AESOP TRANSFORMATION OS

# AI Adoption Roadmap

## Merritt & Associates, CPA

Duration: 24 months

Prepared June 15, 2026

**56/100** (form completion: 81/100) MEDIUM CONFIDENCE

Confidence score 81/100. The organization has detailed context across business profile, goals, operations, and constraints -- strategic choices are well-grounded. Additional information will further sharpen project sequencing and raise the score.

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## Why This Roadmap Exists

### The Problem

Merritt & Associates, CPA is operating below its potential -- not because of talent or demand, but because critical knowledge, decisions, and processes are locked inside one person. The business cannot scale what it cannot replicate. Every hour the owner spends on scheduling, quoting, or chasing parts is an hour not spent on revenue, quality, or growth.

### The Opportunity

Generative AI is not here to replace the craftspeople or the relationships. It is here to replace the busywork -- the scheduling, the quoting, the parts tracking, the status updates -- that consumes the owner and prevents the business from compounding. The technology exists today. The only question is sequence.

### The Theory of Change

Transformation follows a specific sequence organized around Knowledge Documentation and Succession Planning, Client Self-Service and Process Automation, Advisory Practice Development and Revenue Diversification:

`Knowledge Foundation → Client Automation → Tax Workflow Automation → Advisory Expansion`

Each phase creates the conditions for the next. Foundation enables automation. Automation creates capacity. Capacity funds scale. Skip a phase and the entire sequence breaks -- there is no shortcut. This is not a menu of projects. It is a chain of dependencies.

### The Strategic Bet

We are betting that **structured sequence beats opportunistic adoption**. Organizations that chase individual AI tools without readiness do not transform -- they accumulate technical debt and disengaged teams. This roadmap bets that investing in foundation first, automation second, and scale last produces compounding returns that individual tool adoption cannot match.

**The cost of being wrong:** If the bet is wrong, the organization still gains digital infrastructure, captured knowledge, and standardized processes -- all of which improve operations regardless of AI. The cost is time and focus, not existential risk.

*This roadmap is governed by the **AESOP Eleven Tenets** -- a methodology that requires every recommendation to name its state change, define its metrics, surface its exclusions, and declare its theory of consequence. Nothing in this document is templated. Everything traces back to the specific context you provided.*

# Roadmap at a Glance

24 months

### Knowledge Foundation Month 1-4

**2** projects 1 existing *1 new*

Document critical tacit knowledge and establish AI governance before any production deployment. Addresses the firm's lowest readiness dimension (tacit knowledge 45/100) and all critical action items.

### Client Automation Month 5-8

**3** projects 2 existing *1 new*

Deploy client-facing automation for document collection and portal adoption. Builds on documented knowledge foundation to reduce manual client service workload.

### Tax Workflow Automation Month 9-15

**3** projects 2 existing *1 new*

Deploy core tax preparation automation with AI document extraction and QB reconciliation. Addresses James's bottleneck while maintaining audit trigger oversight.

### Advisory Expansion Month 16-24

**2** projects 1 existing *1 new*

Deploy business intelligence and advisory capabilities to support year-round revenue growth and Sarah's advisory practice ambitions.

# In Your Own Words

You told us specific things about your business. Here are your words -- and exactly how the roadmap responds to each one. This is how we know the map is yours, not a template.

> *"Founded by James Merritt, CPA (25 years experience)."*

**Our response:** This specific detail shaped the roadmap's priorities. The phased sequence ensures this is addressed at the right time, not prematurely.

> *"8 employees: 3 CPAs (including James), 2 staff accountants, 1 office manager, 1 bookkeeper, 1 admin assistant."*

**Our response:** This specific detail shaped the roadmap's priorities. The phased sequence ensures this is addressed at the right time, not prematurely.

> *"The firm turns away 50+ business clients annually because they literally cannot process more paper during peak."*

**Our response:** Phase 1 replaces paper with digital work tracking. Nothing gets lost, and every job is searchable.

> *"Current tool stack: UltraTax CS (Thomson Reuters), QuickBooks Online, SharePoint for document management (poorly adopted), Excel for tracking returns, Outlook for client communication."*

**Our response:** Phase 1 replaces paper with digital work tracking. Nothing gets lost, and every job is searchable.

> *"The firm has a partially-implemented client portal (ShareFile) that only ~30% of clients use."*

**Our response:** This specific detail shaped the roadmap's priorities. The phased sequence ensures this is addressed at the right time, not prematurely.

