



PREPARED STATEMENT OF MICHAEL LY, CEO OF RECONCILED

Thank you, Chairman Lankford, Ranking Member Sinema, and Members of the Subcommittee for inviting me to share about Reconciled's approach to telework, or what we at Reconciled refer to as remote work. My name is Michael Ly and I'm the Founder & CEO of Reconciled. I am joining you remotely from Burlington, Vermont, where I live with my wife and three young children.

I started Reconciled, an online accounting firm, about five years ago in the summer of 2015 after spending over 15 years as an accounting professional in different small businesses throughout the country. There had been fast growing adoption of cloud accounting software by entrepreneurs and small business leaders throughout the world that was accessed primarily through the internet instead of a traditional desktop software. With this adoption came the opportunity for accounting professionals to offer fully outsourced accounting services that would normally be done in a physical office by the small business themselves. Reconciled took advantage of this growing trend and began offering fully remote accounting services to small businesses across the country at its' start in 2015. Today we are almost 30 employees working remotely from 8 states and serving small businesses all over the country. We have been recognized nationally in the accounting industry by our innovative approach and also speak regularly on the topic of remote work, how to build a strong company culture as a remote work company, and how to keep remote employees engaged.

Reconciled's business model and cloud accounting technology not only has allowed us to serve customers all over the country, but now have access to accounting professionals in any part of the country as long as they have the skills, the space to work from home and a reliable internet connection. We first started hiring remote workers in the greater Burlington, Vermont area where we are headquartered, but then began expanding that statewide and then into multiple states. Unemployment rates were historically low before the pandemic, especially in the accounting field, but we were able to access non-traditional workers such as stay at home moms who had accounting skills. This gave us a competitive advantage and allowed us to continue to grow compared to our competitors who were not leveraging remote and work from home professionals.

Operations during the pandemic

Since we have been operating as a completely distributed and remote company, our operations were not as impacted as the many small businesses we serve. I was visiting my home city, Tempe, Arizona in February of this year, when states across the country began their pandemic response. My family

decided to extend our time in Arizona with the uncertainty of travel and whether it was safe to fly home. I was able to work remotely thru the end of April when we finally returned to Vermont. Our business operations were minimally interrupted because Reconciled's employees were already used to working from home. We were able to quickly focus on helping our customers with their pandemic preparation as it related to cashflow planning and accessing government loans. We did have some revenue drop in the early months of the pandemic as sales inquiries slowed down, we provided discounted rates to struggling customers and also had a few customers close their businesses. We are optimistic about the continued success and health of our business during the pandemic and after.

There has been one primary challenge to remote work that impacts us and most businesses across the country: the disruption of in person education for school-age children. This was by far the biggest disruption to our employees' ability to be as productive and successful as they had been prior to the pandemic. Most of our employees have school age children that attend public school in multiple states. Having children now at home required us to be very flexible in creating work schedules that allowed our employees to continue to fulfill their work expectations and at the same time take care of their children's needs. That flexibility resulted in only one of our employees needing to take advantage of additional time off to take care of their children.

Keys to remote work success

Although there are many proposals to ensure successful remote work, I will highlight the following key areas we practiced at Reconciled and also recommend to other organizations with remote workers:

- Clearly stated culture
- Leveraging cloud-based technology
- Define role expectations and outcomes
- Regular and consistent communication
- Schedule flexibility
- Taking breaks

Culture

Peter Drucker coined the phrase "Culture eats strategy for breakfast." Culture can be defined as the shared values and behaviors that drive the daily practices of an organization. This includes a clearly articulated mission and vision statement. It also includes defining the values that marks the character of the organization being built and the behaviors that are expected of all employees.

Articulating an organizations culture clearly both inspires and provides clarity to employees. This is important because an organizations culture is built regardless of whether it is clearly stated or not. For most companies this happens while being physically present with one another and the visual cues that being a physical office can provide, such as company branding on office walls, mission statement in a company lobby, etc. Since remote employees do not have the advantage of being in a physical office

together, a clearly articulated culture document is important to have. Attached is Reconciled's culture document that is sent to all employees so they can have it in their home office.

It is not enough to stop at clearly articulating a culture document. The mission, vision, values and behaviors must be modeled by leadership, regularly communicated, and examples shared on how employees in the organizations can and are living out the culture on a regular basis. Reinforcing the importance of culture will keep employees moving in the same direction with the organization's ultimate goals.

Cloud-based Technology

Leverage cloud-based technology is an important aspect to the success of remote employees. When referring to cloud-based technology I specifically mean utilizing software that is primarily accessible through an internet browser. That is how Reconciled operates and allows our employees to only need minimal computer hardware to operate efficiently. The key cloud-based systems include e-mail (e.g. Gmail), internal messaging and collaboration (e.g. Slack), video conferencing (e.g. Zoom), project/workflow management tools (e.g. Trello) and virtual private network software (e.g. NordVPN).

The hardware required is generally a basic laptop computer with a webcam. These computer devices, including any mobile devices (e.g. smartphones and tablets) must also be secured by installing security software that protects the devices from outside intrusion and gives the company control. Employees must have reliable and consistent internet at home with home networks that are secured as well.

