

Implementing the Paperless Office: Best Practices

Creating a paperless environment within your firm is an important step toward staying current with developing technologies and remaining competitive in your rapidly changing profession. One of our goals at Thomson Tax & Accounting is to provide information that your firm can use to make a smooth transition to a paperless office.

After considering the experiences of other firms that successfully transitioned to a paperless office environment, we recommend creating a well-thought-out plan before you begin your transition. This white paper defines the term “paperless office” and provides general guidelines for planning the storage of documents, planning the roles of people within your organization, and implementing the move to a paperless office.

Note: We do not recommend implementing the paperless office in a single step across all departments in your firm. To limit the issues you may encounter during this process, consider starting your implementation in a single department, or a small group of departments. This will allow you to refine new procedures before incorporating them throughout your firm.

Case study

Before reading our recommendations for implementing the paperless office, please take a moment to read the following case study. The case study outlines a plan for implementing the paperless office using a sample firm, and will provide you with a general context for the more detailed material that follows. We recommend that you use this case study to guide your firm through the implementation process, making adjustments where necessary to fit your firm’s specific needs.

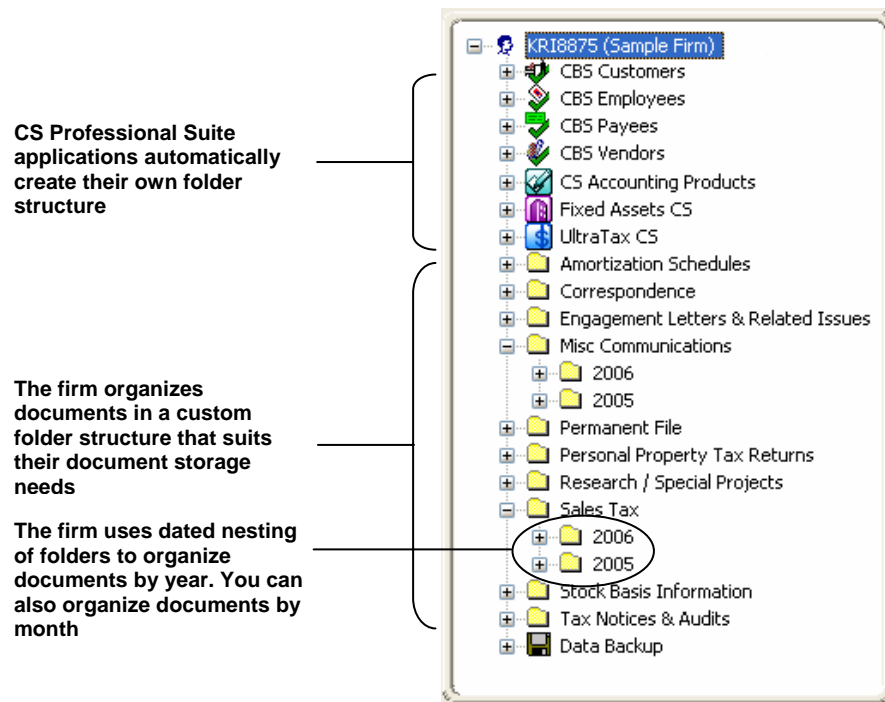
Description of sample firm

- Three partners
- Ten staff members
- Windows® 2000 server
- Windows 2000 and XP workstations
- Approximately 1,000 tax clients
- Approximately 300 bookkeeping clients
- Approximately 50 payroll clients

Pre-paperless planning

- Held brainstorming session with all three partners, one tax preparer, one bookkeeper, one payroll administrator, and the office manager.
- The group determined which firm documents would be stored in FileCabinet CS,[™] created a list of documents, and then removed extraneous documents from the list.

- The group decided on firm data locations. In the case of the sample firm, the group decided to create separate data locations for tax, bookkeeping, and payroll clients, but you should create data locations that are appropriate for your firm. (For other considerations related to choosing firm data locations, see “Organizing your firm’s documents” on page 8.)
- Members of each department determined their respective drawer and folder structures. The following illustration shows the sample firm’s folder structure as it would appear in FileCabinet CS.



Note: For instructions on creating custom folders, choose Help / FileCabinet CS Help Topics from the FileCabinet CS main menu, click the Index button, enter **Folders**, and click “adding.”

