The Integrated Practice 3.0

Whitepaper

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The critical overlooked problem holding progressive accounting firms back – **and what they can do about it.**

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Executive Summary

This whitepaper has been written to address the challenges and needs of partners, client managers, administration teams, marketing and business development professionals working in progressive accounting firms across the world.

Improving the client experience and automating repetitive is a key objective for innovative firms, who ultimately hope to reduce human intervention, while maximising the value of client relationships.

Those that are keen to exploit the market opportunity of cloud accounting, artificial intelligence and machine learning, also want to empower proactive marketing and unlock business development opportunities.

This paper proposes that there is a key problem holding progressive firms back. And that problem is data silos; inaccessible quantities of data, locked away in different systems.

Silos create pinch points that affect a wide range of important functions including:

	Client onboarding
	Client communications
	KYC & AML due diligence & compliance
	Securely obtaining and managing client information quality
	Collating client & business knowledge & activity reports in real time
	Cross selling and up selling services
	Client & Prospect marketing
	Referral management
	Keep in touch strategies
	Client grading
	Opportunity management
	And many more

As a result, practices are less efficient and effective, limiting growth by making every-day activities time-consuming, resource hungry and frustrating.

How can firms fix this issue?

The solution is to embed an Integrated Client Relationship Management (CRM) system at the heart of the practice. Doing this enables firms to eliminate inefficient data silos and connect systems so that data can flow throughout the practice.

The cost of putting Integrated CRM at the heart of the practice is returned many times over. This strategy saves time, reduces risks from GDPR and mistakes as well as enabling a practice to maximise the value of relationships. It also leverages growth investment by empowering proactive marketing and managed business development activities.

The Data Silo Effect

A data silo is a standalone system which holds data that a department, team or individual has exclusive access to and use of.

At the small practice level, the average number of systems is 14 – at the enterprise level, that jumps to just under 500.

Firms of accountants usually hold data in:

- **The heads of the partners and people in the practice**
- **Desk drawers with piles of business cards**
- **Spreadsheets, e.g. marketing lists**
- **Outlook or other email systems**
- **Accounts, tax and practice management systems**
- **Mobile phones**
- **Productivity and task management Apps**
- **A firm's Website, e.g. contact forms**
- **Contact management systems**
- **Email marketing systems**
- **The firm's accounting software**

Of these simple spreadsheets, either stored as an Excel file on a server or in the cloud via platforms like Microsoft's SharePoint and Google's sheets, are king. A Capterra Study into where client data is stored more generally by businesses found that 34% of firms used spreadsheets as their primary method of recording and tracking information on heir customers. In comparison, only 24% of businesses in the study used a dedicated CRM as their primary source of customer information.

Some systems are inherently inefficient and risky. For example, allowing important information to be stored in the heads of individuals, as well as manual records and spreadsheet systems.

It's commonly accepted that personal productivity is increased when our brains are freed up to think, rather than used to retain and recall information.

