Back to normal?



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Karen Eckstein considers how examining the processes and prospects of your business can help you to prepare for the ‘new normal’ ways of working

Key Points

What is the issue?

Well prepared businesses can use the changes resulting from Covid-19 to be more effective, more profitable, and secure and keep the best staff and clients.

What does it mean for me?

This is the right time to review your business processes, including IT systems, cash flow and business continuity. Some, such as meetings, travel and insurance, may have been significantly impacted by recent events.

What can I take away?

Prepare for the return to more normal working patterns by examining your prospects. Don’t just focus on marketing to future clients at the expense of your current and past client base, and make sure that your supply chains are in order.

In the July issue of Tax Adviser, I wrote about how firms preparing for the changes brought about by the Covid-19 crisis can make the most of the resulting opportunities. They need to think about four key areas: in the previous article we examined issues relating to property and people; and here we turn our thoughts to processes and prospects. I hope you will have plenty of food for thought to help you to prepare for a profitable and successful return to the new normal.

Processes

A number of processes need to be considered in the return to the new normal.

IT systems: Start with the basics: how do employees access your systems remotely? Remember that homeworkers may well need to be supplied with additional equipment, and need a different level of IT support from staff working in the office. Do you have sufficient spare laptops, monitors and bandwidth? Make sure that you also have sufficient licences, as it is too easy to let them lapse – or to forget that remote working may need new or additional licences. Is your IT support strong enough to cope with these changes or do you need additional staff in different roles? How do you help an employee whose business laptop gives up whilst at home?

IT security: Now is the time to review the robustness of your systems and any potential weaknesses, so that you have a contingency plan if anything goes wrong. What backup do you have? Who is your IP supplier? Is the document management system coping well with remote access?

Finally, cyber-attacks are getting increasingly sophisticated and you need an enhanced security system to withstand them. This may be a good time to consider your data security policies and training, and whether they are sufficiently secure. Remote working can bring additional security risks, including over physical assets and paper records.

Billings and finances: Staff need to record their time promptly, accurately and fully, so that you can invoice your clients the appropriate fee, especially those who are billed on an hourly basis. Things may take longer when your staff are working remotely, at least initially. You need to consider carefully whether the time recorded by your staff can be recovered in full from your clients. Clients may challenge bills more than they may have done before. You need an audit trail to support and justify any costs, and to assuage any concerns that your clients might have as to the level of fees. You also need to review your cash flow. Bear in mind that your clients may be suffering from cash flow difficulties as well. Is this time to get your own financial advisors and accountants on board to assist?

Administrative issues: Review your policies for ordering your essential supplies, including where they will be delivered to and how you distribute them to your staff; for example, printers, printer ink, paper and repairs of equipment. Consider whether you need new processes for client identification, or for signing documents? How will you handle large documents when they arrive at the office, and do you have someone to scan them in if necessary?

Meetings: Many firms have policies about meetings to protect themselves and their staff. These include security issues, such as where meetings can take place, and policies for controlling and managing expenses. Meetings policies should now include social distancing requirements, including when a physical meeting is considered necessary, and whether an audit trail is needed to confirm that these rules have been met. Some may have been predicting the end of meetings, but for many people seeing each other in person is likely to remain a better way of doing business.

Travel policies: Many firms have travel policies relating to costs, overnight stays and when these costs can be charged on to the client. Policies now need to include safety issues, such as when meetings should take place digitally rather than in person, and whether essential travel should be by car or public transport. While previously many staff were encouraged to use public transport, Covid-19 has

changed this. This might impact on costings and may affect your service level agreements with your clients. The firm's travel policies probably need to be reconsidered, given the changes, and then closely monitored.

Clients and contracts: You will need some basic procedures for identifying and verifying your clients. You must also determine how you will deal with client meetings and carry out reviews of your clients' issues. You may need to review all your existing engagement letters and service level agreements to ensure that you have met all existing terms during the crisis. When setting up new arrangements, will 'cancellable contracts' be applicable more frequently than before? This may be a good time to review your terms of business.

Insurance: Do you need to change your insurance policies in the light of the changes in your way of work? Do you need to inform your insurers of the substantial changes that have taken place? A wholesale review of your insurance policies may be necessary. I recommend that you speak to your broker soon, rather than wait until your renewal is due. You may need to prepare for some of the tricky questions that insurers are now asking, including whether you have breached your terms.