- The group decided that the office manager and each professional staff member will eventually have scanners at their workstations.
- The group decided to add a separate 40 gigabyte (GB) hard drive for storing the firm’s FileCabinet CS data.

Year one

- Printed all CS Professional Suite reports and documents exclusively to FileCabinet CS for tax, bookkeeping, and payroll
- One staff member from each department scanned documents to test scanners and develop scanning procedures

Year two

- Continued printing all CS Professional Suite reports and documents exclusively to FileCabinet CS
- Purchased scanners for remaining staff
- Scanned all supporting documentation
- Printed necessary documents for paper reviews and then shredded the documents

Year three

- Continued all steps listed under “Year Two”
- Purchased dual monitors for each staff member for viewing documents stored in FileCabinet CS and working in other applications simultaneously
- Began completing all reviews electronically rather than in hardcopy
- Tax department hired temporary employees to scan previous years’ tax information (other departments decided not to scan prior information)

Year four

- Continued all steps listed under “Year Two” and “Year Three”
- Partners began storing personnel documentation in secure, password-protected Human Resources data location
- Conducted internal review of processes to ensure effectiveness

Defining the paperless office

The paperless office can be defined as an electronic document management environment that provides an alternative to the workflow and storage issues associated with paper files. The tasks involved in organizing and working in a paperless office can be divided into two areas: document management and project management.

Document management tasks are related to billable output and can include the following:

- Maintaining an electronic file room with engagement binders
- Storing and maintaining electronic copies of client documents, including tax returns, payroll records, tax planning documentation, checks, invoices, and statements

Project management activities constitute administrative tasks. Think of these activities as the paperless equivalent of your current review process. You may choose to store and maintain the following documents related to administrative tasks.

- Supporting documents
- Review notes

- To-do lists
- Review sign-offs
- Electronic client communications, which can include engagement letters, management letters, and invoices
- Human resources documents, which can include employee reviews, employee medical forms, and employee 401(k) materials

Developing a document storage plan

Before transitioning to a paperless (or less-paper) office, you should determine the kinds of documents your firm will regularly store in FileCabinet CS, as well as how documents will be organized. You may be tempted to store all of your firm's documents in FileCabinet CS, with no exceptions. However, scanning all documents associated with your day-to-day business operations can actually cause more office clutter if this includes documents that you would otherwise assimilate and recycle, or give to your clients to store. Developing a document storage plan will help you determine the most efficient way to electronically store your firm's documents without adding to your firm's work flow.

Determining document storage guidelines

Developing your firm's document storage plan is a two-step process — creating a list of all documents that your firm might want to print to FileCabinet CS and then narrowing the list to remove any unnecessary items.

To develop a comprehensive list of firm documents, hold a brainstorming session during which staff and senior members of the firm list all firm documents that can be printed to FileCabinet CS. We suggest that you include at least one representative from each division and department in your firm. By including representatives from all areas of your firm, you promote staff buy-in, which is discussed in more detail in the "Organizational planning" section of this document.

Posing the following questions can be helpful when brainstorming your firm's document list. Remember that the purpose of this step is to list ideas, document types, and concerns, not to work out details about list entries.

- What are all of the possible documents your firm might want to store electronically?
- What documents do you have in your current filing system(s)?
- Which documents do you need to access quickly and frequently?
- Which internal documents, such as memoranda and meeting minutes, could be stored electronically?
- Should you store documents and other files needed for your practice (such as human resource files and billing reports) electronically?
- Should you store legacy documents?
- From which date should you begin to store the identified documents electronically? (From this day forward? Go back to the beginning of the year?)

Before moving forward, remove any extraneous documents from this list. As mentioned earlier, you should remove documents from the list that you would normally assimilate and recycle, or give to your clients to store, to avoid cluttering your electronic storage system.

You can now use the refined list to determine an efficient document-organization scheme in FileCabinet CS, as discussed in the next section.

Organizing documents in FileCabinet CS

Now that you have considered all documentation that could be included in your firm's paperless office solution, and have removed extraneous documents from the list, you need to determine how your firm will organize documents in FileCabinet CS. Before you can determine how to organize your firm's documents, it is important to understand the capabilities and constraints of the FileCabinet CS storage structure.

