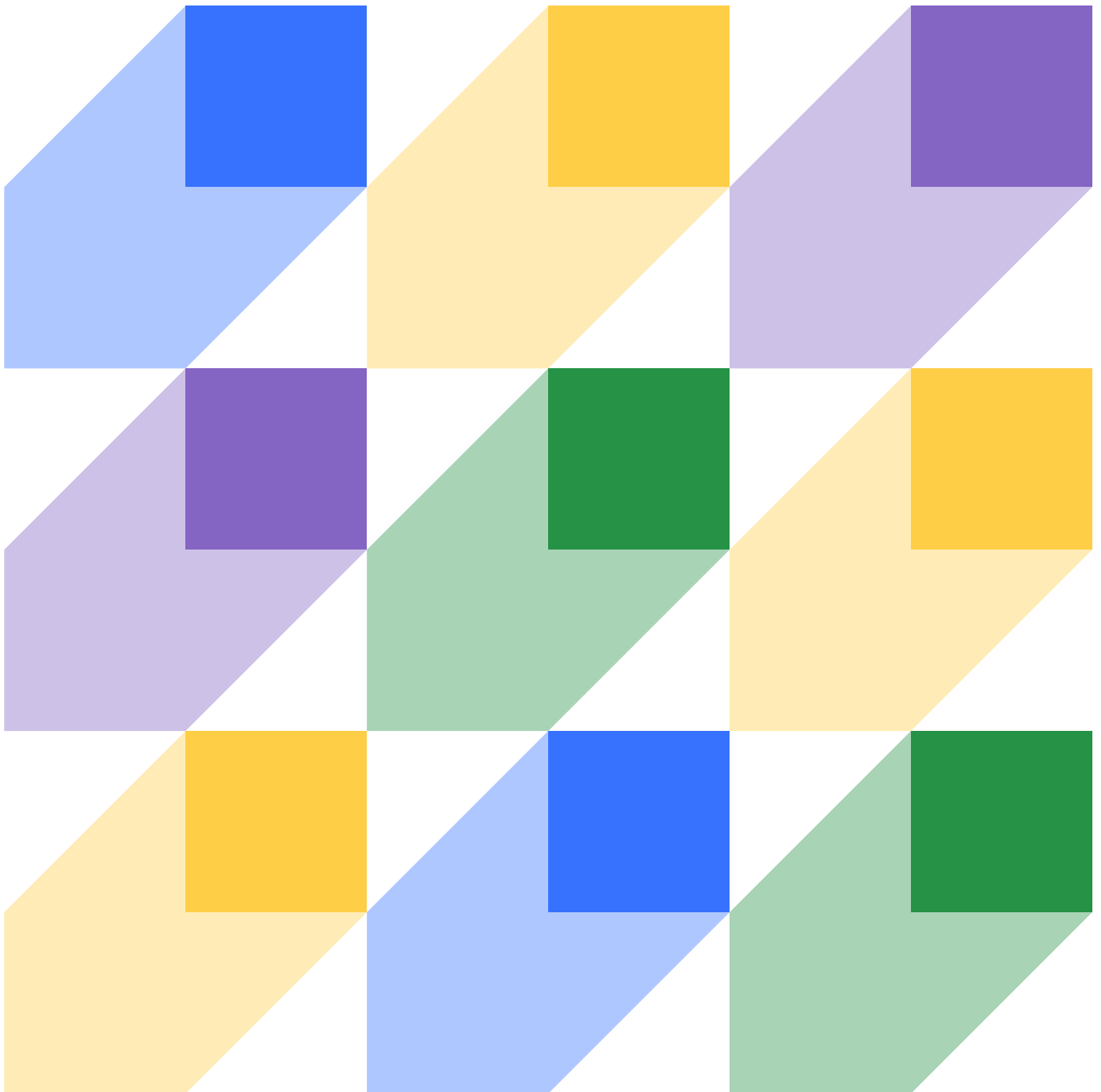


# How to Transition Your Firm Into Paperless, **Virtual Accounting**



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## About Nayo Carter-Gray

Nayo Carter-Gray, EA is the founder of 1st Step Accounting whose mission is Making Accounting a Little Less Taxing® for small business owners all across the US. She is an Enrolled Agent, a QuickBooks Online Advanced Certified Proadvisor, and was named one of Forbes Top 100 Tax Twitter accounts to follow.



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**She has garnered over 25 years of tax and accounting experience both in the public and private sector. A certified “techie”, Nayo wanted to help save her planet so she decided that a virtual, paperless accounting practice would be the most efficient way, along with recycling. With this practice, she gets to explore cloud-based solutions that make running a business possible from anywhere you can connect to the internet.**

She is the host of the **Taking Your Firm Virtual Summit**, a yearly event that brings together experts in cloud accounting and technology to teach strategies for accountants to confidently and securely take their firms virtual.

[Learn more](#) and register for the next Taking Your Firm Virtual summit happening from August 1 - 3, 2023.

In this playbook, Nayo shares how she transitioned her firm into paperless, virtual accounting and how you too can.

## Why virtual accounting?

In the [2023 State of Accounting Workflow Automation Report](#) released by Financial Cents, 53% of respondents were virtual firm owners while 29.5% and 17.4% were hybrid and on-site firm owners respectively.

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**This goes to show that more accountants and bookkeepers are embracing virtual accounting or at least, some form of it (hybrid). Below, Nayo shares why she thinks more firm owners should consider going virtual:**

Back in the day, we relied on brick and mortar locations because businesses traditionally operated locally. But now, with a global economy and the explosion of the internet, people are really expanding their businesses outside of their geographical location. And us accountants really have to be able to grow with them.

So if we're still holding on to this traditional brick and mortar model, then we aren't doing our customers and clients any service when they are expanding worldwide, and we are not. So that's the main reason why people should go virtual.

Also, it expands the talent pool. If we have to rely on local staff, it may or may not be hard to be able to grow our operations, because we know that locally, accounting enrollment is down, people who are taking and passing the CPA exam are down. This then presents opportunities to grow our own businesses by having a global workforce.

*"Virtual accounting presents opportunities to grow our business by tapping into a global workforce and serving nationally, not just regionally."*



**NAYO CARTER-GRAY**



## Virtual Accounting MythBusters

Different accountants have different reasons why they've not made the switch to virtual work. Some of these reasons are based on general assumptions and fears. But are they true? Nayo weighs in.

### Myth 1: Virtual accounting isn't for everybody

#### FACT:

I will say virtual accounting can be for everybody. But you do have to work on it. If you don't traditionally come from an internet-first mindset. I have the honor and pleasure to be from a generation that grew up learning accounting on paper and pen, but also seeing the explosion of computers and electronic datasets. So if you are from a generation where you had 20 years of pen and paper, it may be difficult for you to kind of wrap your mind around going virtual. But I do think you can learn.