Audits: Do you need to audit your files to ascertain whether there are any errors or circumstances that must be notified? Are there mistakes that can be put right if you identify them now? If it is time to do an impromptu audit of your files, consider whether that should be done internally or by an external consultant.

Business continuity plans

Your business continuity plan has certainly been put to the test during the Covid-19 crisis! Did it work? What weaknesses did you identify? Firms need to consider the robustness of these plans. If there is a second wave of the virus, or another crisis, in the near future, will you survive? Many firms have only survived due to government bailouts and because there has been a degree of 'forgiveness' by clients and banks. But we can't rely on that going forward.

Insurers are asking increasingly testing questions about the robustness of firms' business continuity plans. While some of these should be resisted with the assistance of a good broker, this is certainly an area demanding significant attention. The firm's risk manager should be reviewing your plans with the partners at this stage.

Service level agreements

You obviously have service level agreements that you need to comply with, resulting in a number of issues to consider.

Staffing issues: Your staff may require more flexible working patterns, for example to cope with childcare, leading them to restrict their working hours or request a shorter working week. While this might reduce your staffing costs, staff may not be available for overtime work when there is an urgent deadline. You must factor that into your contracts and your agreements with staff. You also need to consider the fact that working from home can sometimes take longer, so recoverable hours may be slightly lower.

Existing service level agreements: If your staff are on flexible hours, can you comply with your existing service level agreements? Do you need your staff to work core hours, or to work in the office on specific days? This may not be something you have had to previously consider, but staff working patterns may be crucial if you have service level agreements to meet.

Audits: Do you need to put in place more frequent audits and what should those audits cover? Remember that you only see what's on the files, not what's missing. Case management system: If you are aware of areas in your case management system where things go wrong, this may be the time to consider whether you need a new system. A common problem I often see is where emails have not been logged automatically to the file. Do you need automated reminders on cases that go teamwide? Do you need to put escalation processes in place, or increase the ones you currently employ?

Emails: Consider your email policy, and whether it needs changing in the light of increased remote working. What supervision do you have in relation to emails? How do you ensure that emails are sent in an appropriate manner and at appropriate times? You may already approve the emails of junior staff before they are sent, but this is increasingly important in the light of increased homeworking, the lack of supervision, and the lack of holistic training in an office environment.

Prospects

The final area to consider when preparing for the return to more normal working patterns is prospects, in the form of clients and the supply chain. Many firms focus

on marketing to future clients at the expense of the current and past client base.

Your existing client base: First consider whether all terms have been met in relation to service level agreements or engagement letters during the crisis. What more can be done? Have there been any breaches? Do the service level agreements or engagement letters need reviewing? Consider your clients' financial position to determine when you will get paid and, if your clients are in financial difficulties, whether you should require payment upfront. You must also ensure that you have the necessary resources to service your existing clients.

Your future client base: Identify your target market, and whether new markets have opened up as a result of recent developments. Review your marketing strategy. Digital communications don't replace the relationship building that happens when you meet face to face, so how will you build a rapport with new clients? How can you use digital marketing and intermediaries to get referrals and meet potential clients? Identify how you can help new clients and how you will set yourself apart from your competitors.

Past clients: First, check that you have archived your documentation and properly returned the necessary papers to past clients. This may be an obvious point, but sadly I find it is often overlooked. Can you reach out to your past clients? It's worth checking your engagements with them to identify whether you're allowed to contact them – perhaps they could become clients again. It is, after all, easier to market to people with whom you have an existing relationship. People often ignore their database of past clients, but now may be a good time to approach them.

Supply chains: It is important to think about all your supply chains: your outbound supply chain (the people that you supply services to); your inbound supply chain (the people who supply goods and services to you); and your internal supply chain (your staff and your internal team). Have you thought through the following questions?

- How reliable and secure are your supply chains?
- Have you factored any potential requests for a discount or deferral of fees into your cash flow modelling?
- How reliant are you on your supply chains, and do you have alternatives and back-ups in place?
- Can you help your supply chains in any way (as you need them to survive)?

There’s an awful lot to consider but specialists are available to help you if needed. These issues will hopefully enable you to identify risks and opportunities relevant to your business and prepare for them. This should help you to stand out in the marketplace, be ahead of your competitors, and be a more competitive, secure and profitable business in the future.