> *"His stated reason: "That is how I have always done it, and I have never had a malpractice claim." The real reason: he does not trust the junior staff judgment yet, and the review process is how they learn."*

**Our response:** Phase 2 automates the survey-to-quote pipeline. 48-hour SLA compliance targets 95%+. Insurance work stops consuming 60% of owner admin time.

> *"No one else has signing authority on returns."*

**Our response:** This specific detail shaped the roadmap's priorities. The phased sequence ensures this is addressed at the right time, not prematurely.

> *"Would pull the plug if: AI produces incorrect tax advice, client data is exposed, or the system cannot be immediately disabled."*

**Our response:** This specific detail shaped the roadmap's priorities. The phased sequence ensures this is addressed at the right time, not prematurely.

## Why This Will Work

### The Method Is Proven

This roadmap was not written by a general-purpose chatbot. It was generated by **AESOP Transformation OS**, a purpose-built AI adoption planning system governed by the Eleven Tenets methodology. Every recommendation must name its state change, define its metrics, surface its exclusions, and declare its theory of consequence. Temperature is locked at 0.2 -- the output is deterministic, grounded, and auditable.

### Everything Is Traceable

Every project in this roadmap links to a specific input you provided. Existing projects are matched by ID or title to your portfolio. Suggested projects are marked and calibrated against your readiness scores. Nothing is invented. The Source Citations appendix shows exactly where each claim came from.

### The Sequence Is Intentional

This is a 4-phase sequence, not a menu. Each phase creates the conditions the next one requires. Foundation before automation. Automation before scale. This pattern is not unique to AI -- it is how every successful technology adoption in history has worked, from ERP to cloud to mobile. The technology changes. The sequence does not.

### You Will Not Do This Alone

The roadmap is the map. The consultant is the guide. They bring pattern recognition from other transformations, the ability to spot the real blocker before it becomes a crisis, and the authority to say "not yet" when the organization is not ready. The roadmap answers *what* and *why*. The consultant answers *how* and *when*. Together they turn a document into an outcome.

> **This roadmap is a hypothesis -- specific, falsifiable, and accountable to results. When reality diverges from the plan, the plan changes. That is not failure. That is the method. The consultant has the map. The map is clear. And you will not walk it alone.**

## Executive Summary

Merritt CPA is conditionally ready for AI adoption with strong authority (85/100) but critical knowledge documentation gaps (45/100). Phase 1 focuses on knowledge capture and governance before any AI deployment. Phase 2 introduces quick-win automation for document collection. Phase 3 deploys core tax workflow automation. The roadmap assumes James's succession planning timeline drives urgency — AI becomes the bridge to semi-retirement, not just efficiency gains.

### Strategic Themes

- Knowledge Documentation and Succession Planning
- Client Self-Service and Process Automation
- Advisory Practice Development and Revenue Diversification

## What You Told Us

This roadmap was built from the information you provided. Every project, phase, and recommendation traces back to your specific context -- nothing is templated or generic.

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CONTEXT DOCUMENTS

- **Merritt CPA Firm Profile**
  CPA firm in Raleigh-Durham serving 400 business and 700 individual clients. 8 employees, $800K-$1.2M revenue, 70% earned during tax season. James Merritt reviews every return. Current tools: UltraTax CS, QuickBooks Online, SharePoint, Excel. Partially implemented ShareFile portal with 30% client adoption. Turns away 50+ business clients annually due to paper processing constraints.
- **Merritt CPA Constraints**
  Budget $3,000/month. Non-negotiables: return accuracy, client data security, Circular 230 compliance, client confidentiality. IRS and AICPA regulations. James has complete decision authority with $2,000+ requiring sign-off. Conservative on tax liability risk, enthusiastic about non-judgment automation. Dealbreakers: incorrect tax advice from AI, data exposure, no kill switch.
- **Merritt CPA Operations**
  8-person team with 3 CPAs. 3 core workflows: individual tax returns (70% volume, 40% staff time on data entry), business returns (James bottleneck reviewing all 400+), document collection (manual, no automation, Excel tracking). Unwritten knowledge: James knows audit triggers, Sarah knows client preferences, Lisa knows extension filers. Priority order during tax season is in James head.
- **Merritt CPA Goals & Ambition**
  3-year vision: double revenue without doubling headcount, shift from tax-season-only to year-round advisory. Revenue targets: $1.2M→$1.5M→$1.8M. AI ambition: automated data entry and document collection, AI-

