

SUCCESSFUL PRACTICES ACHIEVE BENCHMARKS

For Troy Patton, there is only one way to run an accounting practice—efficiently. The Indianapolis, Indiana, certified public accountant is so passionate about this mission that he conducts one-day seminars to teach accountants how to acquire, run, and grow their practices. An important element of Patton's success was his decision to switch to Thomson Reuters' CS Professional Suite.

"A key component to the success of any accounting practice is getting the proper realization from the staff," he says. "In other words, how much is the practice billing out and collecting for each associate versus how much the firm is paying them. There aren't a lot of good software programs available to determine this, but Thomson Reuters has one of the best products on the market."

TRADITIONAL PRACTICE

Patton & Associates, LLC is a certified public accounting firm offering all the traditional services, which accounts for about half of the practice's revenue. The remainder comes from consulting, business valuations, and asset management.

Patton graduated from Miami University in Oxford, Ohio, in 1992 and started with a national accounting firm before going to work for one of their clients. The practice's management was doing a leveraged buyout, which Patton could have been a part of, but he wanted to stay in public accounting and started his own firm in 1996.

The operation grew to 10 offices and 80 associates when Patton sold it in 2004. He stayed on briefly before opting to start his own practice again. At present, his firm has nine associates serving 250 individual clients and 175 businesses.

"Our focus is different from my original practice," Patton says. "We work with a lot of dental practices on the CPA side, and are doing a lot of consulting. For the size of our practice and all the different things we do, it's critical that we run very efficiently."

SWITCH TO CS PROFESSIONAL SUITE

Patton got involved with Thomson Reuters products in 2001.



"We were with another software vendor and were having issues," he says. "We needed better management of the practice. When we switched to the CS Professional Suite we saved 680 man hours in the first tax season."

Patton credits the efficiencies gained with Write-Up CS, UltraTax CS and Virtual Office CS.

"Those three programs streamlined everything," he explains. "Write-Up CS integrates unbelievably well with UltraTax CS, which I consider to be one of the best tax software products on the market, especially when working with multiple states. The apportionment schedule is on one screen, where most other programs don't have this capability."

Virtual Office CS offers several advantages.

"Staffing is a big issue," Patton says. "As we continue to expand we want people to have the flexibility to work from home or the office. Recently I was in Chicago for two days, and when I logged in it was just like I was in the office. I can do anything and everything from anywhere. And, talk about realization, those 680 hours we saved the



first year allowed us to do a lot more work with the same number of staff. That year we acquired another practice with \$280,000 in revenue, didn't add one staff member, and didn't work nearly the overtime."

Virtual Office CS saves time for firms with multiple offices. By using it in conjunction with FileCabinet CS, the practice is virtually paperless. If Patton needs to review a return from another office, he can pull it up immediately on his computer. or, when he's at home, after he put his two children to bed, he can go on line and get right to work.

"I don't have to put anything on a disk or a separate hard drive," he says. "I just log in and I'm finished; it's that simple. Virtual Office CS really streamlines everything and creates huge efficiencies. It is an unbelievable product; no one else has anything like it."

The move to Thomson Reuters software also benefits clients.

"Client portals provided through NetClient CS allow timely back and forth communication and interaction," Patton says. "Our clients want us to be their virtual controller. They embrace the technology because it's simple to use."

PUT ME IN, COACH

Patton was on the wrestling team in college. He learned the sport from his late father, which is the reason he named his consulting website CoachPatton.com. Central to the services offered on the website are the concepts of utilization (the number of hours worked by staff in a year) and realization (the percentage of those hours that are billed at 100 percent). Patton stresses the importance of using integrated software like the CS Professional Suite that facilitates tracking these important benchmarks.

"The majority of accounting practices I work with don't understand utilization and realization," Patton says. "The very first thing we look at is utilization versus the realization. There are 2,080 hours in a year, and we look at how many of those hours were fully billed. The staff should be at least 80 percent billing in terms of realization. We've found that firms using Thomson Reuters products are achieving this. Firms that aren't using them run at a rate between 52-60%. In a case like this, the problem with a staff member who is paid \$40,000 a year is that he or she is only bringing in \$80,000. The figure should be more like \$120,000."

Patton also finds that software integration with these firms is a cumbersome process.

"The products in the CS Professional suite help measure utilization and realization benchmarks with the click of a button," Patton says. "Second, the integration of Fixed Assets CS, Write-up CS and UltraTax CS increases realization. Now the accountant can do a \$400 corporate tax return in 30 to 40 minutes. I know from the experience at my practice that if I can bill each staff member an additional \$25,000, why wouldn't I pay a little more for better software? It's a return on investment six times over or more."

Patton cautions that it's not just one factor that makes a practice efficient; it's having a complete package.

"I look at a practice from a holistic view rather than individual components," he explains. "I've run across accountants who just use UltraTax CS, and I tell them if that's what they are doing they also need to have Write-Up CS. Not doing this is like looking at a practice with blinders on. They tell me that because revenue is only \$80,000 in the tax area they don't want to spend more on other software.

But when you start putting the pieces together the realization can nearly double. Many accounting practices are skeptical about switching software, but Thomson Reuters products really made me a believer that this is the way to go."

