



Practice Management

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Monica Savino, Chief Financial Officer, The Bonadio Group

THE BONADIO GROUP
CPAs, Consultants & More

An in-depth Case Study

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The Bonadio Group is a paradigm for the way in which some of the more successful American accountancy firms have grown and diversified. Starting as a traditional CPA firm back in 1978, The Bonadio Group has evolved from a practice providing auditing and tax services to a multi-dimensional accounting, IT consulting, business advisory, and financial services organization serving the needs of commercial, small business, public, tax-exempt and individual clients.

Now, The Bonadio Group is upstate New York's largest independent CPA firm, ranked in terms of annual revenue at 54 in Accounting Today's 2013 Top

100 Firms, with nine offices and around 400 employees serving more than 10,000 clients, with annual revenues of close on \$55 million. Bonadio is also associated with international network, Moore Stephens.

The Group makes the point that its growth hasn't happened by chance, stressing the achievement is a product of the hard work, professionalism and dedication to going beyond client satisfaction, to delivering extraordinary value. Whether helping clients with compliance needs and issues, or finding ways to grow and protect their assets, Bonadio is known for its '& More' accounting, business advisory,

and financial services capabilities expertise.

Credit for the firm's success has also to be given to The Bonadio Group's astute management of its acquisition and merger program. Over the last 10 years, more than 170 CPAs and associated business services providers have become part of Bonadio, growing the Group exponentially – and by 2009 this was putting additional pressure on its aging IT platform that was struggling to handle an ever-increasing number of offices, partners and staff.

Monica Savino, Chief Financial Officer for The Bonadio Group, explained that the situation came to a head when the supplier of its CCH practice management system announced it would be withdrawing support for the version of the product being used by Bonadio. “So we decided to look for an alternative system that utilized up-to-date technology, satisfied our immediate needs, and importantly, would be able to keep pace with future demands as the group continued its expansion program. We had a very open mind and were willing to go wherever the best solution took us,” Monica said.



Bonadio's evaluation team cast the net wide, looking at a good number of different vendors over a six-month period. This included a couple of cloud-based solutions – with which the firm's IT specialists didn't feel entirely comfortable – as well as non-proprietary open architecture systems and package software.

"The open architecture approach would have given us almost unlimited scope. But we didn't want to start with a completely blank screen, and the price tag would have been higher than we wanted to pay. It made sense to go for a system which included the majority of functions and features we needed, and which could be tailored to fit the way we work. We really loved all the things that Star had already thought about. Everything we specified as 'must-haves' were already built-in, as well as a lot of other items that we hadn't even considered. The system was a good fit from the outset, while Star was very willing and able to make whatever customizations we needed, for example, in adding margin reporting functionality for billing statistics alongside realization reporting," Monica continued.

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Most implementations of a new practice management system involve a degree of re-engineering of the

business process, with everything that implies in terms of new procedures and cultural change. The Bonadio and Star implementation teams worked closely together to ensure that the move from the old system was as smooth as possible, encompassing project management, implementation planning, data transfer, training, and report writing. There was a considerable amount of preparatory work, making sure that the information was clean and right up to date ahead of migration to the new system in 2010.

Even though Monica was a little nervous about going live without running the new system in parallel with the old, the implementation teams convinced her that the 'do or die' approach would be fine. "There were a few hiccups but Star fixed them quickly and did a super job during the switch over. Everything they promised was fulfilled," she recalled.

The Star Practice Management system is continuing to deliver added value on those promises, providing the tools through which Bonadio can capture and access key information essential to maximizing the efficiency and profitability of its business. The central database within the Star Practice Management system acts as the repository for all information relating to clients, jobs, chargeable activities, staff, user access rights, contacts and other associated data. It also saves a good deal of non-attributable fee earning time, and helps maintain the high levels of service that clients expect.

The firm has around eight separate entities within the Group and Star's Entities Module services Bonadio's complex corporate structure and reporting requirements while the Star TaskCenter enables proactive monitoring and reporting of key information. In essence, TaskCenter is a set of Business Process Management technologies encompassing workflow and automated alerts. Traditional reporting tools tend to provide historic information, whereas TaskCenter is event-driven and uses email or SMS to notify designated staff immediately when exceptions occur.

This immediacy is also reflected through the Star Practice Dashboard – a powerful yet easy to use web-based business information tool for partners, managers and other staff. Its key benefit is its ability to interrogate any information in the underlying database and present specific data on the desktop, such as work in progress, receivables, billing alerts, draft invoices and so on, all of which can be seen at a glance, rather than having to wait for a report to be run. Drill-downs to the underlying data, such as WIP details and descriptions, as well as copies of previous invoices, are instantly available.

The Star Time and Billing module ensures that the maximum amount of time and rechargeable expenses are captured for every job, giving improved billing and recovery of expenses. But it is the introduction of Star Budgeting and Scheduling

modules that has been making the biggest mark at Bonadio.

"We were a beta site for the Scheduling module and the first implementation in the US," said Lindsay Olson, Productivity Manager for The Bonadio Group, "and we are really excited by the positive impact it is already having on the way we allocate and track our resources. Following initial testing in our Rochester and Syracuse, NY, offices we are now midway through rolling it out to our Buffalo, NY and Rutland, VT sites and plan to extend it to another three locations later in the year."

"There is so much information and power in the Star Practice Management system that we just weren't harnessing effectively. Everything we needed from a resource management perspective was right there but quickly getting meaningful information was challenging. By implementing the Scheduling module we were able to build best practice functionality into the integration that makes sure no one can get a client job scheduled unless they have an approved budget. We no longer have budgeting in one place and scheduling in the other – which was the case with the old system –

and can instantly produce timely reports detailing individual projects by budget, versus actual, versus scheduled resource."

Higher margin clients are given priority over lower margin jobs – especially in the busy season – and each submitted project is reviewed to ensure the budget gross margin is above Bonadio's approved margin levels. If the job doesn't meet the criteria, the project is set at a lower priority and sent to the firm's management committee for further client evaluation.

Some Bonadio staff members are out of the office most of the time and aren't always connected to the internet but their phones are linked to Outlook, so the schedules to which they are working and any changes are synchronized each evening from Star to their Outlook calendars.

Of course, maximizing productivity is essential, so Bonadio uses a project 'back log' to fill in the schedules with smaller projects. This is held on a Microsoft SharePoint site and is populated by managers and partners as small projects, which do not require budgets, get authorized.

The month-end scheduling reports are received keenly by the firm's management committee who can easily see how projects are progressing against plan together with projections that indicate whether people are under or over-utilized and whether schedules should be moved around to ensure best optimization.

Monica and Lindsay are convinced that scheduling improvement has a tremendous role to play in the financial well-being of The Bonadio Group and Lindsay has identified a group of around 100 people to help monitor the outcome. The group are having their productivity measured over the coming year.

They expect to see an increase in chargeable time of seven hours per person – a total of 700 hours for the test group. That will be a dramatic improvement in revenue, even more so if it is reflected over all of The Bonadio Group's fee earners.

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