

Entering the Virtualization Era

By: Allan Ratafia, CPA, MS in Taxation

Over the past few years, most accounting firms have invested in technology to improve workflow efficiencies—from integrated software suites to document management systems. Though a positive progression, many have yet to evolve to the next phase on the technology continuum—the Virtualization Era.

Today's fast-paced, mandate-heavy atmosphere is pushing many firms to re-evaluate operations and look for ways to enhance efficiency and remain competitive. For many, going *virtual* is the answer. The key to running a virtual practice is a commitment to technology and the willingness to standardize workflow processes so clients are processed and communicated with in a similar fashion. Firms who make this commitment will enjoy higher profits, more satisfied clients, and retain both clients and staff longer. The bottom line: Firms that are leveraging virtual systems will continue to prosper, and those that do not will surely be left behind.

A new era...What will change?

Virtualization of the accounting firm changes many things...and they are all positive. From accelerated productivity and profitability to enhanced client communications, the virtual firm can expect far greater return than those operating on a traditional model.

Elevated Productivity—The virtual environment supports highly efficient and paperless processes. For example, implementing technology so clients can enter their data online provides firms with immediate, real-time access. This eliminates the need for manual delivery of data and puts control of workflow in the hands of the preparer. Final documents can be delivered within secure client portals to complete a paperless workflow. The end result is ultimate efficiency. Consider the following metrics:

Productivity Metrics:

- **Generate sales of \$250,000-\$300,000 per full-time employee (f/t equivalent=2,080 hours annually).**
- **Operate at profit margins of 50-60%, rather than at the industry standard of 30-45%.**

Enhanced Client Services and Value Billing—There is a shift in mindset taking place within the client population. Clients no longer require full-time face-to-face interaction with their accountant, but instead prefer the convenience of a virtual firm. Adapting to a virtual small business relationship benefits firms by 1) giving clients the online services they've come to expect and 2) enabling value billing based on increase in efficiency. Virtual firms also eliminate the boundaries of time and distance, opening the door to out-of-state relationships.

Preferred Internet Presence—An online presence will become the MOST important factor in new client acquisition as lead generation processes shift from "push" tactics (telemarketing, newspaper, radio) to "pull" tactics (internet marketing). In essence, more prospects will be looking to the internet to gather information before buying. Fast growing accounting firms will use the internet as a vehicle to "pull" prospects to them and stop using tactics to "push" and pitch their services.

Practice Automation —Firms that are adopting virtual solutions to automate workflow experience much higher levels of productivity. The virtual relationship requires far less onsite time, because staff and clients can access needed files 24/7 from anywhere they have an internet connection. For accountant's, this means that their firms operate more like a business (not a job), reducing long hours spent in the office and enabling true life-work balance.

Expanded Client Communication—With the evolution of the digital infrastructure and mobile devices, communication between accounting professionals and their clients will take place more frequently. The expansion of mobile networks and social networking tools set the standard for open, ongoing communication. Technology allows firms to remain "open" 24/7 and answer clients' needs in real-time. And clients love that!

The virtualization era is here. With advanced technologies readily available, firms cannot resist transitioning to a virtual platform much longer. Because technology supports ultimate efficiency and clients have come to expect convenient web-based services, it is the tech-savvy firms that will continue to prosper well into the future.

Author Information:

Name: Allan Ratafia, CPA, MS in Taxation, BS in Accounting

Phone: 914-372-1970

Email: allan@buildyourfirm.com

Title: Allan Ratafia, President & CEO of Build Your Firm, and Partner, Ratafia & Co., CPAs

About Build Your Firm

Established in 2003, Build Your Firm is dedicated to the tax and accounting profession. Build Your Firm works with accounting professionals all over the United States to help them learn how to market, price, and sell their services. The firm's proven [accounting marketing system](#) helps accountants acquire business clients with ease, operate at higher hourly realization rates and profit margins, and achieve true life-work balance. For more information on Build Your Firm, visit BuildYourFirm.com or call 888-999-9800 x1.