As well as reducing personal productivity, if data is not easily available throughout the practice, this can lead to time spillage; looking for information that is already stored within the practice. Just 10-minutes a day works out at around 40 hours per profession, every year. For every 10 professionals, the opportunity cost is £25,000 to £50,000 a year.
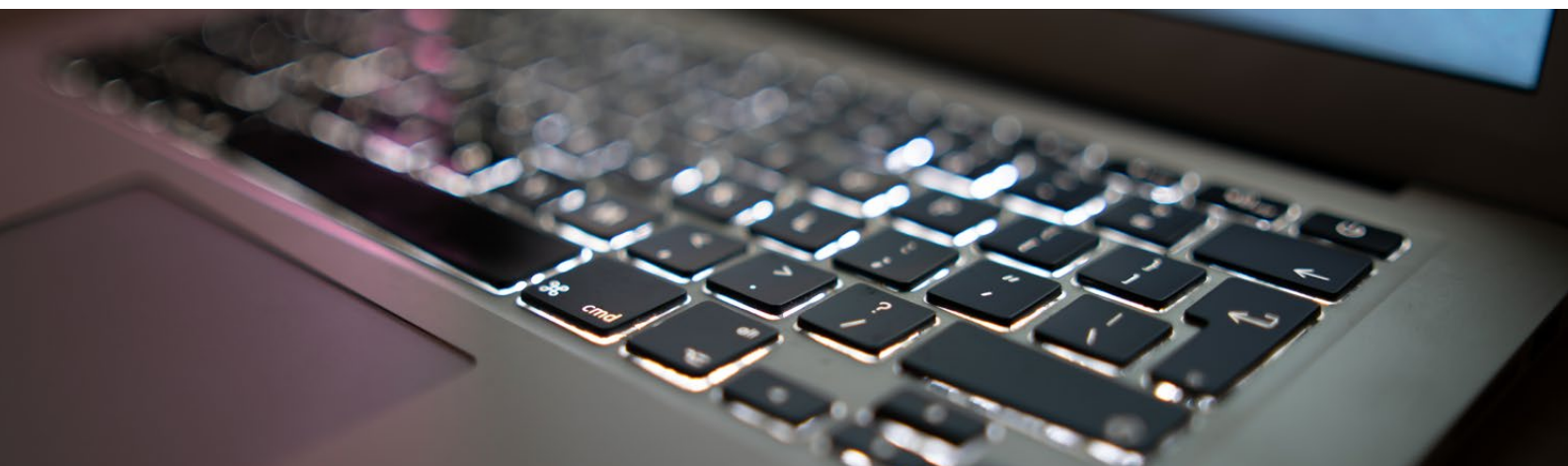
Data is a key asset and needs to be collected and controlled, not just for GDPR and Cyber Security but also to ensure it is leveraged and imparted as part of succession and exit planning; if an individual were to leave a practice, important data could leave with them.

The data in manual and spreadsheet systems can easily and quickly be added to more effective systems, like CRM. Data can be imported or added using scanning Apps. An example is a mobile phone App that extracts data from a business card straight into
a CRM database.

Once the data is available in a system like CRM, it can be leveraged. For example, scanning a business card can trigger a workflow to send out a welcome email with an opt-in confirmation message.

However, even if a system is efficient and secure, the problem with data silos is that they lead to:

- **Inefficient working practices**
- **Duplicated work wasted time and increased risks**
- **Slower workflows and frustration**
- **Inconsistent and compromised client experiences**
- **Additional costs of complying with GDPR**
- **Not realising the full financial value of client relationships**
- **Compromised management because of lack of visibility**.

Inefficient working practices are not only costly, but they can also lead to mistakes. These can be minor like sending newsletters to the wrong address or missing key contacts altogether. Or, they can be embarrassing and damage the brand.

When data is held in silos, staff are forced to keep the separate data silos accurate and up to date – leading to duplication of work, wasted time and increased risk of human error.

Not only do data silos waste time, a cost money and increase risk, they also slow down workflow and cause frustration. Tasks like reminding clients to provide information, collating marketing lists to send out marketing communications, or simply producing management reporting are slow and stressful.

Staff not having data easily available can also mean the client's experience is often inconsistent and/ or compromised. This can be from taking a new client on via an onboarding process, managing their compliance work, right through to proactive communications and tax advice.

Lack of coordinated teamwork can be at the individual level with colleagues not knowing what is happening on the same client, or it can be at team and department level with one team or department not working effectively with another. For firms with multiple offices, this could result in two offices pitching against each other for new business.

Data silos also create a huge headache for information security, management of personal data and GDPR. Data silos increase the risks and costs of compliance and undermine the key principle of the minimisation of data for GDPR compliance.

As well as increasing costs, risks and frustration, data silos make it hard for progressive firms to maximise the lifetime value of clients because it's difficult to see what services are not being supplied to clients, or what opportunities are and have been explored. This lack of visibility and communication makes it very difficult, or impossible, to effectively manage new business development activities.