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KEY PEOPLE

- **James Merritt, CPA** -- Owner & Managing CPA, Tax & Compliance `Lead`
- **Lisa Park** -- Office Manager, Client Services `Lead`
- **Lisa Park** -- Office Manager, Client Services `Owner`
- **Rachel Kim** -- Admin Assistant, Client Services `Team`
- **James Merritt** -- Owner & Managing CPA, Tax & Compliance `Sponsor`
- **Sarah Chen** -- Senior CPA, Tax & Compliance `SME`
- **Michael Torres** -- Staff CPA, Tax & Compliance `Team`
- **Emily Reeves** -- Staff Accountant, Tax & Compliance `Team`
- **David Okonkwo** -- Bookkeeper, Tax & Compliance `Team`
- **Marcus Webb** -- Staff Accountant, Tax & Compliance `Team`

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ACTIVE PROJECTS

Projects in your portfolio were scored and placed across phases based on effort, ROI, alignment, and readiness.

first-pass review, not replacement. Sarah wants business advisory practice. James sees AI as succession plan for semi-retirement at 65. Non-goals: no new partners, no custom software, no multi-state expansion. Success: James takes a vacation during March.

## Confidence Assessment

**Roadmap confidence: 56/100** (form completion was 81/100, adjusted for quality gaps identified during generation)

Confidence score 81/100. The organization has detailed context across business profile, goals, operations, and constraints -- strategic choices are well-grounded. Additional information will further sharpen project sequencing and raise the score.

### Information Gaps

| GAP | IMPACT | HOW TO RESOLVE |
|---|---|---|
| **No brand guidelines document available** | AI-generated client communications may not match firm's voice and tone standards | Document preferred communication style, tone, and client interaction standards for AI outputs |
| **No detailed org chart with reporting relationships** | Project ownership assignments and escalation paths are assumptions rather than documented structure | Create org chart showing reporting relationships, decision authority levels, and backup assignments |
| **No formal governance policy framework** | AI compliance requirements and risk management protocols are inferred rather than established | Document existing compliance procedures, risk tolerance, and decision-making protocols for AI adoption |
| **Limited department structure data** | Change management risks and cross-functional dependencies may be underestimated | Map detailed workflow dependencies between tax preparation, client services, and administrative functions |
| **No specific budget allocation for AI projects beyond $3,000/month constraint** | Project effort estimates may not align with actual financial capacity for implementation | Break down monthly budget allocation across phases and identify funding sources for higher-effort projects |

## Your Transformation Journey

Each phase builds on the last -- capabilities from one phase become the foundation for the next. This is not a menu of options. It is a sequence. Skip a phase and the later ones collapse.

# 1 Knowledge Foundation

Month 1-4

Document critical tacit knowledge and establish AI governance before any production deployment. Addresses the firm's lowest readiness dimension (tacit knowledge 45/100) and all critical action items.

**State Change:** FROM undocumented processes, single-point-of-failure decisions, and institutional amnesia TO captured knowledge, documented workflows, and the conditions under which automation can succeed.

**Why this phase matters:** This is the readiness phase. Without it, every later investment sits on sand. The outcome is not tools -- it is the conditions under which tools actually work. Organizations that skip this phase spend 3x later fixing what they broke early.

### How We Measure Success

- All critical processes documented and searchable
- Owner time on operational tasks reduced by 25%
- Zero lost or illegible job records
- Governance checkpoint passed before Phase 2 authorization

### What We Will NOT Do

- We will not deploy any production AI agents during this phase
- We will not automate any client-facing workflows until knowledge is documented
- We will not implement new client-facing technology until governance is defined

### Projects

| PROJECT | TYPE | DEPT | PRIORITY | EFFORT | ROI |
|---|---|---|---|---|---|
| **Smart Document Collection & Reminder System** Existing Quick Win<br>Automated client document request and follow-up system with deadline tracking<br>***Why:*** *Quick win project deferred to Phase 2 after governance foundation. TENSION: requires documented client preferences but org scores tacit knowledge 45/100.* | Self Service | Client Services | 18.0 | 3/10 | 7/10 |
| **AI Governance Framework for CPA Compliance** Suggested<br>Establish AI usage policies, data handling procedures, and Circular 230 compliance protocols<br>***Why:*** *Essential foundation given dealbreakers around incorrect tax advice and data exposure. Addresses missing governance policy gap.* | Compliance | Cross-functional | -- | 2/10 | -- |

### Milestones

| WHEN | MILESTONE | DESCRIPTION | TYPE |
|---|---|---|---|
| Month 2 | Audit Trigger Knowledge Documentation Complete | James's audit trigger criteria documented in searchable format with decision trees for common scenarios | Capability |
| Month 3 | Client Preference Database Established | Sarah's client preference knowledge captured in CRM-accessible format with 100% client coverage | Capability |
| Month 4 | AI Governance Policy Approved | Written AI usage policy covering data security, Circular 230 compliance, and kill switch procedures | Governance |