One of the things that you do have to train yourself on is saying, 'even though I'm virtual, I still have structure'. Because in a traditional brick and mortar firm, you're there from nine to five. There are boundaries around when work starts, lunch period, and when work ends. But when you go virtual, some of that can be lost. So with virtual work, I always tell people 'just because it's virtual, that doesn't mean it's 24/7'. You still have to put those boundaries in place so that the virtual work is clear and doesn't necessarily bleed or blend into your home life.



## Myth 2: Virtual accounting isn't secure

### FACT:

We all have to be mindful of cybersecurity, regardless of whether or not we are virtual, or we operate with pen and paper. And there are cybersecurity experts who will tell you that actually having your documents and data stored on your computer and in the cloud is safer than having them on paper somewhere locked up in a file cabinet.

With paper, someone can break into your office and steal the information. There's no backup and the data is lost. Your office could get flooded or go up in flames and you lose all your data.

However, with virtual accounting, client portals, and electronic backups, you will have an electronic version of that data that isn't subject to the elements. It can also be backed up multiple times and in multiple ways - you can have it stored locally on your hard drive, on an external hard drive, and then have it backed up and saved to the cloud.

So it's just a matter of understanding how to lock down your virtual data. Because with the traditional office, if you have things in file cabinets, somebody can easily come into your office, break the lock, and steal vital pieces of information like social security numbers.



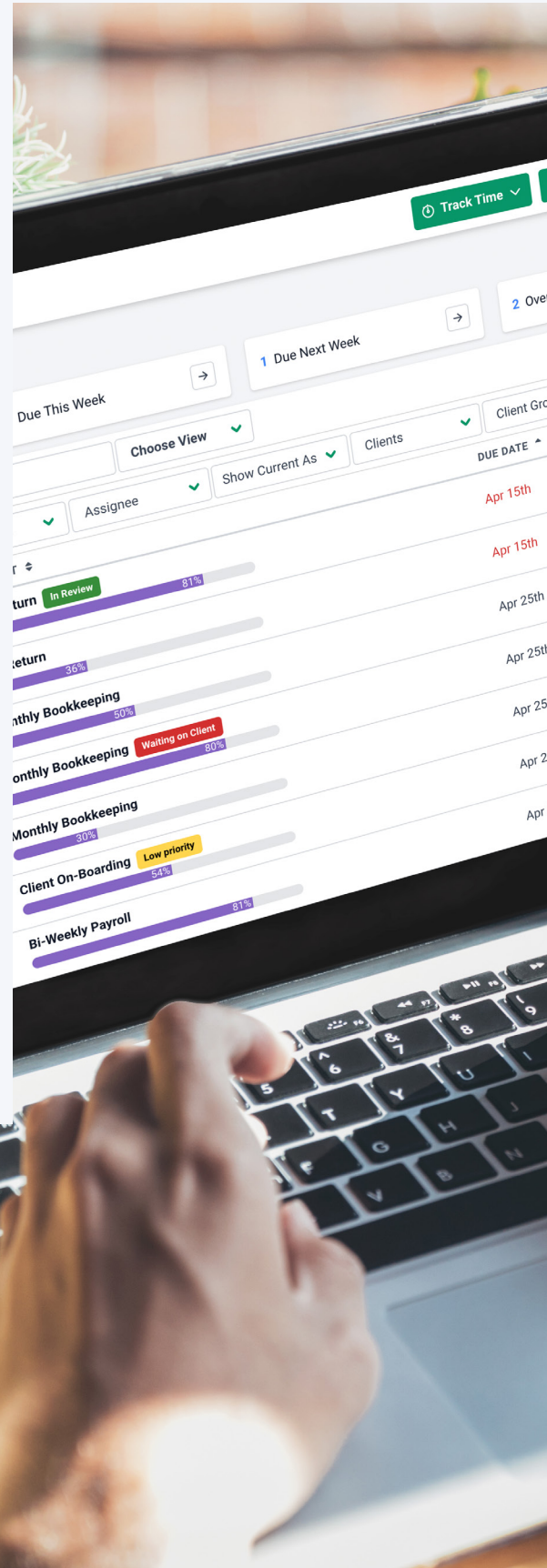
**Myth 3: Virtual accounting is not efficient**

**FACT:**

To me, virtual accounting is more efficient because you're saving time traveling somewhere. Even though I'm still operating out of a physical office, I'm not spending hours in the car, traveling to my clients' sites and they're not coming to mine. They can upload documents in a matter of minutes and I can start working on things immediately.

However, you still have to create standard operating procedures (SOPs) in order to maintain the efficiency of you and your team as you work virtually.

With physical work, it's easier when you have a folder in your hand and you can see what you're working on. But with virtual work, you have a bunch of electronic folders, and you have to know what you're supposed to be working on daily. You do have to rely heavily on your standard operating procedures, [a project management system](#), and (if you're anything like me), your calendar for due dates, appointments, and time blocking so that you actually have time to do the work you're supposed to get done.





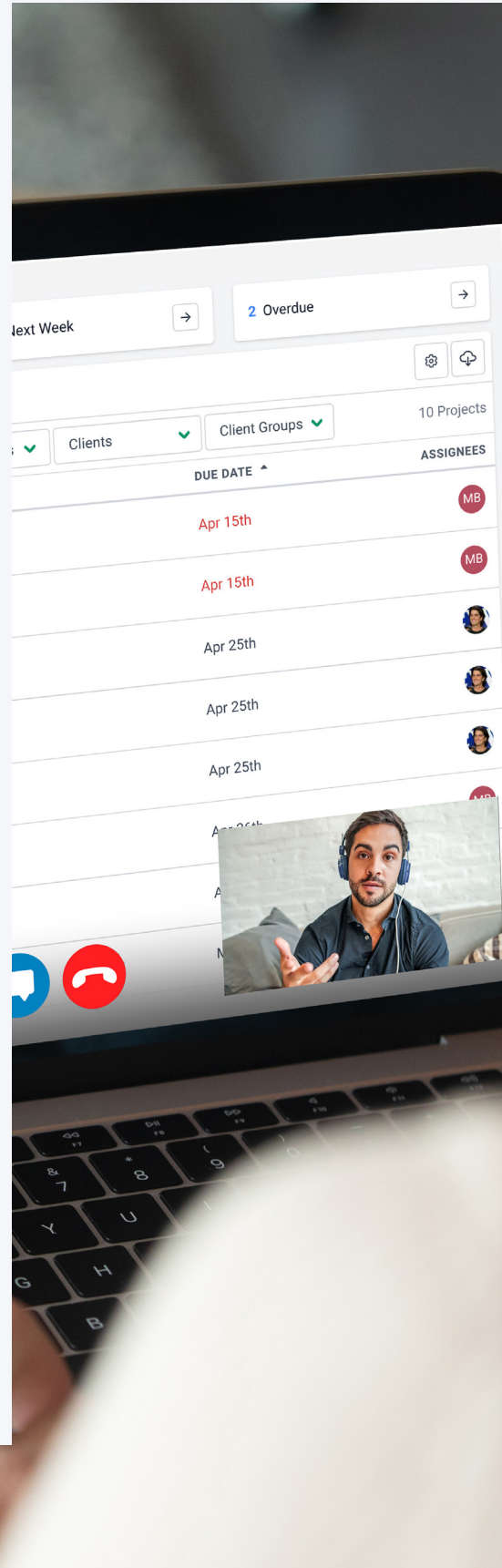
#### Myth 4: Will clients trust us if we're virtual?