Put simply; data silos are damaging and costly to the top line and bottom line. They increase risk and can compromise the reputation of the firm.

An accounting practice will only ever perform at its best when data is freed from data silos. Whether a firm has 14 or 500 data silos, it will never realise the full value unless the data can flow.

What Is CRM?

CRM is foremost a strategy for managing an organisation's relationships and interactions with clients, potential clients and introducer network.

CRM software started out as simple contact management systems and has evolved into a management tool that organises business operations around the client lifecycle, from onboarding to offboarding and everything in between.

Today, CRM software helps organisations all over the world to stay connected with clients, streamline the businesses' processes and improve profitability. So, when people talk about CRM, they are usually referring to a complete CRM system – a strategy as well as software that is used for contact management, marketing, sales management, productivity, and more.

CRM software is now the biggest software market in the world, according to Gartner, and by 2025 revenues from CRM software sales are expected to hit $80 billion.

A CRM system for an accounting practice should include:

- Marketing campaign management
- Lead tracking
- Contact management
- Product-level quotations
- Opportunity management
- Engagement letters
- Onboarding new clients
- Client management

- Task management
- Interaction tracking (telephone calls, emails, meetings, and more)
- Segmented lists
- Referral management (internal and external)
- Personalised dashboards and reporting
- Pipeline forecasting
- Workflow automation
- Mobile access
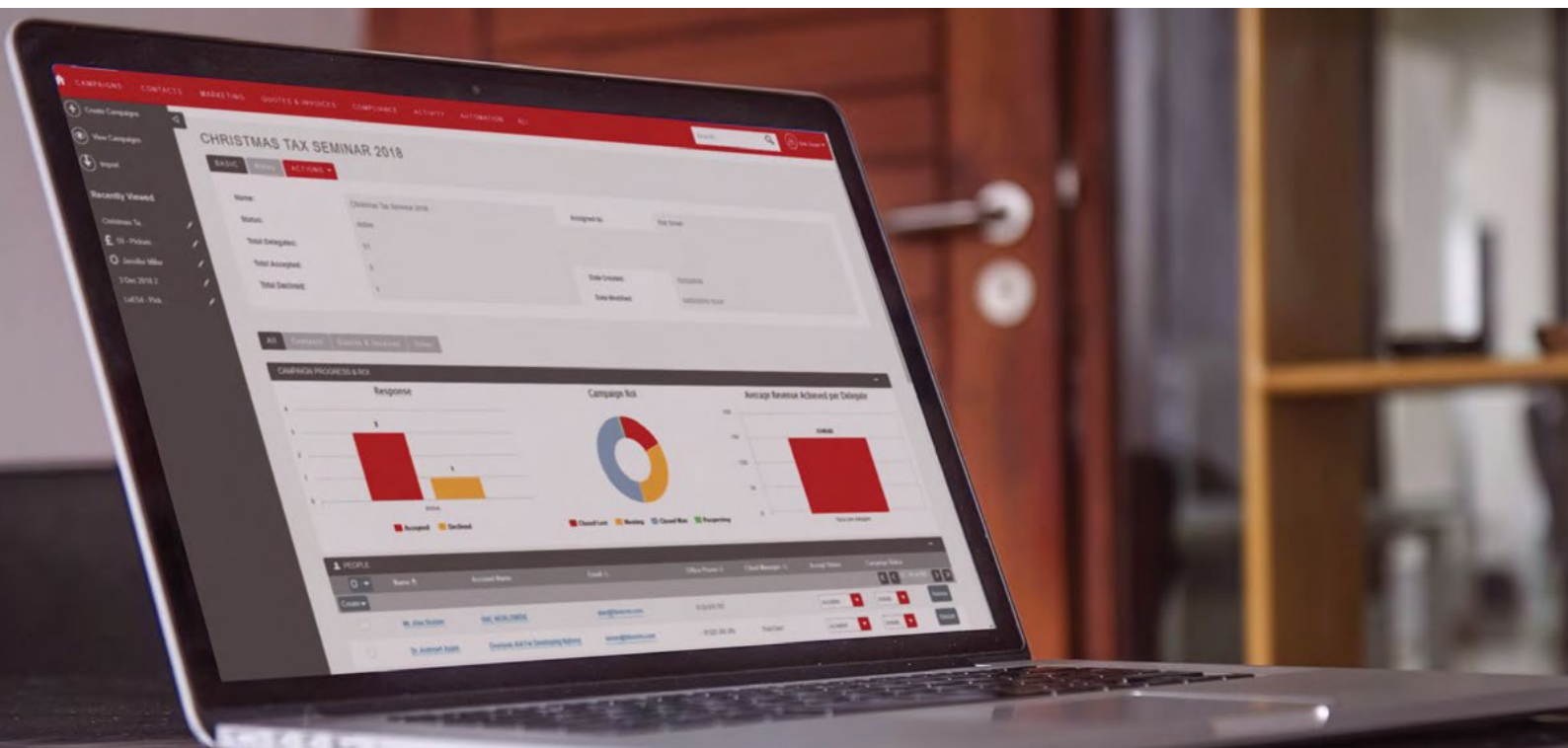
A Powerful, But Neglected Tool

