



I Can't See!

Identifying and Removing
Critical Blind Spots in Your
Practice

WOODARD™

Learning Objectives by Time Horizon

Rear View Mirror (Past)

- Slow paying clients
- Inability to measure productivity or profitability by team member
- Inability to measure productivity or profitability by client

Windshield (Present)

- Lack of access to critical information and documents
- Slow turnaround times on client signatures and authorizations
- Tracking productions – by dollar values – between billing cycles
- Management, retention, and searchability of client documents
- Project and task status
- Managing remote workers

GPS (Future)

- Measuring and forecasting team capacity



Handouts

The slides from this presentation will be available *after* the live presentation is over.

Download handouts at
Woodard.com/Webinars

We will post the handouts no later than
5:00 PM Eastern today



About Scaling New Heights 2023

- Over 1,000 of the World's Leading Accountants and Bookkeepers
- Exhibit Hall Featuring Over 100 exhibits – including 8 different accounting technology platforms
- Highly Advanced Training on QBO and QBD
- Practice and Professional Development Training
- World-Class Main Stage Experiences



www.ScalingNewHeights.com

Critical Visibility Part 1

The Rear View Mirror (Measurements of the Past)



The Rear View Mirror: Measurements of the Past

Client Receivable Turns and Payment Processes

Woodard recommends Tally Street
www.tallystreet.com



Client Receivable Turns and Payment Processes

Our question	Our metric
How many days does it take to collect?	Days Sales Outstanding (DSO)
How late were late payments received?	Average Days Delinquent (ADD)
How late are unpaid balances?	Days Beyond Terms (DBT)
How well did we collect what should have been collected?	Collections Effectiveness Index (CEI)

Days Sales Outstanding

- Traditional DSO is the most well known – AND very misunderstood!
- People think it is the average # of days it takes to collect on invoices
- It really is A/R expressed as a multiple of average daily sales

$$\text{DSO} = \text{Accounts Receivable} \div \text{Average Sales per Day}$$

Average Days Delinquent

- Same as traditional DSO, but only for late payments
- Suffers from the same distortions as DSO
- Real ADD is similar to True DSO, and gives us the weighted average number of days that late payments are late

$$\text{ADD} = \frac{\text{Accounts Receivable}}{\text{Avg Sales per Day}} - \frac{\text{Current Accounts Receivable}}{\text{Avg Sales per Day}}$$

$$\text{Real ADD} = \frac{\sum (\text{Late Payment Amt} \times (\text{Payment Date} - \text{Invoice Due Date}))}{\sum (\text{Invoice Amts with Late Payments})}$$

Days Beyond Terms

- DSO and ADD both capture the timing of payments
- What about overdue A/R? Do you rely on aging statements?
- DBT is the weighted average # of days that overdue amounts are late

$$DBT = \frac{\sum_{Invoices\ overdue} (Reporting\ Date - Due\ Date) \times Balance}{\sum (Balances\ Outstanding)}$$

Collections Effectiveness Index (CEI)

- The best and least well-known collections KPI
- It's simple, easy to explain, and easy to benchmark
- CEI tells us we collected x% of what we should have collected

$$\text{CEI} = \frac{\text{Beginning Receivables} + \text{Credit Sales} - \text{Ending Receivables}}{\text{Beginning Receivables} + \text{Credit Sales} - \text{Ending Current Receivables}}$$

The Rear View Mirror: Measurements of the Past

Productivity and Profitability by Team Member

Woodard recommends Mango Practice Management
www.mangopractice.com



The Rear View Mirror: Measurements of the Past

Productivity/Profitability by Client

Woodard recommends Mango Practice Management
www.mangopractice.com



Productivity and Profitability Considerations

- Difficult (impossible?) to measure when client tasks are shared across multiple professions
- Requires judgment calls on what you include in costs instead of general and administrative expenses
 - Percentage of employee salaries
 - Employee benefits
 - Production-Based Software Solutions, etc.
- Is this the measurement that matters?



Some thought leaders believe the only measurement that matters with productions and profitability is gross margin by portfolio – meaning line of service. If you aren't hitting targets for the portfolio, follow the subjective measurement breadcrumbs to the root of the problem (e.g., pricing, wrong clients, weak performers, etc.).