##### FACT:

There are some clients out there who are afraid of technology and sometimes we have to meet them where they are, and do a hybrid of things to get them on board.

I do have a few of them that I call my 'seasoned clients'. They are a little older, may not have access to a full on computer or a smartphone. What I try to do is talk to them about the smartphone in a way that makes them understand how that tool is powerful. For example, with my older clients, I ask them, *'Hey, did one of your kids or your grandkids get this phone for you?'* And they'll tell me yes. And I'll say the reason why is so you can probably FaceTime them so they can see you and make sure you're okay especially if they live in a different state. So I go *'see how amazing it is that you didn't have to drive 10 hours to go see your grandkids, because they live in Florida, and you're here in Maryland'*. I take it a step further and say, now imagine being able to send me information in order to get your taxes done much faster. That helps them understand how they can use their phones for other purposes.

You really have to kind of show them how to use it. I like to create video tutorials for them that walk them through things step by step, or I'll have one of my assistants call and kind of walk them through the process over the phone so that they're still getting a little bit of that personalized attention. We teach them how to use the technology in a way that is not scary, by giving them that human element along with the technology, versus just a chatbot.



**Myth 5: It's difficult to scale a virtual firm**

**FACT:**

You can definitely scale a virtual firm. I even feel like you can scale it faster, especially now with us having access to offshore talent. You can get up and running in a matter of minutes versus having to take months to get started.

The power of social media and the internet means you can find clients much faster. With traditional firms, you really have to depend a lot on old school marketing techniques like mailing campaigns, going door to door, and that can take a while. But if you're virtual, you can get software that will automatically send out campaigns for you, or just referrals from people talking about you on social media. These will get you clients faster than you going door to door.

Also, software helps you manage projects and processes smoother and faster. It's much easier now to replace yourself from the day to day of firm management and build the business out with sales people, administrative assistants, onboarding specialists, bookkeeping/tax/ advisory team. And they can be global. So it's absolutely so much faster to scale a virtual firm.



**Myth 6: Virtual firms don't make as much money as brick & mortar firms**

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**FACT:**

If you operate virtually and are not maintaining an office, then your profits should be a little higher because you've already reduced your cost by 1000s of dollars.

Now, can you replace those costs with software costs? Absolutely. So it's just a matter of managing your budget, charging your clients the correct price. Because you're virtual doesn't mean you have to under-charge. You still should be providing value and getting paid for that value. But if you do things right, operating virtually, the margins are much higher.





# The Playbook

## HOW TO MAKE THE TRANSITION

Nayo went full time with her firm in 2010. Since then, a lot has changed and she finally made the decision to go paperless and virtual. Below, she shares the steps she took and how you too can make the transition:

- 1) Outline your standard operating procedures (SOPs) for every product and service that you're going to offer. The reason being that it gives you a clear-cut system of how you want to do things. And this way, you can instantly see if there are things you can outsource, delegate, or eliminate altogether from that service.



[Download 50+ Free Accounting Workflow Checklist Templates](#) ↓



- 2) Once you have that nailed down, then the **next step** is honing in on what technology tools to add to your stack to help you do work faster and more efficiently. You start by analyzing your data, your apps (such as project management systems, proposal software, if you are going to be sending out a bunch of proposals), and choosing the software you'll need to do the job that you're going to do, whether that's the accounting or tax software.

[A Comprehensive Guide For Building Your Accounting Firm's Tech Stack](#)

Once you have those things nailed down, then it's all about **finding customers that are going to be a good fit for your firm.** And this is how I did things when I started my firm 12 years ago.

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Thinking back, the first thing for me was really making sure that we were a paperless office. From the onset, I found a client portal because I didn't want to be tied to one physical location. I wanted to be able to work on the go. Whether I'm here in Maryland or California, or if I decide to go to Hawaii, I should be able to work. And so, once I knew the services we were going to offer, I found the technology tools we needed.

I found a hosting software for our QuickBooks Desktop data and a tech software that also could be hosted. I had a high output scanner for those people who would provide paper and we would scan the documents into a secure client portal. I started with those three pieces of technology and built out my processes from there.

Once we had the processes and technology in place, I focused on the hardware. I wanted to be virtual. So even though I had a PC, I made sure I had a laptop that could sustain the software that we were using. You shouldn't have a problem with this if most of your apps are internet based.