Despite the apparent advantages of CRM and its relevant growth within many businesses, there are still many practices that aren't employing or are underutilizing the power it offers.

The Gartner report indicates that globally, the adoption of CRM systems is growing at around 15%. However, a similar study by Capterra found that more than 69% of UK small and medium-sized firms had no CRM in place and of those, 34% have no plan to put one in place.

Even where CRM is implemented, many firms fail to fully utilize the systems that are in place. They typically cherry-pick those solutions which fix the most immediate pain points, without fully exploring the software they have invested in.

Many others buy CRMs that aren't really suited to their needs and then either reduce their use of it or abandon it altogether. In doing so they never truly unlock the potential that a well-integrated and automated CRM can offer.

Software Comparisons

As well as a strategy and software, CRM is also a methodology, much like double-entry bookkeeping – it has its own disciplines, rhythms and reporting.

To highlight this, the following table compares accounting software and Integrated CRM software.

Accounting and Integrated CRM Software

Accounting software	CRM software
Record daily financial transactions: invoices, receipts and payments	Record daily relationship data: emails, calls and meetings
Automate actions like recurring invoices and credit control	Automate activities like reminders and chasing clients
Report on profitability at the department level	Report on satisfaction by client segments
Measure performance, e.g. return on investment	Manage performance, e.g. sales metrics
Analyse marketing costs	Analyse the effectiveness of marketing campaigns
Integrate with banks and add-on apps	Integrate with all systems to give one worldview

The Need for Integrated CRM

CRM software without integrations to other lines of business applications is just another data silo, and it can do more harm than good. Integrated CRM solves the problems of data silos by:

- **Enabling inefficient and risky data silos to be eliminated**
- **Connecting systems, departments and offices**

When everything and everyone is connected, via an Integrated CRM software, data can be pushed and pulled across the practice. This saves time (e.g. no double entry), reduces risk (e.g. reduce human error) and speeds up workflows and processes (e.g. trigger email to a client from CRM when the job stage in another system is overdue).

Integrated CRM brings together data from the core practice systems, as well as marketing, sales and finance systems to give a single view of the "world".

Here are the some ways accountants benefit from Integrated CRM:

Smoother Onboarding of Clients

CRM is the natural place for onboarding clients because it is the one place that houses both clients and prospective clients. The client journey always starts in a firm's prospecting system, so CRM is the natural place to start the client take-on process.

Client take-on can be time consuming, resource hungry and clunky. If done poorly; it can create a bad first impression. Using CRM to onboard a client creates a smooth experience for clients and practice staff, making the process faster and more likely to happen.