Role expectations and outcomes

Remote workers need to understand what is expected of them to accomplish their job successfully. Clearly defining the expectations an organization has for each employee and the outcomes that should result when a job is done well is key for the success of remote employees. Often employers assume that their workers know what is clearly expected of them. The reality is employees have one expectation communicated to them when they initially start with any organization, but then those expectations change as they begin their work and get used to the company culture.

Regular and consistent communication

Never underestimate the amount of social interaction an employee receives at a physical office and the impact it makes on their lives. Time "at the water cooler" and the spontaneous meetings that occur between coworkers can take up the majority of an employee's day. This facilitates natural communication opportunities that have to be intentionally planned for in a remote work environment. Remote workers no longer have this regular daily interaction outside of their home. Because of this, communication must occur intentionally and planned on a regular basis using multiple communication channels. It is almost impossible to overcommunicate in a remote work setting because it is trying to replace 40+ hours of being physically present in the same space.

Communication should occur through both synchronous (e.g. video conferencing or phone calls) and asynchronous mediums (e.g. email or internal messaging). Expectations should be clearly outlined for how an employee should communicate and behave during synchronous communication and the response times required for asynchronous communication. Never assume that employees are on the same page because everyone has different expectations on what reasonable response times and behaviors are allowed in different communication modes. I highly recommend increasing video communication for important matters/announcements, even if the video is recorded for one-way announcements and followed up with an email transcript or summary. Video communication allows audiences to see the verbal and nonverbal intentions behind an email communication that email itself cannot fully express.

In a remote work setting, regular and consistent communication requires more scheduling around how often and when communication will happen. Work meetings, one on one check-ins, spontaneous interactions, virtual company parties, and regular performance reviews are all types company meetings that still need to be facilitated, but now virtually. This takes intentional planning by leaders and all employees to schedule this on their calendars while still leaving time to accomplish their actual job functions.

Flexibility

Flexibility may be one of the key benefits of remote work, especially during a pandemic. Flexibility can be seen in multiple ways, including work schedule flexibility, how often employees can take breaks, and from what location a remote employee is allowed to work. The key is articulating a remote work policy that provides standards for the majority for your staff while being broad enough to fit multiple individual scenarios. For example, Reconciled allows employees to get the highest majority of their work time in between the hours of 8am and 5pm so that they can be responsive to our customers. Employees can choose to spend their remaining work time in the early mornings or evenings if they flexibility during the workday to take care of childcare needs or other personal life matters.

Breaks

Taking short and regular brakes throughout a day is key to the long-term success of a remote employee. Remote employees often find themselves becoming more productive in the short term because they are no longer distracted by many of the social interactions and interruptions that happen in the office. However, increased productivity can begin to decrease if the breaks for mental and physical health are not taken on a regular basis. Encouraging employees to step away from their desks every few hours to go for a walk, have a meal or snack, check in with other family members at home, connect with a neighbor who is also working from home, or get some general exercise can help sustain productivity as well as help employees refocus when they get back to their desk. These times often need to be scheduled in remote employees' calendars so that they see it as an important part of their day for their long-term health and continued productivity.



Mission:

We help entrepreneurs thrive through efficient and reliable accounting services for their organizations.

Vision:

Empower 10,000 entrepreneurs to sustain 100,000 jobs in their communities

Values:

Independence

- *Remote First*
- *Technology*
- *Responsibility*
- *Flexibility*

Satisfaction

- *A vision worth living for*
- *Work/Life Harmony*
- *Challenging/Stimulating Work*

Growth

- *Learning*
- *Humility (Willingness to change)*
- *Vulnerability*

Integrity

- *Honesty*
- *Owning Mistakes*
- *Customer Success*
- *Kindness*



RECONCILED

RELAX • RECHARGE • REFOCUS

Online bookkeeping for
entrepreneurs

Reconciled's Family Rules (Non-Negotiable):

Always be learning

Growth requires learning and effective learning is always applied. Set time aside every month to learn something new and share about what you are learning with others. Let your manager know what areas you would like to improve and take feedback seriously.

Show up and be present

Show up on time to every meeting and let others know in advance if you are going to be late. Respect people's time by being present, actively listening and showing good eye contact. Give yourself enough time between meetings to prepare for the next meeting. If you make a commitment during the meeting, follow-up, especially if you end up missing some or all of the meeting.

Own your mistakes – don't be afraid to make them

Don't be afraid to make mistakes and when you do, own those mistakes and learn from them. Reflect on your mistakes and what changes you can make.

Become a problem solver – solve your own problems as well

Approach every problem as an opportunity and do not focus on who is to blame. Use the tools and resources at your disposal to help you find a solution first. If throwing someone under the bus is your first instinct, then you are not in problem-solving mode.

Support each other and offer to help

When asking for help, be clear about what you need help with and how urgent the request is. Be proactive with scheduling time from people you desire help from and prepare well for that time so that it is a good use of the other person's time.

Take ownership

Be responsible for your work and schedule ahead by planning out your week and month. Set aside time that you need to accomplish long stretches of work and take breaks to keep your productivity strong.

Put yourself in the customer's shoes – WOW them!

We are all busy, especially the entrepreneurs we serve. Think of ways you can "wow" your customer and make their lives easier through the service we provide. Simple and brief is better than long and detailed.

Have fun! – don't take yourself too seriously

Accounting is important - but we're not curing cancer. Let's have fun together serving our customers and take the time to enjoy the relationships you are creating with your coworkers and customers.