File structure in FileCabinet CS

The filing cabinets in your office contain drawers of information that pertain to each of your clients. Think of FileCabinet CS as a storage room that contains your entire filing system — all of your filing cabinets, paper, folders, hanging files, and so on.

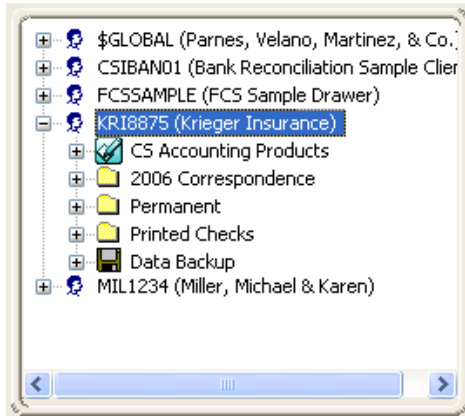
FileCabinet CS allows you to set up multiple data locations. Think of each data location as an electronic version of a filing cabinet in your office. Each data location contains drawers that you designate for specific types of information, such as reports and invoices that are currently stored in physical locations in your office. FileCabinet CS stores these documents in folders that can appear in one or more drawers.

To maintain a consistent file structure and avoid the confusion caused by placing documents in the wrong folders, the folders you create in FileCabinet CS are available in all drawers in a given data location. Note that folders do not appear in drawers unless the folders contain documents.

Date-specific document folders

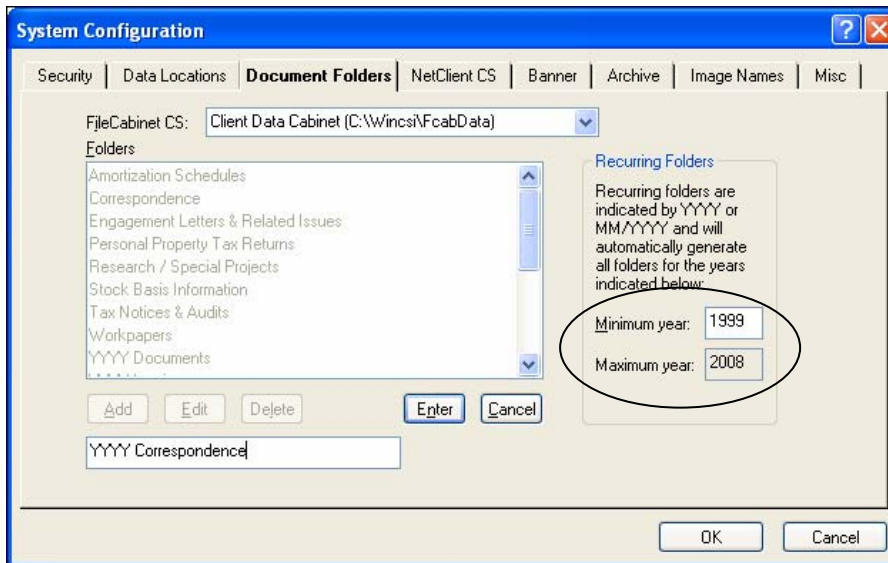
FileCabinet CS handles folders uniquely if they are named using one of two date formats. If a folder's name begins with a date in either the MM/YYYY format or the YYYY format, FileCabinet CS considers the folder to be date specific. FileCabinet CS gives date-specific folders special consideration when combining document folders and using recurring folders.

For example, if you need a separate data location for payroll clients, you can create global folders called Permanent, 2006 Correspondence, 2006 Printed Checks, and so on. By using a global folder structure for a given data location, you ensure that any documents stored in FileCabinet CS are easily accessible.



Let's suppose that in addition to a 2006 Correspondence folder, you want to create a folder for similar documents that will be used by your firm in 2007.

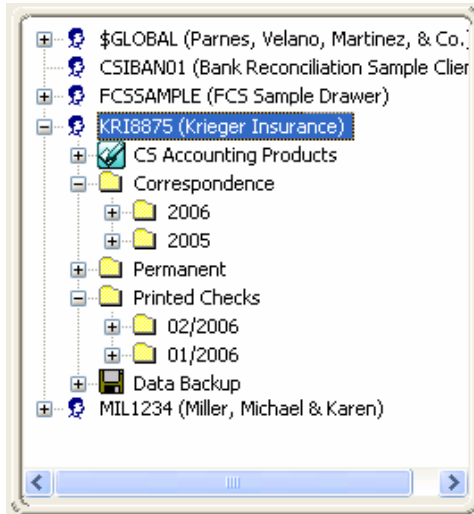
If you create a folder named "YYYY Correspondence," FileCabinet CS automatically creates dated Correspondence folders for which you can include a selected range of years, as shown in the following illustration.



