BEST PRACTICES

Implementation and Setup of Practice CS® in Small and Medium-sized Firms

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Today's accounting firms face many challenges in providing first-class, high-value service to their clients, while struggling with shortages of staff and other issues. As firms continue to grow, adding more clients and offering more services, they have begun to rely on software to make them more efficient and pull together many disparate services in one easy-to-use workspace. Because updating client and contact information, entering time, billing clients, and managing workflow are activities that are vital to the operations of an accounting firm, the most logical place to centralize applications and associated work for clients is in the firm's practice management software.

The "hub" of today's accounting firm

Practice CS was designed from day one to be the hub of the modern accounting firm. A "hub" is defined as "a distribution point in a network" or "a device that accepts a signal from one point and redistributes it to one or more points." This definition can be readily applied in the case of Practice CS, and its role as the hub of today's accounting firm.

Practice CS serves as a focal point in a firm's network because of its "digital dashboards."

- The Staff Dashboard provides access to applications, projects and assigned tasks, documents, and other resources from a single point.

- The Client Dashboard displays pertinent information that enables you to keep track of your clients' activities — and look good in the eyes of your clients.

- The Firm Dashboard enables a firm owner or partner to see high-level metrics such as firm billings, open WIP and A/R balances, and much more.

The power of the digital dashboards and the ability of Practice CS to function as the hub of the accounting firm are highly dependent on your setup strategy when implementing Practice CS. This document describes best practices for application setup that enable you to take full advantage of the power of Practice CS. Of course, every firm has different needs and expectations for an application such as

Practice CS, and every scenario cannot be addressed in this document. Bear in mind that training and consulting resources are available from Thomson Reuters to ensure that Practice CS is implemented effectively in your office and used to its full potential.

Practice CS is the key application in the Thomson Reuters integrated suite of software for accounting firms. This document will address important decisions during initial Practice CS setup that allow your firm to take advantage of the powerful integration capabilities of the CS Professional Suite.® You will also find information about setting up Practice CS integration with Microsoft® Outlook,® a common tool among accounting firms.

Database conversion

One of the most important decisions that your firm must make prior to starting with Practice CS is whether or not to convert data from your previous practice management software.

Practice CS is a new software solution that was developed from the ground up as a practice management application. While there are many similarities between Practice CS and other practice management software, certain differences between them may lead to problems when converting historical data from a legacy system to Practice CS.

There are a few good reasons why your firm might want its data converted for use with Practice CS, and there are many good reasons why a clean start with Practice CS can help your firm get the most out of its new software. Listed below are some advantages and disadvantages to data conversion that your firm should consider before making a decision about conversion.

Advantages of conversion

- All data is in one place, facilitating access and historical reporting.

- There is no need to maintain two different applications and keep staff trained on both.

- Less time is needed during implementation to enter balances and/or transactions and update Practice CS to the same point as the previous system.

- There are no issues with potentially incomplete account receivable history presented on client's invoices and/or statements when full historical data is converted to Practice CS.

Disadvantages of conversion
- Old data may be corrupted or compromised in ways that result in balancing problems that can persist in Practice CS until manually corrected.

- Differences in data storage methods between your old software and Practice CS can yield inconsistent conversion results, making your firm's ability to move forward difficult.

- The setup and methods in place from your previous software can lock your firm into using the same setup in Practice CS — ask yourself the question: "If I were able to set up my current software again, would I do it the same way?"

- Years of historical data converted to Practice CS are stored in the database but are rarely used, clogging the database with meaningless data and contributing to performance problems.

- An historical conversion requires a short turnaround time for database updates and changes, and requires the firm to be out of the database for up to one week.

For the reasons outlined above, Thomson Reuters recommends that firms strongly consider implementing Practice CS with a completely clean database, or at the very least, one with only demographic data converted. Among the options that can help you get started are converting only demographic data, converting only demographic data with balances, or importing client information from UltraTax CS,™ Creative Solutions Accounting,™ or Microsoft Outlook. The decisions you make about the database structure in Practice CS will affect the performance of the software well into the future, and you may find that it is preferable to experience some short-term pain for long-term benefit.

