanning and uploading organizers.

From the client’s perspective, Jim loved the tool.

“It’s right in line with the direction we need to see: more client-facing functions in technology that leverage mobile capabilities we’ve all become accustomed to.”
The Bottom Line
The Bottom Line

It’s long past time to say goodbye to paper organizers or digital organizers that help the firm but frustrate your clients. TaxCaddy is the first answer to organizers that enhances service from the clients perspective and streamlines operations for the firm. Use the sample plan of action below to get started on the path to improving processes and productivity and securing buy-in from clients. When you increase adoption, everyone benefits.
A Plan of Action
## A Plan of Action

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<th>Strategic Objective</th>
<th>Measurement</th>
<th>Strategy/Initiative</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>1. Improve productivity</td>
<td>Reduced turnaround time on 1040 returns</td>
<td>1.1 Look into a new 1040 productivity solution 1.2 Request more information on TaxCaddy at <a href="https://corp.sureprep.com/software/taxcaddy/">https://corp.sureprep.com/software/taxcaddy/</a>.</td>
<td>6-30-XX 7-15-XX</td>
<td>IT &amp; Task Force IT &amp; Task Force</td>
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<td>2. Secure buy-in from clients</td>
<td>Percentage of clients that sign up and use a TaxCaddy account</td>
<td>2.1 Send all 1040 clients a postcard mentioning an exciting new tool that will make tax season easier for them. 2.2 Follow up with an email announcement explaining TaxCaddy and how it will benefit the client. 2.3 Consider having fun with the announcement by making a YouTube video that will capture your clients’ attention and get them excited about giving TaxCaddy a try.</td>
<td>11-01-XX 11-15-XX 12-01-XX</td>
<td>Task Force/Admin. Marketing/Admin. Task Force/Marketing</td>
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<tr>
<td>3. Update processes to better utilize firm resources.</td>
<td>Increased realization on 1040 returns. Reduced overtime for staff and partners</td>
<td>3.1 Update current workflow and processes to incorporate your new productivity solution. Don’t just stick new technology into existing processes! Take a look at the whole workflow and make changes that will eliminate waste and redundancy and add value.</td>
<td>12-15-XX</td>
<td>IT &amp; Task Force</td>
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**Get ready for your most productive tax season yet.**
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Get ready for your most productive tax season yet.
About
About the Authors

L. Gary Boomer, CPA, CITP

L. Gary Boomer is the Visionary and Strategist at Boomer Consulting, Inc. He is recognized in the accounting profession as the leading authority on technology and firm management and speaks around the globe on topics including strategic and technology planning; mindset, skillsets and toolsets for the future; change management and developing a training and learning culture.

A prolific author, Gary is the author of multiple books and has been published in several online and print industry publications including the Boomer Bulletin™, a newsletter with worldwide circulation. Gary has been named as Accounting Today’s Top 100 Most Influential People in Accounting for over 16 years. In 2015, he received the AICPA’s Sustained Contribution Award in recognition of his contributions to the AICPA and the CPA profession through volunteer service.

Jim Boomer, CPA, CITP

Jim Boomer is CEO of Boomer Consulting, Inc. and an expert on managing technology within an accounting firm. Accounting Today called him a “thought leader who can help accountants create next-generation firms.” He acts as a strategic planning and technology consultant to CPA firms across the country. Jim is a prolific writer and has been published in several print and online publications including The CPA Practice Advisor, Accounting Today, Accounting Web, the International Group of Accounting Firms and several state society publications. His ability to turn abstract ideas into reliable solutions has earned him a place in Accounting Today’s Top 100 Most Influential People in Accounting for six years running.

Boomer Consulting, Inc.

Boomer Consulting, Inc. provides communities, consulting and training to hundreds of the highest performing CPA firms. Our unique and powerful solutions target five areas critical to a firm’s success: Leadership, Talent, Technology, Process and Growth.
About SurePrep

SurePrep was founded in 2002 and is the leader in tax automation for CPA firms. SurePrep's solutions are used by more than 19,000 tax professionals ranging from Big 4 firms to sole practitioners and all firm sizes in between. SurePrep's software solutions and onshore and offshore tax preparation outsource services allow accounting firms to increase productivity and profitability while promoting a completely digital tax workflow. SurePrep provides the most automated solutions available to streamline the entire 1040 process for both the CPA and taxpayer.