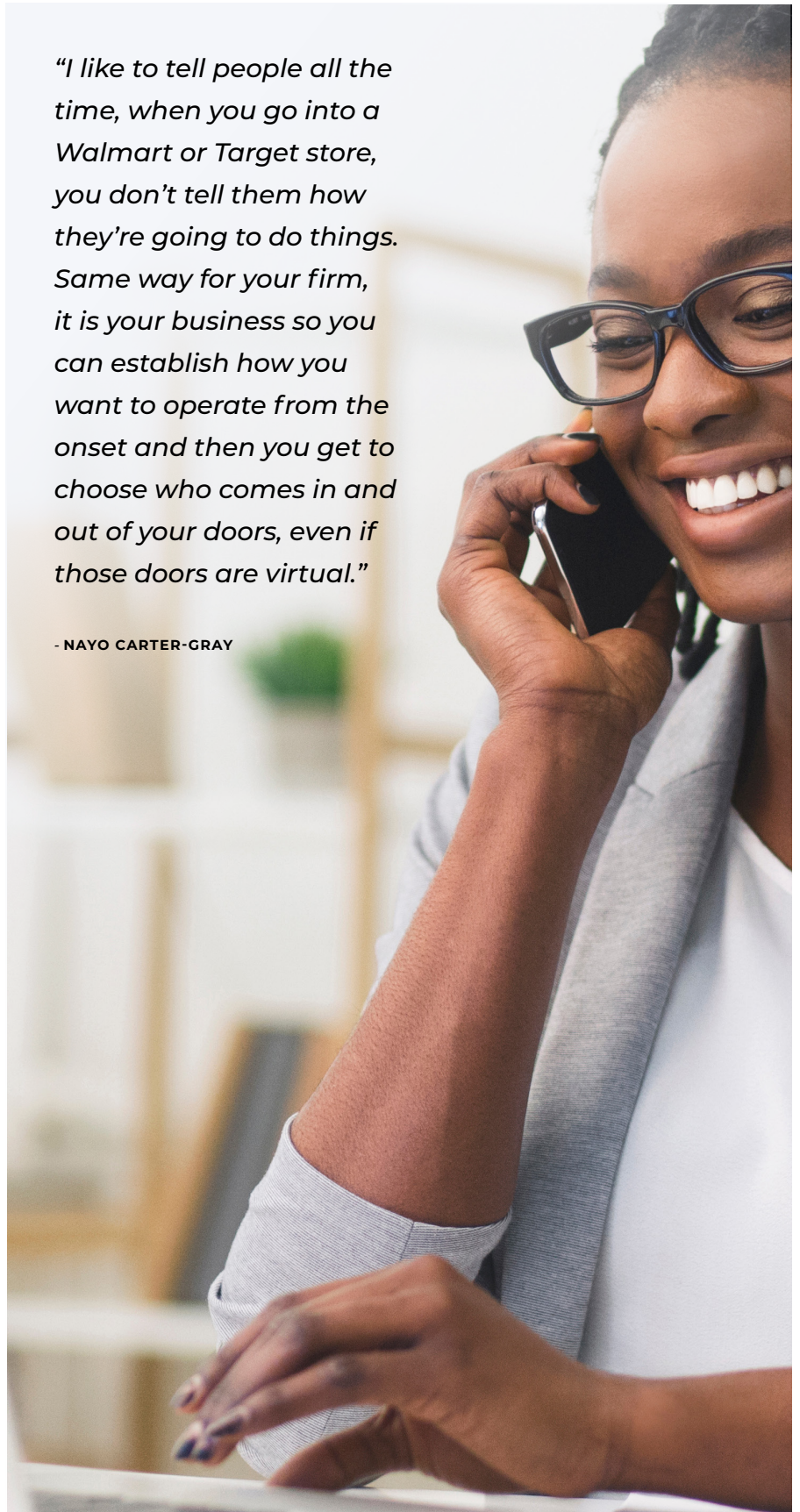
The next thing for me was finding customers and clients. So because we knew we wanted to be paperless, during the customer interview process, I would find out whether or not they were tied to their paper documents. And if they said yes, I knew they weren't going to be a good fit. I would tell them, they may not be a good fit for us because if you want to come into the office, we might not even be in office. That worked out pretty well for us.

**So for me, those are the initial steps:**

- ✓ Having those SOPs
- ✓ Choosing your software
- ✓ Finding the right clients that will work within your parameters

*"I like to tell people all the time, when you go into a Walmart or Target store, you don't tell them how they're going to do things. Same way for your firm, it is your business so you can establish how you want to operate from the onset and then you get to choose who comes in and out of your doors, even if those doors are virtual."*

- NAYO CARTER-GRAY



## Where to begin and the most important technology to have

We've already established that the first step in making the transition into virtual accounting is creating your standard operating procedures. But how do you prioritize so you don't get overwhelmed? Nayo breaks the process down further and shares the tech stack you can begin with:

For your SOPs, firstly, you need to really understand what services you're going to offer. If you're going to offer bookkeeping, then you need to write out your standard operating procedures for that service. I'm talking every step from finding the clients to when it's time for the clients to be disengaged. What that helps you do is understand what software you're going to need from there. In our process, the software and services that I recommend grew over time.

### For starters, the most important software to me are going to be:

- 🛡️ Virus protection for your device
- 📁 A secure storage location for your files
- 🔒 A client portal with bank-level encryption is key
- 💻 Accounting, bookkeeping, or tax software
- 📄 Software to create your SOPs like Microsoft or Google Suite
- 📅 Scheduling software for appointments
- 🗣️ Meeting software like Zoom



As your firm grows and you begin to add employees, serve more clients, and make more money, you'll want to add:

1. Project or workflow management software

WHAT MAJOR FEATURES DID YOU LOOK OUT FOR BEFORE BUYING THE WORKFLOW AUTOMATION SOFTWARE YOU USE?



Source: The 2023 State of Accounting Workflow Automation Report



2. CRM system








3. Proposal software

4. VOIP Phone or Google Voice

5. Calendars

## ESSENTIAL TECH STACK

		SOLUTION	SOFTWARE	BENEFIT
ESSENTIAL FIRM TECH STACK	FIRM MANAGEMENT	General Ledger	 QuickBooks	Easily manage your clients' books and transactions
		Task Management	 Financial Cents	Practice management software for organizing client information
		Client Database	 Financial Cents	Organize all client information in one place
		Time Tracking	 Financial Cents	Invoice with QBO, identify overbudget work & firm profitability
		Team Chat	 Slack	Non-work-related discussions
	CLIENT MANAGEMENT	Video Conferencing	 Zoom	Connect with your clients from anywhere
		Secure File Sharing	 Financial Cents	Securely request & receive client info faster with auto-reminders
		Client Portal	 Financial Cents	Easy & secure way to collect documents & information from clients
		Payments	 Anchor	Easily invoice clients and get paid
		E-Signature	 DocuSign	Get documents signed by clients faster
	WORK TYPE	Tax Software	 Drake Drake	Efficiently prepare and process your clients' tax returns
		Payroll Processing	 Wagepoint	Easily manage your client's payroll
		Inventory Management	 Fishbowl	Easily manage your clients' inventory

FIRM AUTOMATION	Scheduler	 Calendly	Never manually schedule a meeting again
	Email Templates	 Streak	Never re-write the same emails again from client to client
	Uncat transactions	 Uncat	More efficiently managed uncategorized transactions
	Proposals	 Ignition	Effortlessly send professional proposals & bill clients
	Month end review	 Scrutinize	Automate the month end review process
	Receipt Capture	 Ledger Sync	Automatically capture receipts from clients
	Survey	 Typeform	Get feedback from current clients & improve your services