Note: For more information regarding the specifics of converting data to Practice CS, please consult your CS Sales representative, CS Product Support, or the Practice CS help topics available from the Help menu.

Practice CS setup
There are many different methods for using and implementing practice management software in an accounting firm. This document does not attempt to explore and explain every possible scenario that can be used to set up a firm for Practice CS, but it will provide guidance for initial setup of a firm that is beginning to use Practice CS, along with a number of other suggestions that may help a firm that wants to set up Practice CS somewhat differently.

Here are some things to keep in mind while setting up Practice CS:

1. **Keep it simple!** While it may be tempting to try to use 100% of the available features, it is unlikely that your firm will need every feature. Doing too much can lead to staff confusion and frustration.

2. **Start with the end in mind.** When thinking about specific setup items, think ahead to the type of report you want, how you would like your invoices and statements to look, and so on.

3. **Use security levels to keep the interface as simple as possible.** You can use the security features in Practice CS to hide areas of the program from staff members for whom they are not applicable. By restricting access to certain features via security settings, you can customize the interface to include only the areas and features needed by your staff.

4. **Test features out before you spend too much time on setup.** When setting up Practice CS it is important to test your ideas to ensure they provide the results you want. Such testing can help you avoid needing to repeat the entire setup process for one or more features that don't function the way you expected. You can use the sample database that comes with Practice CS, or you can enter small amounts of data in your live database for testing purposes.

5. **Think ahead.** When setting up Practice CS, it is important to keep it simple in the beginning. However, if you anticipate using additional features in the future, be sure to keep those features in mind during setup, so you won't have to make major adjustments later on. This kind of forward thinking is an important aspect of implementation.

Engagements
Engagements represent the types of services that you provide to your clients on a regular basis. Examples of engagements are Individual Tax Services, Corporate Tax Services, Audit Services, and Monthly Write-up. You will set up global engagement templates in Practice CS for all services your firm provides, and you will assign them to clients according to the work that you plan on performing for them. Practice CS can bill by engagement, so you should consider your billing process and how you would like to see services described on your invoices when you create your engagement templates. Practice CS reports enable you to report all WIP, adjustments, and billings by engagement.

A sample list of engagement templates might look something like this:

TAXIND – Individual Tax Services

TAXCORP – Corporate Tax Services

ADMIN – Office Administration

CONSULT – Consulting Services

PAYROLL – Payroll Preparation Services

WRITEUP – Write-up Services

AUDIT – Audit Services

COMPILATION – Compilation Services

With Practice CS, you can assign engagements to multiple clients at once, eliminating the need for repetitive data entry. One common way to assign engagements is by entity. You should ensure that your clients have entities assigned to them (such as Individual, S-Corp, or C-Corp). Then during client setup you can filter clients by type of entity and assign appropriate engagements to all clients of a particular entity simultaneously. When setting up engagement templates, it is important to enter as much information as possible, so that when added to a client the engagement inherits most of its information from the template, saving you time.

Activities

Activities are the detailed individual services for which you and your staff track time. Activities can be defined broadly, resulting in fewer activity codes, or they can be defined very specifically to account for virtually any service that is performed.

If your firm is licensed for the Practice CS Project Management module, activities are also associated with tasks that you assign to projects. When setting up activities, you may want to think of the task items that you will create and assign to your firm's projects.

If your firm is licensed for the Practice CS Staff Management module, activities can also be tied to staff benefits like vacation or sick time. You can set up accrual information on these activities to have benefit balances automatically tracked through the program.

Practice CS is designed to provide ultimate flexibility in setting up your activities, but you should carefully consider how you set up engagements, projects, and activities/tasks. Also, you need to consider how to keep things as simple as possible for staff members as they enter their time.

Note: Activities are broken down by two different types (time and expense) and three different classes (billable, nonbillable and administrative). The Time & Expense Entry screen in Practice CS has separate tabs for time and expenses, and the activity list is filtered according to the current tab. Administrative

time can be entered only for clients of the Administrative type. We recommend that you create at least one administrative client for which all administrative time can be logged (such as vacation, staff meetings, and so on). This keeps the activity list shorter during time entry, and you can filter data for reports and billing to exclude administrative time.