When you have documentation in folders for two separate years (for example, 2005 Correspondence and 2006 Correspondence), FileCabinet CS creates a Correspondence folder in that drawer with subfolders named 2005 and 2006, for ease of access.

Now let's consider the 2006 Printed Checks folder. If you do weekly payroll for a client, you may prefer to have a 01/2006 Printed Checks folder to hold January's checks, a 02/2006 Printed Checks folder to hold February's printed checks, and so forth.

Using the same technique as above, you can create a MM/YYYY Printed Checks folder to automatically create monthly folders that will be stored under the Printed Checks folder within each drawer.



CS Professional Suite program folders

FileCabinet CS also allows you to print documents from other CS Professional Suite applications directly to FileCabinet CS. If you are licensed for UltraTax CS,™ Planner CS,™ Fixed Assets CS,™ Practice CS,™ Creative Solutions Accounting,™ Engagement CS,™ Financial Analysis CS,™ Creative Solutions Practice,™ GoSystem® Audit,™ GoSystem® Fund,™ or Client Bookkeeping Solution,® you can print documents directly to FileCabinet CS using the program's Print dialog. FileCabinet CS automatically creates a folder for each program within the client drawer.

For example, suppose you marked the FileCabinet checkbox when printing a client's 12/31/06 tax return from the UltraTax CS Print Returns dialog.

After printing the return, you can open the client's drawer in FileCabinet CS, click the UltraTax CS folder, and then click the 12/31/06 folder to access the printed tax return in FileCabinet CS.

The screenshot shows the FileCabinet CS interface. On the left, a tree view shows the client's drawer structure: FCSSAMPLE (FCS Sample Drawer) > UltraTax CS > 12/31/06. The main window displays the printed Form 1040 for Michael and Karen Miller, filed jointly in 2006. Key information includes:

- Label:** Miller, Michael (taxpayer); Miller, Karen (spouse)
- Home address:** 8100 Wadding, Onsted, MI 49248
- Filing Status:** Married filing jointly
- Exemptions:** 3 (Spouse and two children: Sarah Miller, 333-33-5678, Daughter)
- Income:** Total income of 50,000
- Tax:** Total tax liability of 0.00, with a refund of 3,000.

Organizing your firm's documents

Now that you know which documents you want to store and understand the storage structure within FileCabinet CS, you can decide how to organize your firm's documents effectively. We recommend that you start at the top of the FileCabinet CS hierarchy, and determine if your firm requires multiple data locations.

When determining whether you want to store all documents in one data location or if you want to have multiple data locations, it may help to ask yourself and your staff the following questions.

- Which staff members need access to which documents? You may want to create a spreadsheet using all of the documents for the row headings, and all firm staff or related job titles for column headings, to determine which staff members access each document type.
- Do you want to restrict access to any specific document types? You can password-protect drawers within data locations, but are there any cases in which all drawers would need to be password protected? For example, are there personnel documents or billing documents that only the partners should be able to access? If so, you may want to create a separate data location for partners.
- In addition to access issues, does the document spreadsheet that you created suggest other organizational considerations? For example, if your firm has multiple branches that access data through Terminal Server or Virtual Office you may want to create separate data paths for each branch.

After you identify your firm's data location(s), you need to determine the drawer structure for each data location. If you use other CS Professional Suite applications, such as UltraTax CS or Creative Solutions Accounting, the structure is already partially determined for you, because integrating with these products creates a folder named for the product within the client's drawer.

Determining drawer naming conventions

The following questions will help you determine naming conventions for drawers in a given data location.

- For each data location you identified earlier, what is the logical means of organizing the documents within it? For example, for human resources documents, you might want a drawer for each employee.
- Does the data in a given drawer have corresponding clients in other CS Professional Suite applications? If so, the drawer name will automatically correlate with the Client ID that is used in the other applications.