With CRM, the onboarding journey starts with data in the CRM, from the prospect and opportunity management stage. By integrating the CRM with practice systems, the data collected in the CRM will create new client records automatically in the practice software with no rekeying of information.

Onboarding in the CRM enables partners to produce bespoke branded proposals quickly, issue engagement letters with e-signatures and guide staff through all the steps and checks that is relevant for each client and/or type of business, including the necessary Know Your Client and Anti-Money Laundering requirements.

Clients can use a secure, user-friendly portal to log into and enter data that's required to complete the onboarding process. Any missing information is highlighted automatically to ensure delays are avoided.

Implementing a specialist onboarding system can save a considerable amount of time, with many firms cutting the time it takes them to onboard a client on average by more than 60%. Take, for example, a firm that onboards 100 new business clients each year. This process would normally take 3 hours per client to complete the onboarding process. With systemisation this same process is reduced to 0.66 hours. Now multiply that by 100 and the firm could save 23 days each year in total.

However, having onboarding inside CRM not only saves time, but it also supports the adoption of CRM within the practice. This is a key point to consider when implementing CRM across a practice. Many CRM failures are because there is no mission-critical requirement to use CRM and the CRM is disconnected from the rest of the practice systems. Using CRM everyday empowers users and consistently aligns everyone's processes to help create a progressive practice.

Boosting Personal Productivity

By integrating offline systems (accounts production, tax compliance and practice management software) into an online CRM system, everyone can have access via the Cloud - whether they're in the office, working remotely or on the go using a mobile App.

Integrated CRM is a place where all team members can quickly and easily find information, which avoids time slippage. Research from organisations like McKinsey and International Data Corporation put time spent searching for and gathering information at 1.8 to 2.5 for a knowledge worker. Another way to look at this is that only 80% of employees are chargeable. Integrated CRM may not solve the whole problem, but it has significant value.

In addition, a cluttered inbox is not an effective way of keeping track of important tasks; with Integrated CRM, tasks in a priority list give visibility across the firm, and automatic reminders help everyone stay focused. As a result, important actions are never missed.

More Proactive Marketing

With Integrated CRM, email marketing apps can be connected directly to the core database, without the need to keep multiple disconnected spreadsheets up to date. This makes it easier to deliver highly targeted and personalised email marketing using lists segmented on the individual client's profile, which could include:

- **Industry sector**
- **Accounting software used**
- **Type of income and expenses**
- **Age and relationship status**
- **Financial results**

To support MTD, a firm may want to invite by email all of its clients who use spreadsheets to do their bookkeeping to a workshop on the benefits of Cloud Accounting. Or, as part of a profit improvement initiative, a progressive practice could invite all its clients in the creative sector who use Xero to a workshop on effective project management that showcases the Projects module in Xero.

Maintaining lists inside an Integrated CRM is self-managing with little human intervention; as data is updated in the CRM, the lists are updated in real-time. No more manual checks, manual data extracts or delays. For instance, keeping a list of landlords in CRM automatically updated from the tax returns being filed in IRIS, so that property-related tax news service can be broadcast to just the people who would be interested in this topic.

Enquiries from forms completed on the website will come straight into the database and be included in mailing lists along with other prospects from networking, referrals and introductions from strategic partners. With Integrated CRM, there is a single place in the practice to record the lawful basis for processing data for GDPR purposes. And, when the contact becomes a client, new client data will automatically flow into practice management systems, with details added to relevant, or removed from now irrelevant, marketing lists.

Integrated CRM enables firms to carry out client surveys, like the Net Promoter Score® (NPS). This helps everyone become more aware of client satisfaction levels in near real time, creating a practice "heart beat"; in other words, a practice can regularly check its pulse to see how new initiatives and operations are impacting client satisfaction. A great example here is setting the CRM to send out an NPS survey on completion of a job or assignment within Practice Management.

Additionally, Integrated CRM allows a firm to leverage powerful marketing automation platforms like Vuture, Mailchimp and Campaign Monitor which can be used to empower proactive marketing like promoting and managing events, tracking website activity as well as scoring the quality of inbound enquires.