The sample activity list that follows this paragraph complements the sample engagement list provided previously, with projects and tasks taken into consideration. The activity IDs in the sample list are composed of letters, rather than numbers or a combination of both, and such codes may be preferable because they are easier for your staff to recognize. If you choose to use such codes, however, you will want to keep the list of codes relatively small so they remain recognizable. If your list becomes large, you may need to group activity codes into numeric ranges based on their purpose.

Here is a sample list of activity codes.

Billable time
SETUP – Client setup

PREP – Preparation

REVIEW – Review

ELF – Electronic filing

Nonbillable time
CLTMEET – Client meeting

MARKETING – New prospect marketing

Administrative time
BILLING – Firm billing

CPE – Continuing education

VACATION – Vacation time

SICK – Sick time

HOLIDAY – Holiday time

Expense
SUPPLIES – Supplies purchased for client

POSTAGE – Postage

MILEAGE – Mileage

Before setting up activities, you should also consider the kind of information you want to see on your reports and invoices. Practice CS enables you to group reports and display information on invoices based on multiple items (such as engagement and activity), so for example, you can easily produce a report that shows the total time entered, billed and adjusted for 1040 preparation, without having to create activity codes for 1040 preparation, 1120 preparation, and so on. Flexible invoice formatting enables you to pull the engagement description and activity description onto the invoice, if you want to show that level of detail to your clients. In such a

scenario, you would likely pull more than just the activity description onto the invoice because "preparation" or "review" wouldn't make a lot of sense to the client. You could also show the project description on the invoice, which would usually provide more detail (for example, "2007 Individual Tax Return").

Projects (ticklers, events)

With the Project Management module, you can use projects to keep track of due dates, progress, and assigned staff for your firm's engagements, helping to ensure that work for your clients does not fall through the cracks. One way to think about a project is to consider it as a deliverable for a client. Many firms create projects for the usual tax returns (1040, 1120, and so on), but projects can be used for virtually any work that you perform in your office. Project templates are similar to engagement templates in that you can set up default information for projects, which then gets added for each client to which the projects are assigned. Projects can include related tasks which represent the actual steps involved in completing the project. For example, for a 1040 project there may be four tasks required to complete the project: client interview, return preparation, return review, and electronic file/complete return. Tasks are not required for each project, but they can be enormously beneficial, as described in the next section of this document.

You can enter budget information at the project level or the task level, depending on whether or not you use tasks. If you enter budget information on individual projects or tasks you have the ability to easily track and report budget-to-actual information, because the actual information is accumulated when staff enter time for the project and/or task.

The following list of sample projects corresponds to the engagement/activity list provided earlier.

1040 – Individual Tax Return

1120 – C-Corporation Tax Return

1120S – S-Corporation Tax Return

CONSULT – Consulting Services

PAYROLL – Live Payroll Preparation

W2S – W2 Preparation

WRITEUP – Write-up Services

When you create your project list, you should determine how you would like to see information presented for billing purposes. Information can be presented on billing worksheets and on the billing screen by engagement or project. If billers in the firm would like to see WIP grouped by project, that should be considered when setting up the project template list. The billing worksheet and the billing screens can present information by project, which is becoming a common way to perform billing. If your firm practices event-based billing, in which the invoice is created when the job is finished, it is important to make sure that your projects are set up to allow for billing by project.

Note: You can import project templates from a list of predefined templates that come with Practice CS. To import default project templates, choose Setup / Templates / Projects, then click the Import Default Project Templates link at the bottom of the screen. You can then select which templates you wish to import.

Tasks

Tasks are the steps that are required to complete a project. Because tasks for a project can be assigned to individual staff members, and every task should have an activity assigned to it, you need to consider your list of activities when setting up tasks. When a staff member selects tasks for assigned projects during time entry, Practice CS fills in the activity automatically. By setting up projects, tasks, and activities in a complementary manner, you can ease time entry for your staff, resulting in improved productivity and less WIP review time.