About Woodard's Courses and Workshops



Practice Advancement

Courses

- The Ideal Practice
- Maximizing Personal and Team Productivity
- Amplifying Your Practice
- Strategic Pricing
- Data and Security Policies and Procedures
- Maximizing Microsoft 365 in Your Practice

Execution Workshops – Building an Ideal Practice

- Ideal You (i.e., Brand)
- Ideal Services
- Ideal Client Base
- Ideal Technology
- Ideal Process
- Ideal Engagement
- Ideal Team



Client Coaching

Client Coaching Courses

- Management Coaching
- Financial Coaching
- Technology and Systems Coaching
- Operational Coaching
- Succession Preparation Coaching
- Knowledge Management Coaching

“Bookkeeping Plus” Courses

- Financial Measurements: Essentials
- Accounts Receivable Management
- Cash Flow Management: Essentials
- Spend Management

Critical Visibility Part 2

The Windshield Operational (Present) Processes and Measurements



The Windshield: Operational Measurements & Processes

Access to Critical Information and Documentation

Woodard recommends Liscio
www.Liscio.me



Liberating Data from Data Prisons



Paper



OCR/Parsing
Solutions

Dext



Local Drives



Shared Online
File Centers

 **SharePoint**



Email Exchanges



Practice Management
with email Scraping

 **mango**



Voiced
Information/Exchanges



CRM- transcription
solutions


Otter.ai



People (i.e. Brains)



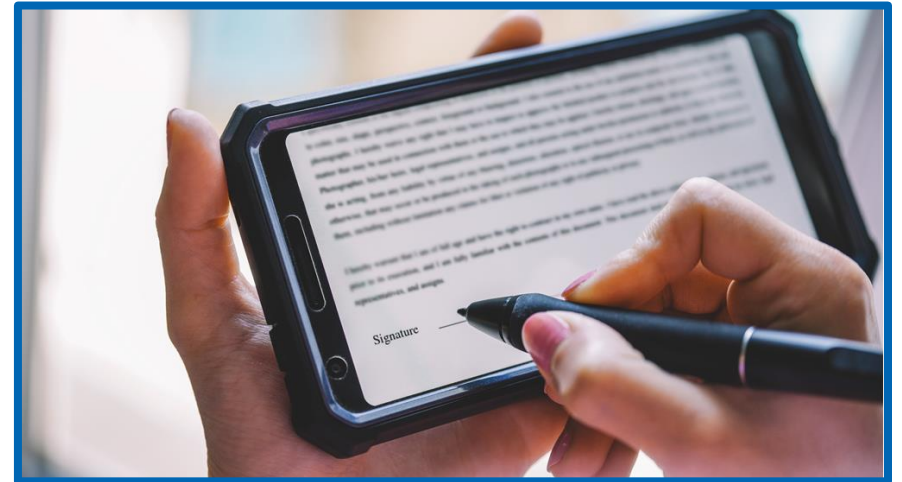
Process
Standardization

 **mango**

The Windshield: Operational Measurements & Processes

Client Signatures and Authorizations

Woodard recommends Ignition
www.ignitionapp.com



The Windshield: Operational Measurements & Processes

Measurements for Engagements in Process (WIP)

Woodard recommends Mango Practice Management
www.mangopractice.com



Note: WIP measurements are typically applied only to long term, non-cyclical projections and may not be a critical visibility concern for your practice.

The Windshield: Operational Measurements & Processes

Client Document Management

Woodard recommends Mango Practice Management
www.mangopractice.com



The Windshield: Operational Measurements & Processes

Project and Task Statuses and Reporting

Woodard recommends Mango Practice Management
www.mangopractice.com



The Windshield: Operational Measurements & Processes

Managing Remote Workers

Woodard recommends Microsoft Teams alongside Mango Practice Management



10 Essential Components of a Virtual Work Model

1. A team collaboration tool (e.g., Microsoft Teams/Slack)
2. Daily standing web-meeting (about 15 minutes) each day (require webcams)
3. A catalog of daily tasks per Person – in a collaborative system. Discuss during the morning meeting
4. Closed circle loops on daily task statuses at the end of the day (in Teams/Slack)
5. Highly organized weekly web meeting to align on goals for the week and to conduct proactive training
6. A controlled workspace with minimal background noise and distractions



10 Essential Components of a Virtual Work Model

7. Clearly defined and communicated performance measurements to detect and mitigate systemic personal distractions
8. Unlimited PTO (See #7 above)
9. Strong internet. Pay to upgrade the remote worker's internet connection (as needed)
10. Standardized equipment and work protocols
 - Company Managed VOIP Phone Service (No Hard Phones)
 - Office-grade, background canceling headsets
 - Background protocols (or requirement to blur the background)
 - Use remote device controls (e.g., Microsoft Intune/Active Directory) for IT services
 - Task Management for Administrative and Client Tasks (More on this in an Upcoming Slide)



Free Resource!

How to Overcome 5 Common Challenges and Build the Accounting Practice of Tomorrow

Brought to you by



Critical Visibility Part 3

The GPS Projections/Forecasts



The GPS: One Key Forward-Looking Measurement

Measuring and Forecasting Team Capacity

Woodard recommends Mango Practice Management
www.mangopractice.com





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