Improved Business Development

Integrated CRM supports business development activities so that more revenue is achieved.

Two common drivers of business development for accountants are:

- **Referrals from clients**
- **Introductions from strategic partners.**

A referral from an existing client is more likely to convert into a client because people are four times more likely to buy when referred by a friend. And, referrals have a higher lifetime value.

However, even though 83% of people are willing to refer, only 29% of people do. This is where processes and tools, like Integrated CRM help.

Reminders to thank clients, and ask for more referrals, can be triggered when a new client joins the firm. Integrated CRM can also trigger reminders to request testimonials, case studies and referrals when a client completes a project or assignment. Identifying and collating the income values of top referrers segmented by partner or industry sector can provide a firm with deeper insight and help identify who to reward and incentivise.

Reports using data inside CRM give visibility on which strategic partners the practice is referring business to and, more importantly, what's coming back. This data is key to ensure the relationships are working for both parties.

Integrating CRM with a firm's billing system enables reporting on which services clients are buying, so the up and cross selling gaps can be identified.

It also enables the firm to better manage all new business opportunities more effectively, by seeing what stage each prospect is at and ensuring valuable new business doesn't fall through the cracks.

Business development is also made more efficient; for example, scheduling meetings within an Integrated CRM will update diaries (maybe in MS Outlook).

For the most progressive firms, Integrated CRM also supports the developing of a positive sales culture. Performance targets can be set for individuals, teams and across each client.

Enhanced Proactive Operations

It is accepted that it is six to seven times more expensive to win a new client than to retain one, so it makes sense to invest in operations as part of a client retention strategy to maximise gross recurring revenue.

Research by The Sleeter Group (now Accountex) found that 72% of small business owners have changed accountants because the firm "did not give proactive advice, only a reactive service".

Timely communication with existing clients is vital, and Integrated CRM supports this by constantly checking data and making suggestions based on predefined strategies. What's more, automated workflows can be set up to save time on repetitive and mundane tasks, like chasing clients for information and sending them timely tax payment reminders with automatic emails or text messages. This frees up valuable time, which can be invested in more important work, enabling firms to improve the overall client experience.

When clients interact with a proactive, integrated firm, which delivers a better client experience, trust and loyalty are developed. This increases retention rates and the chances of clients buying additional services.

The introduction of Making Tax Digital (MTD) is an opportunity for progressive firms to be even more proactive. MTD is encouraging businesses to adopt Cloud Accounting and embrace new ways of working; using data capture Apps like Receipt Bank and benefiting from Machine Learning embedded in accounting systems like Xero. This frees up valuable time and gives accountants the data they need to be proactive.

Cloud Accounting is disrupting the profession and transforming the culture in firms; moving accountants' thinking away from being "job" focussed towards being "client" centric. Integrated CRM supports this transformation; as well as automated reminders for clients around MTD deadlines, repeating tasks remind and encourage accountants to discuss or meet with their clients more regularly.

With VOIP telephony, connecting CRM to a phone system also means that when clients call, their details pop up on screen. The person answering the call has immediate and complete access to all the relevant information about the client, prospect or introducer. There's no need to bounce people around the different departments within a firm because all information is up to date and to hand.

CRM should integrate with common work systems like Outlook, making it easier to manage diaries, share contacts and archive important emails.

Seamless Financial Function

A firm's finance team may want to know details on clients and forecasted new business so that they can make more informed financial decisions.

Without a central place to look up information, they will need access to multiple systems. Integrated CRM easily solves this problem. Finance can also use CRM to communicate seamlessly with clients, send automated reminders and much more.

Without integration, finance becomes another data silo; increasing costs and risks. With integration into CRM, finance is empowered to support the firm's strategy.

Management

Integrated CRM encourages collaboration by bringing people from different departments and offices together. It also empowers effective decision making, with dashboards and reporting on marketing, sales and operations.