Following is a list of sample tasks that are coordinated with the engagements, activities and projects listed earlier in this document.

MEET – Client Meeting

SETUP – Client Setup

PREP – Preparation

REV – Review

ELF – Electronic Filing

Task assignment

If your firm has purchased the Practice CS Staff Management module, you have access to advanced task assignment capabilities. You can create skill areas and ratings based on the type of work you perform. These can be based on type of work, industry, or niche. Ratings can be created according to existing firm standards.

Once you have created the skill areas and ratings, you can assign skill sets to staff based on their expertise areas and knowledge. Assign qualifications to tasks to narrow down the list of staff to assign. Practice CS provides you a list of staff who meet or exceed the qualifications for that task.

If you choose to allow any qualified staff member to work on a task, send that task to the work queue. You can avoid assigning every task to an individual and allow them to select work based on what is scheduled to be completed next, the qualifications required to complete that work, and the skill set of the staff member.

With the Project Management module, you can use projects to keep track of due dates, progress, and assigned staff for your firm's engagements, helping to ensure that work for your clients does not fall through the cracks.

By setting up projects, tasks, and activities in a complementary manner, you can ease time entry for your staff, resulting in improved productivity and less WIP review time.

The following is a list of skill areas and skill ratings that may be present based on the engagements and projects described above:

Skill Areas

- Audit
- Review
- Corporate Tax
- Partnership Tax
- Payroll

Skill Ratings

- Novice
- Average
- Expert

Invoice and statement formats

In Practice CS, you can create an unlimited number of invoice and statement formats using the Custom Formats editor (choose Setup / Custom Formats).

Invoice formats in Practice CS enable you to pull as much information as needed onto each invoice as a client is billed. Because a typical firm has clients that request different levels of detail on their invoices, Practice CS enables you to create as many invoice layouts as you need.

On the Billing and A/R tab of the Firm setup screen, you can assign a default invoice format for new clients. As you add new clients to Practice CS, they inherit the default invoice format, so it is advisable to select a format that suits the needs of most of your clients. For clients who request more or less detail on their invoices, you can override the default format on the Billing tab of the Client setup screen. If necessary, you can override the default format for a current invoice on the Summary tab of the Detail Billing screen.

Practice CS provides a custom format wizard that walks you through many of the decisions you need to make when creating invoice and statement formats. We recommend that you identify the different types of invoices that your firm uses now, or would like to use in the future, and review them before creating your invoice formats. You can design formats by starting from scratch or by copying and modifying one of the default formats that come with Practice CS. The Format Wizard helps you decide which information should appear on the invoice. Custom formats can be edited further using the designer screen, which enables you to drag and drop various elements, change font sizes, add text, and so on. You can create and modify statement formats in the same manner.

For more details on using the Custom Formats designer, click the arrow next to the help button in the top right corner of the Custom Formats setup screen. You may also want to review the Practice CS *Custom Formatting WalkThrough,* available from the Practice CS Library portlet and from the Practice CS Help.

Integration with other CS applications

Practice CS integrates with other CS Professional Suite applications. In order for integration to take place, you need to perform some required setup steps. Here are some tips to enable integration with other CS applications.

Client naming conventions — Client IDs must match in all CS applications to fully take advantage of integration. If the client IDs are different, you will not be able to import invoices from UltraTax CS or CSA, automatically close projects with UltraTax CS status events, and/or utilize the FileCabinet CS portlet on the Client Dashboard.

Setting up client EIN/SSN (data sharing) — Certain client fields in Practice CS are data-shared with UltraTax CS and CSA. Data sharing is based on a client's SSN or EIN. When you set up a client in Practice CS with the same SSN or EIN as a client in UltraTax CS or CSA, the program will compare the client's demographic information from the other application and prompt you via a Data Sharing dialog to accept or postpone the indicated changes.

Note: For data sharing to take place, you must have your data locations specified in both applications. In Practice CS, choose Setup / System Configuration / File Locations, and use the File Locations dialog to specify the data locations of the applications.