# Introducing Financial Cents

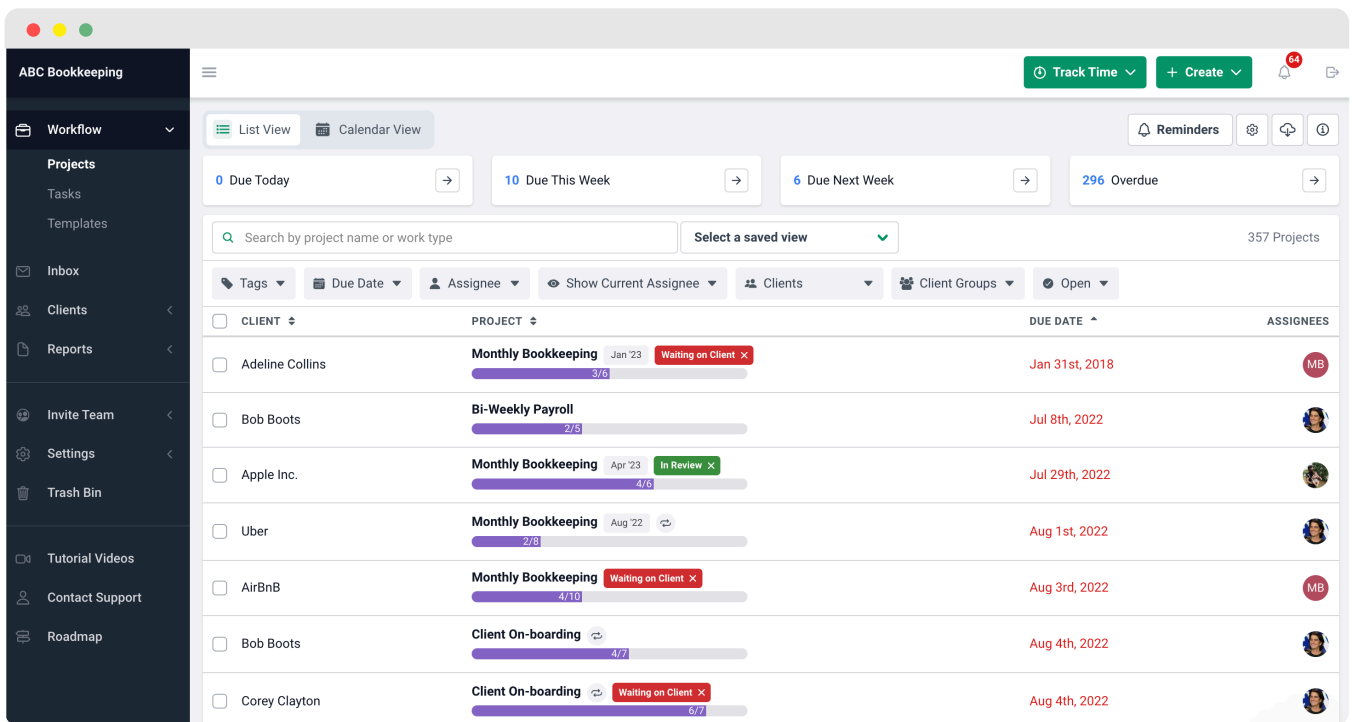
Accounting project management software with CRM features and a client portal.

**Financial Cents** exists to help you get work done and scale your firm through an integrated workflow solution.

We make your transition from spreadsheets or generic project management software seamless through easy-to-use features built with industry nuances in mind.

With Financial Cents, you and your staff will have a single source of truth so you can access all the information you need to get work done. You can create and assign tasks to your staff, track the status of client work, standardize your workflows, and collaborate with your team. Automate client requests and set reminders to save your team the stress of chasing down clients for information.

## 1) Our interface is easy-to-use



Financial Cents Workflow Dashboard



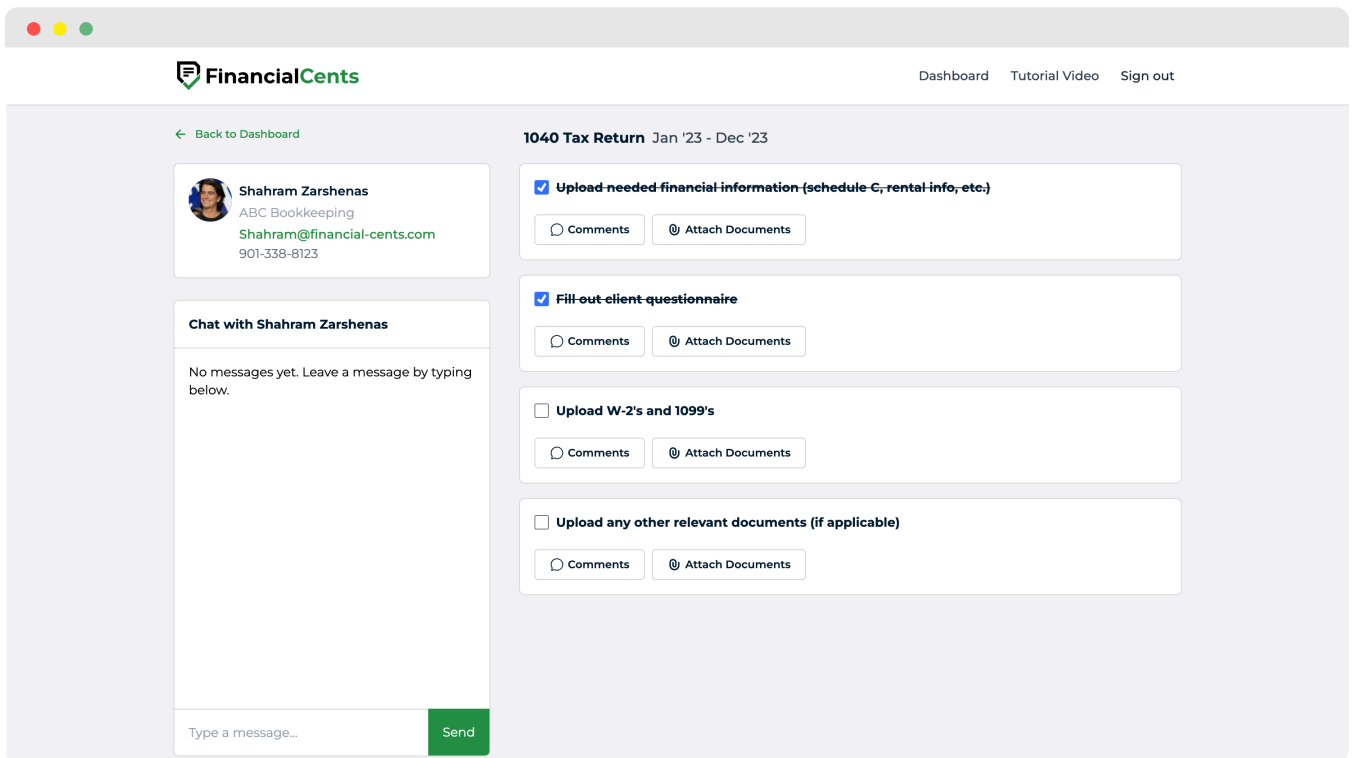
## 2) Accountants and Bookkeepers testify

to the ease of managing work, organizing important client information, and tracking the status of work with Financial Cents.