With easy access to marketing metrics, management can see the website and email marketing statistics. They can see where leads are coming from so investment can be focused on the marketing activities that provide the most value.

Integrated CRM also delivers sales forecasting and metrics to help develop best practice and drive better performance. Individuals will be able to see their own, and their colleagues', sales performance in terms of the number of opportunities handled and conversion rates including gains and losses.

This level of visibility allows people across the firm to understand who is bringing in new business, who is generating work for colleagues with internal referrals, and who is developing new strategic relationships.

The Cost and Value of Integrated CRM

The cost of Integrated CRM is not just the software but the cost of implementation, management and use, which directly impacts value. As the saying goes, garbage in, garbage out. It's therefore critical to ensure the data is accurate and up to date.

With multiple data silos and disjointed systems, it is inevitable that some data is going to be inaccurate or missing. However, Integrated CRM can help remedy this. Running reports to identify gaps in data will instantly highlight areas to prioritise and cleanse.

The benefits and value of Integrated CRM are both tactical and strategic. The tactical value comes from being more efficient, saving time through automation and avoiding duplication of work.

To calculate the full value of time saving, carry out an analysis of tasks and workflows to identify efficiency savings for the practice which may include:

- **Wasted time looking for information**

- **Automatically managing lists for newsletters and email marketing**

- **Chasing clients for information**

- **Reminding clients of deadlines and tax payments**

- **Sending acknowledgement emails for GDPR**

- **Reminding clients to renew services like fee protection**

- **Sending out surveys on completion of work**

Integrated CRM will make every task more efficient through workflows and automation. A Forrester report on the return on investment of CRM – based on 50 users with an average annual salary of £47,000 – found that, without CRM, the business would be missing out on £874 per day, £21,211 per month, and £254,535 per year. This is based on half an hour per day per employee being spent on gathering information, 15 minutes on entering and linking data across systems, and 10 employees having reporting tasks.

The strategic value comes from being able to improve the client experience and engage in more proactive marketing and managed business development; winning better-quality clients and getting those clients to buy more services, so the lifetime value of each client is maximised.

The reality is that an accounting practice will never be as efficient and effective as it could be with disconnected data silos. To be among the most progressive and successful practices, a practice needs to eliminate inefficient data silos and connect systems, so data can flow and be used throughout the practice. By putting Integrated CRM at the heart of an accounting practice, a firm can become more effective and efficient in all areas.

A practice knows it has full CRM maturity when if someone switched the CRM off for a day, there'd be hell to pay!

About FibreCRM

Our core purpose is to make accountants' lives easier. We do this by helping firms solve the problems associated with data silos, by putting CRM at the heart of the practice.

Our mission is to build the technology to empower accountants to build stronger relationships; internally with colleagues, with their clients and strategic partners.

Today, FibreCRM is the leader in Integrated, mobile-friendly CRM for accountants in the UK. Our goal is to become the global brand for CRM for accountants.

The solution was introduced to the UK accounting sector in 2017 by working with our own accountant, who was previously using a data mining tool to extract data and communicate with their client base.

Integrations to the IRIS and CCH databases increase the power of the CRM by accessing and surfacing rich data inside these systems. As well as the traditional CRM features, we have developed industry-specific enhancements like a client onboarding module, reciprocity and detailed recoverability reporting.

Not only do we have a proven technology, but we also have a proven goal-based success programme to support firms on their CRM journey.

FibreCRM is Cyber Essentials certified, providing assurance that we guard against cyber threats, protecting our customers' data and that of our supply chain – and demonstrating our overall commitment to cyber security. We invest heavily in information security training, with several of the team certified by the British Computer Society in Information Security Management. We also have a Certified GDPR Practitioner.

Talk to us to find out more about how Integrated CRM can support a firm's strategy and realise the possibilities outlined in this paper.

fibreCRM

─── HEART OF THE PRACTICE ───

If you'd like your practice to be integrated

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