Exporting journal entries to CSA — If you are licensed for CSA, you can export journal entries from Practice CS to CSA. When you export, you can use either the GL account numbers you have set up on engagements, activities, and taxing authorities, or override them using a GL account number that you enter. To specify the GL account numbers to use for exporting journal entries, choose File / Export / Journal Entries to Creative Solutions Accounting, click the Options button, and enter the necessary account numbers.

Outlook integration

One of the strengths of Practice CS is its ability to integrate with Microsoft Outlook (version 2003 or later). The setup necessary to integrate with Outlook is fairly straightforward.

Staff Dashboard — The Staff Dashboard in Practice CS offers three portlets that display information from the user's Outlook inbox, tasks, and calendar.

If Practice CS and Outlook are installed, no further configuration is necessary to view these items, aside from selecting the Outlook portlets on the Staff Dashboard.

Client Dashboard — The Client Dashboard offers an Outlook Mail portlet that can display email messages to and from a client. For a client's messages to display in this portlet, the email address and the name in the *File as* field in the client's record must match the email address and display name from the Outlook message. To set up client contact information, choose Setup / Clients and click the Contact Info tab.

If your firm is licensed for the Client Management module, the Client Dashboard features an Interactions portlet that can display client-related messages sent and received by anyone in your firm. This feature requires Microsoft Exchange Server, and you must create a public Outlook folder for storage of shared messages. When you specify the location of the public folder in Practice CS, the program will associate messages in that folder with clients and contacts, based on their email addresses. You should be careful to place in the public folder only the messages that you wish to share with others in your firm. To specify the public folder in Practice CS, choose Setup / System Configuration / Outlook / Public Folder, navigate to your public folder, and click OK.

Staff Calendar — Practice CS can display information from your local Outlook calendar, and if your firm is licensed for the Project Management module, Practice CS can combine Outlook calendar information with projects and tasks that have been assigned to you. There is no additional configuration necessary to make this work, aside from having Outlook and Practice CS installed.

Practice CS can also display information from other staff members' calendars. The calendars must be shared through Microsoft Outlook and the staff member's email address must be entered in the Staff setup screen to use this feature. To verify a staff member's email address, choose Setup / Staff and click the Contact Info tab.

Exporting contacts to Outlook — You can export some or all of your Practice CS contacts to Outlook. To enable this feature, you need to select an Outlook folder as the export destination and create or select a filter for the contacts you wish to export. To configure export of contacts, choose File / Export / Contacts to Outlook.

Contact synchronization — If your firm is licensed for the Client Management module, Practice CS can synchronize contact information with Microsoft Outlook. To enable this feature, you must configure Practice CS to synchronize with an Outlook contacts folder. We recommend that you create a new, empty contacts folder in Outlook so you can separate your professional contacts from your personal contacts to prevent information for your friends and relatives from being pulled into Practice CS. We also recommend creating or selecting a filter in Practice CS for the contacts you want to synchronize — otherwise all Practice CS contacts will be added to the synchronized Outlook contacts folder. For example, the filter you use might include only the contacts from clients for whom you are the partner, or contacts specific to your office.

To enable contact synchronization, choose Setup / System Configuration / Outlook / Contact Synchronization. In the Contact Synchronization dialog, choose the Outlook contacts folder to synchronize with Practice CS, along with the Practice CS contacts you want to synchronize. Additional setup options include choosing to import contacts from Outlook as clients or standalone contacts and enabling automatic contact synchronization.

For more information on contact synchronization, consult the Practice CS help topics or the *Practice CS Client Management WalkThrough,* which is available from the help.

Templates

Setting up your practice management database can be a time-consuming process, especially when dealing with hundreds of clients and other setup items. Practice CS provides templates that you can use to set up your database more efficiently, and to update engagements and projects as needed.

Following are the setup areas in Practice CS where templates can be used to speed up the setup process, when you first start out and on an ongoing basis.

Engagements — As mentioned previously, engagements represent the services that you provide to your clients. Practice CS provides engagement templates that you can set up to establish default information that fills in automatically when you add an engagement for a client. If you plan to add many new clients to Practice CS, be sure to fill out engagement templates as completely as possible before you begin. After you add an engagement for a client, you can modify it further at the client level. To set up engagement templates, choose Setup / Templates / Engagements.