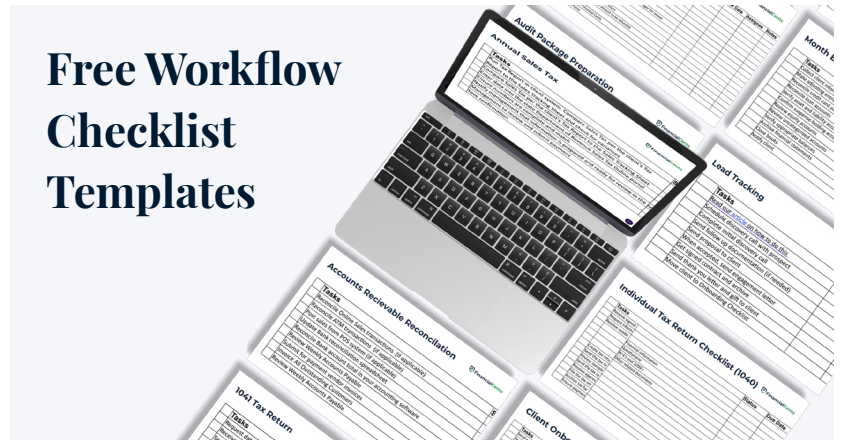
Christi's testimonial

3) Accounting clients love our client portal because it's passwordless, secure and easy to use. They can chat with their accountants, bookkeepers, or CPAs right within the portal. You (the accountant) can also set up automatic email and text reminders to follow up with them until they complete the tasks you assign to them.

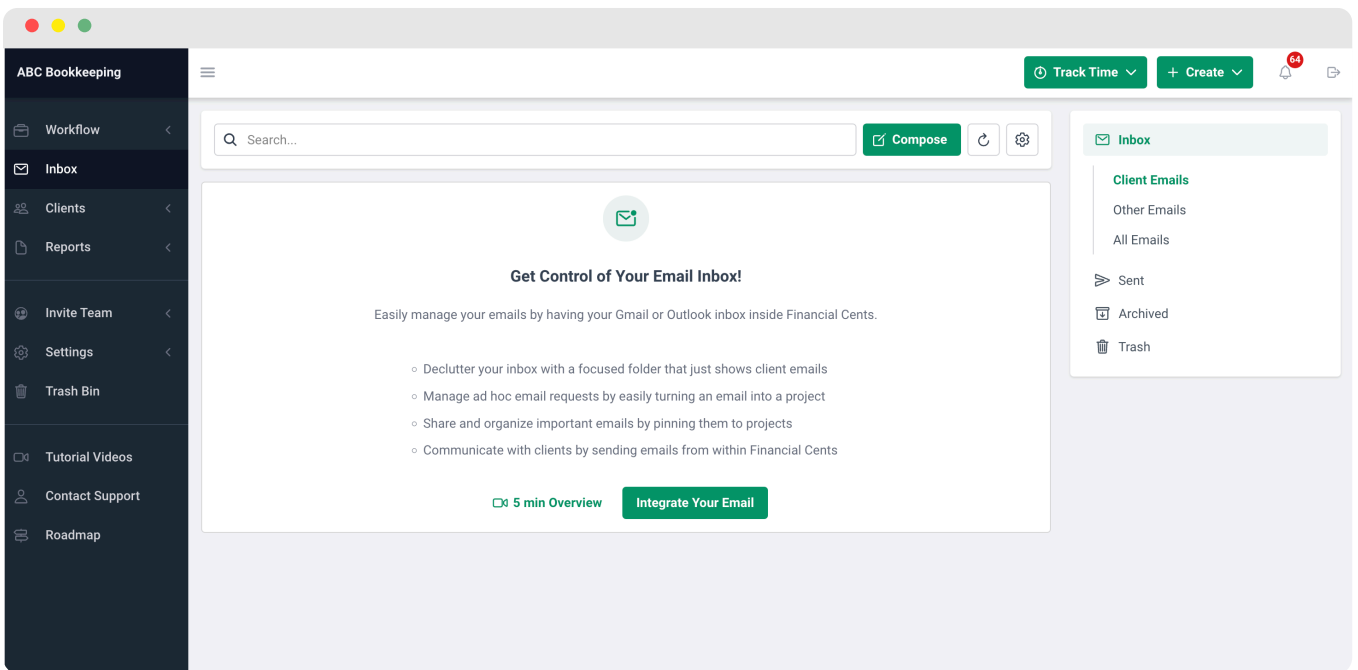


Financial Cents Client Portal

**4) Our free workflow checklist templates** make streamlining work easy, to ensure consistent client deliverables. [You can also use AI](#) within Financial Cents to quickly create checklist templates and email templates to save time and get more work done.



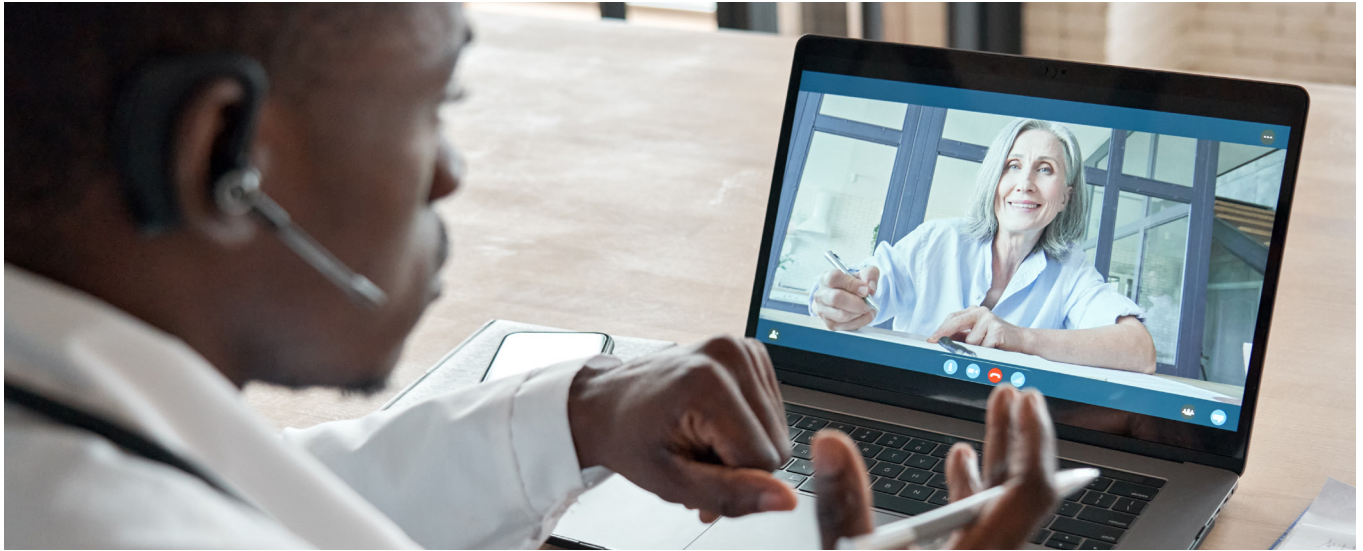
**5) Financial Cents integrates with Gmail** and outlook to help you better manage and organize your inbox. When you integrate your email with Financial Cents, it will create a focused folder that displays client-only emails that you can convert into projects or tasks, then assign to your team. No more cluttered and overwhelming email inboxes!