Determining structure for document folders

After you determine the drawer structure, you need to determine a structure for the document folders. As previously stated, document folder names are global for each of your firm's data locations. Other than documents sent from other CS Professional Suite applications and dated folders, the folder structure in FileCabinet CS is one-tiered; therefore, you cannot create subfolders. This fixed, simple structure prevents the misplacement of important documents that can occur with unlimited levels of subfolders.

Tip: To ensure that your firm's document folder structure in FileCabinet CS is easy to navigate, use folder names that clearly describe folder contents. See the illustration on page 2 for folder name examples.

When designing a drawer structure that will be easy for all staff members to use, you need to determine a logical means of categorizing the documents that will be stored in each data location. Using date-specific folders may simplify the filing process. For example, you may choose to create folders named Permanent, YYYY Correspondence, MM/YYYY Payroll Checks, YYYY Research, and YYYY Source Documents for your client document drawers.

For internal documentation, such as firm information that only partners see, you might create folders named YYYY Documents, YYYY Emails, YYYY Bills, and so on. Because these folders are global for all client drawers in each data location, you probably don't want to create folders that are specific to only one (or even just a few) of the drawers. You should also determine which folders will be date specific and which folders will contain documents that are not date specific.

Organizational planning

After deciding how to store your firm's documents, you need to consider the personnel roles and hardware requirements associated with implementing a paperless office environment.

Identifying personnel roles

To ensure a successful transition to a paperless office, it is important to establish clearly defined personnel roles, especially in medium- to large-sized firms. We recommend that you draft descriptions of all personnel roles associated with the paperless office and review them with the staff member(s) who will fill each role. Update and revise the role descriptions as necessary to address staff suggestions and concerns, while focusing on keeping roles as clearly defined as possible. This will help to promote and secure staff buy-in, which is critical for the successful implementation of a paperless office environment.

The following questions will help you identify personnel roles.

- Can any staff member add folders at any time, or should there be guidelines and procedures for requesting new folders?
- Who will be responsible for maintaining firm data locations, drawers, and folders in FileCabinet CS?
- Who will be responsible for training staff members to store and maintain documents using the new document structure?
- Who will scan which documents? Does this responsibility differ by data location, by specific folders, or by document types within a drawer?

Note: When addressing this question, consider which staff members are currently responsible for copying and printing documents. The answer to this question may also depend on hardware considerations, which are discussed in the next section.

Identifying hardware requirements

Before implementing new methods of storing your firm's documents, you need to consider possible changes to your firm's hardware requirements and plan for any necessary upgrades.

Determining required storage space

Because hard drive space is relatively inexpensive, we recommend purchasing more hard drive space than you think your firm will need in the future to accommodate additional storage space. Consider the following information when assessing your firm's requirements for storage space.

- In our experience, most firms storing data in FileCabinet CS that spans a period of a few years have databases that range in size from 5 GB to 20 GB, with an average size of 15 GB.

- On average, the file size of a printed page is approximately 10 kilobytes (KB) and the file size of a scanned page is approximately 25 KB.

Determining your firm's scanning needs

When assessing hardware requirements you also need to consider your firm's scanning needs. As stated in the "Identifying personnel roles" section, determining which staff members will scan documents will help you determine your scanner hardware needs. For example, if your office manager will be doing most of the scanning, you may only need to purchase one high-speed automatic document feeder scanner for the office manager, and one general-purpose scanner for all other personnel to share. If, however, each staff member will scan documents on a regular basis, you may want to consider purchasing scanners for each workstation to avoid work-flow congestion at the scanner, especially during busier times.

For information on specific scanners and other hardware needs, we recommend viewing posts and posing questions on ARNE2, our online bulletin board. To access ARNE2, visit our website at CS.Thomson.com, click the Support link, and then click the ARNE2 link in the Resources section.

Implementation

After you have decided which documents your firm will store, determined the storage structure and personnel roles, and identified hardware requirements, you are ready to begin implementing the paperless office. We do not recommend a one-step, company-wide conversion to the paperless office. Instead, consider implementing the paperless office in a single department or small group of departments first. This will limit the scope of any issues you encounter and allow you to refine your firm's approach to electronic document storage before incorporating new procedures and hardware throughout the company.