Projects — As mentioned previously, projects help to track due dates, progress, and assigned staff for your firm's work. Practice CS provides project templates that you can set up to establish default information that fills in automatically when you add a project for a client. Before you assign projects to your clients, you should ensure that you have set up project templates carefully. After you add a project for a client, you can modify it further at the client

level. To set up project templates, choose Setup / Templates / Projects.

Practice CS offers hundreds of default project templates for the most common tax returns that your firm may encounter. To import default project templates, choose Setup / Templates / Projects, click the **Import Default Project Templates** link at the bottom of the screen, and choose the templates you want to import.

Databases to aid in setup

Practice CS also includes a database called **SetupDatabase.bdf** that you may find useful when first setting up your firm. This database contains some of the same information as the Sample database, without client, accounts receivable, or WIP data. Using this database can help you set up your firm's database without starting completely from scratch.

If you are just starting out with Practice CS and want to use SetupDatabase.bdf as the starting point for setting up your firm's database, you would restore the database through Practice CS, rename it, and begin to use it. The database can be found on the Practice CS CD or in the download folder in a subfolder named Data. To restore the database, open Practice CS, choose File / Restore, navigate to the Data folder, select the database, and click OK. You must then assign a name in the *New Firm name* field, and click OK to restore the database to Practice CS.

Note: You cannot currently transfer data from one of the setup databases into a Practice CS database that is already established. Therefore, to take advantage of these additional databases, you need to use one of them as the basis for your own firm's database.

Database backups

Before you set up your firm's database and enter large amounts of data into Practice CS, you should ensure that you have processes in place for backing up and restoring your Practice CS database. For more information about making a backup or scheduling recurring backups, choose Help / Practice CS Help Topics, click the Index button, and search on "backups."

Important! Practice CS uses a Microsoft SQL database. Many third-party backup software utilities will not back up Microsoft SQL Server Desktop Engine (MSDE) or SQL Server™ 2005 Express data while the SQL Server Service is running. For this reason, Practice CS data cannot be backed up automatically from outside SQL Server. Therefore, you must either use the Practice CS backup procedure or schedule a recurring backup before running a third-party backup process.

Additional resources

Practice CS is a large program that has many possibilities. Thomson Reuters offers a variety of services to assist you in the implementation process and help you determine the optimal setup for your firm. These services range from basic training on program usage to a guided implementation process. With the consulting services offered by the Training and Consulting Services team, you will receive a consultant assigned to your firm to assist you in your implementation process from the beginning until you have fully rolled out the program. Your consultant will guide you through a detailed, phased implementation approach. They will provide you with conversion assistance and will aid you in making your setup and process decisions relating to Practice CS. Your consultant will also provide you with industry recommendations to aid in your decision making.

Note: For more information on training and consulting services, please contact your CS Sales representative.

Conclusion

There are many different methods and procedures that can be used to set up a firm to use a comprehensive practice management solution such as Practice CS. The goal of this document has been to provide some insight into recommended best practices for implementation, along with additional information that can be used to make the best decisions for your firm. The best advice we can offer is that your firm take the appropriate amount of time up front to ensure that the setup decisions you make are well thought out and equally applicable to your firm now and in the future. Many firms attempt to implement a complex software solution like Practice CS using the same methods they used with their previous software, usually with unsatisfactory results. Practice CS is an application that can help your firm reach an unprecedented level of efficiency, but the key is setting up the system properly from the beginning.

Practice CS includes a database called SetupDatabase.bdf that you may find useful when first setting up your firm. Using this database can help you set up your firm's database without starting completely from scratch.

Before you set up your firm's database and enter large amounts of data into Practice CS, you should ensure that you have processes in place for backing up and restoring your Practice CS database.

Take the appropriate amount of time up front to ensure that the setup decisions you make are well thought out and equally applicable to your firm now and in the future.

Whether you have a question, concern, or just a comment about our products and services, we want to hear from you.

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