Financial Cents Email Inbox

[Start a Free Trial](#)

[Book a 15 minute demo](#)



## How to transition clients into virtual accounting

Transitioning clients can be difficult. Is there a way to make it less tasking? Nayo shares a great process you can follow:

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One thing I always recommend is actually starting with a smaller group of clients. I like to call these the VIP clients, and they could be the clients that you think are going to give you the most trouble when it's time to actually transition. You can call them up and say,

***'Hey, we're planning to move into a virtual process. You're one of our VIP clients and we would love to test the process and some software with you to get your reaction to it. That way, we can make some final decisions about how we want to make this transition!'***

One, this makes the client feel extra special. Two, they'll look at the process with a fine tooth comb so that they can find and tell you what's wrong with it.

What you need to do is take their feedback from those sessions and create your training guides for your other clients.

So once you have invited this particular client to the process, starting from scratch, start transitioning them gradually. Send them a calendar link and ask them to schedule an appointment. Tell them to give you feedback after they've scheduled, then meet with them on Zoom. Treat the appointment like a real one, then teach them how to use the client portal while documenting the challenges they face. Use that feedback to create a recording of how to avoid those challenges.

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There are software solutions out there that can help you with that. Once they've uploaded the document, go ahead and provide the service. Next, meet with the client again and get additional feedback about the process. Ask them questions like:

- 1) How was the process for you?**
- 2) Did it feel clunky?**
- 3) Is there anything we can improve?**

Take that feedback, change whatever you need to change and then ask them to go through the process again, and see if it's a little smoother for them. If they say yes, you now have a winner.

By now, you should have documents that you can share with your other clients when you make this transition. As a bonus, you have one of your toughest clients already on board because they helped you build out the process. Now, they feel actively connected to the process and are a little more proud of how things turned out versus you just telling them what to do and them fighting you along the way.



#### **PRO TIP:**

Don't roll this out in the middle of the busy season. For example, if you prepare tax returns, don't try to roll this out in January, at the start of a new year. Roll it out after the initial height of tax season and let them know you'll roll it out from May through the end of December. And if by December, they still have trouble, then you're going to have to refer them to other firms. This gives them the remaining portion of the year to get on board. And if they can't get on board, they know they have to find someone else. This gives you a sense of who's staying and who's leaving.



## How to train your team for virtual work

If you're bothered that work quality will reduce when you go virtual, Nayo shares how you can avoid that:

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One of the things that I like to do is actually record myself doing the work that I'm asking the team to do. And we take that recording and transcribe it to create written SOPs. We end up having a video that goes along with a step by step process of what I'm asking them to do.

You have to continuously reinforce the training, whether through weekly or monthly one-on-ones. If there's software that we're using or implementing, we try to highlight some features in it once a month. This way, everyone is on board with how to complete the work. It definitely takes active participation and training your virtual team.

Another way I like to train them is to actually use the training that is provided by the software companies. So for example, our bookkeeping team members are all certified in QuickBooks Online, because that's our primary software. Also, QuickBooks offers a [conference](#) every year and we send some of the team members to the conference to kind of learn and grow with the software as well.

To reiterate, weekly one-on-ones are key as well as sharing review notes. I use a plain old Google doc to create review notes for my team along with screenshots of what I'm asking them to review so that they have a clear point of reference. If there is a detailed correction, I record a video that goes along with that review note so that in case the issue ever arises again, they know how to fix it.

## How virtual accounting has impacted Nayo and her firm

For me, I always knew that I wanted to be virtual when I started the firm full time, which was in 2010. The reason being that I've never had a job where I liked being at work at eight o'clock. Eight o'clock is not my preferred hour of excellence, that was my initial driver. So being able to build a schedule that allowed me to do my best work was probably the biggest impact going virtual had for me.

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*"I'm super connected to what I do when I come into the office. I'm not dragging my feet because I get to come in at a time where I feel like I'm performing at my peak versus being forced into punching a clock at eight o'clock."*

- NAYO CARTER-GRAY



Also, the other side of that is that I really get to help clients in different parts of the US that I probably would have never met, had it not been for my ability to be able to provide services nationwide. This inspires me every day because I am an extrovert and I love meeting new people. So it makes me so much happier that I get to work with people that aren't necessarily from where I'm from. I get to talk to people in Hawaii, California, Alaska, etc. I think that's the coolest thing ever.

But the other thing is, being virtual helps me offer opportunities to people from all over the world.



## Avoid this mistake when going virtual

The biggest mistake you can make when going virtual is thinking that you don't need a schedule.

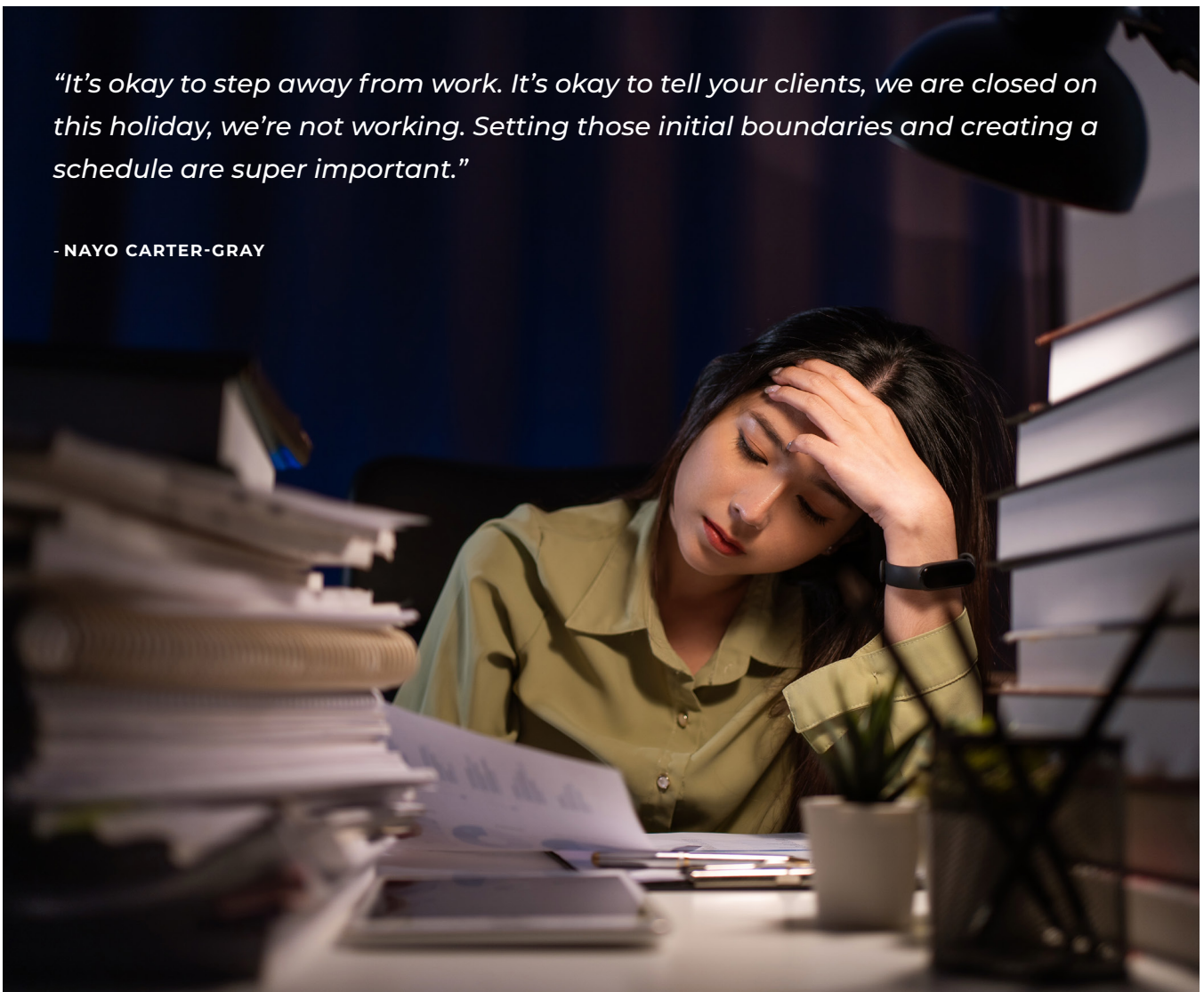
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You still need to set some standard work hours and really work within those parameters. Because as I mentioned before, just because you are virtual does not mean you're open 24/7. Working remotely, those lines can get easily blurred if you don't have a set schedule.

I also am a big fan of scheduling some priorities for yourself, like working out and going to the gym. It is very easy to get stuck working all day without taking a lunch break.

*"It's okay to step away from work. It's okay to tell your clients, we are closed on this holiday, we're not working. Setting those initial boundaries and creating a schedule are super important."*

- NAYO CARTER-GRAY





## Advice

Cybersecurity is important so don't ignore or avoid it.

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It's one of the things that will help you protect your client data. A couple of things to consider when it comes to cybersecurity is making sure you have virus protection for your computer, using a secured password manager, and using a client portal to share information back and forth with your clients.

One important thing people always forget to do is changing the password that originally came with your Wi Fi. Change your passwords often, say every 90 days. I know people hate doing that but it's important. Also, turn on two factor authentication.

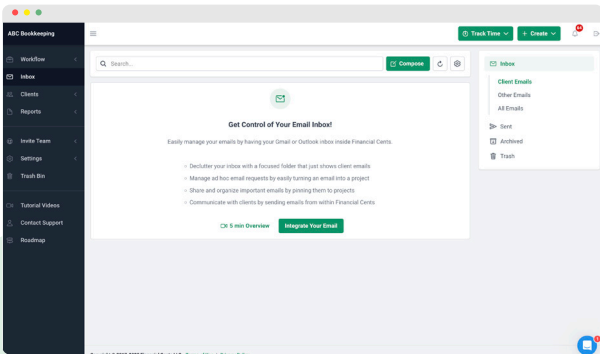
Having cybersecurity as a part of your process is important to make sure your virtual firm is up to par and running smoothly and your clients aren't scared, because they know you maintain the highest level of cybersecurity possible.

# About Financial Cents

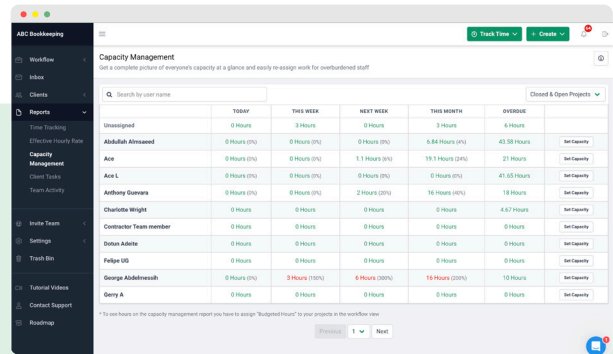
Financial Cents is a project management software that has all the features you need to get work done in a simple user interface that your team will love and find easy to use.

Whether you're just beginning to document your processes or have been doing it for a long time, our workflow checklist templates that are both editable and customizable will get you up and running in no time.

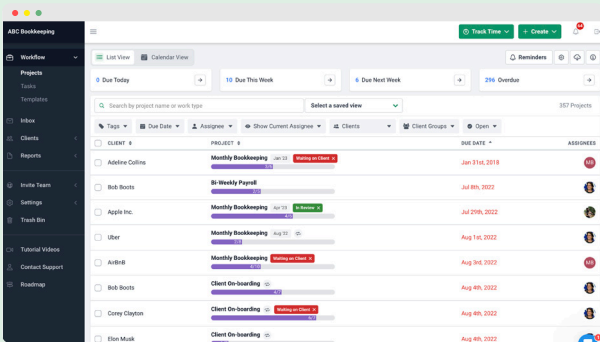
Track & assign work, set up recurring tasks, store client information, automate client data collection, and more with Financial Cents.



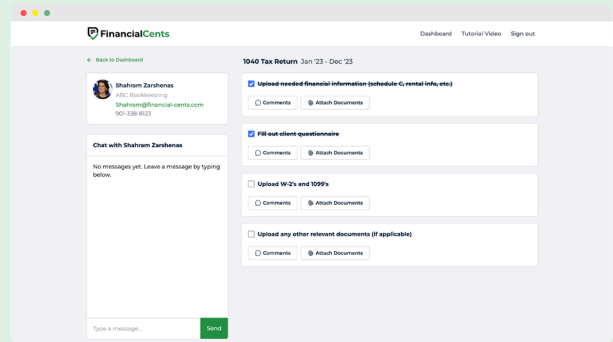
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