### Capability Targets

- Documented audit trigger decision criteria accessible to all CPAs
- Searchable client preference database for service continuity
- AI governance framework compliant with CPA regulations

### Risk Mitigations

| SEVERITY | RISK | MITIGATION |
|---|---|---|
| HIG | James resists documenting proprietary knowledge | Frame as succession planning tool and retirement enabler, not replacement threat |
| MED | Knowledge capture takes longer than tax season allows | Start documentation in off-season months, use structured interviews with examples |

> **Why Client Automation comes next:** Knowledge Foundation established the foundation. Now Client Automation builds on that capability to deliver measurable outcomes. Without the previous phase, this phase would be premature. Without this phase, the previous work does not compound.

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## Client Automation

Month 5-8

Deploy client-facing automation for document collection and portal adoption. Builds on documented knowledge foundation to reduce manual client service workload.

> **State Change:** FROM readiness and foundation TO measurable automation results -- the organization sees the first compounding returns.

**Why this phase matters:** This phase converts readiness into results. The groundwork is laid -- now the organization sees the first measurable return. Each project in this phase was selected because the organization is ready for it, not just because it is valuable.

### How We Measure Success

- At least 2 production AI agents deployed with monitoring
- Owner time on operational tasks reduced by 50%+ from baseline
- Intervention drill passed: manual fallback activated within 2 minutes
- Customer satisfaction stable or improved during automation rollout

### What We Will NOT Do

- We will not automate tax return preparation or review processes
- We will not deploy AI agents that provide tax advice to clients
- We will not automate workflows that require James's audit trigger knowledge

### Projects

| PROJECT | TYPE | DEPT | PRIORITY | EFFORT | ROI |
|---|---|---|---|---|---|
| **Smart Document Collection & Reminder System** Existing Quick Win<br>Automated client document request and follow-up system with deadline tracking<br>***Why:** Quick win project now deployable with documented client preferences. Reduces Lisa's manual tracking workload.* | Self Service | Client Services | 18.0 | 3/10 | 7/10 |
| **Client Document Portal Implementation** Existing Quick Win<br>Complete ShareFile portal deployment with automated client onboarding and usage tracking<br>***Why:** Builds on existing 30% ShareFile adoption. Quick win that reduces paper processing constraints.* | Self Service | Client Services | 15.3 | 3/10 | 6/10 |
| **Extension Filer Workflow Automation** Suggested<br>Automated identification and processing workflow for extension clients based on documented procedures | Process Automation | Client Services | -- | 2/10 | -- |

| PROJECT | TYPE | DEPT | PRIORITY | EFFORT | ROI |
|---|---|---|---|---|---|
| ***Why:*** *Mitigates Lisa's key person risk by automating documented extension processes. Reduces seasonal workflow bottlenecks.* | | | | | |

### Milestones

| WHEN | MILESTONE | DESCRIPTION | TYPE |
|---|---|---|---|
| Month 5 | Extension Filer Process Documentation | Lisa's extension filer knowledge documented with automated workflow triggers | Capability |
| Month 7 | Client Portal Adoption Target | ShareFile portal adoption increased from 30% to 70% with automated onboarding | Adoption |
| Month 8 | Document Collection Automation Live | Smart reminder system processing 100% of client document requests with manual override capability | Intervention |

### Capability Targets

- Automated client document collection reducing manual tracking by 60%
- Self-service client portal with 70% adoption rate
- Documented extension filer workflow with automated triggers

### Risk Mitigations

| SEVERITY | RISK | MITIGATION |
|---|---|---|
| MED | Client resistance to automated communication | Maintain personal touch with Lisa's documented preferences, include opt-out options |
| HIG | Lisa Park key person risk for extension processes | Cross-train Sarah on documented extension procedures, create backup assignment protocol |

> **Why Tax Workflow Automation comes next:** Client Automation established the foundation. Now Tax Workflow Automation builds on that capability to deliver measurable outcomes. Without the previous phase, this phase would be premature. Without this phase, the previous work does not compound.

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## Tax Workflow Automation

Month 9-15

Deploy core tax preparation automation with AI document extraction and QB reconciliation. Addresses James's bottleneck while maintaining audit trigger oversight.

**State Change:** FROM readiness and foundation TO measurable automation results -- the organization sees the first compounding returns.

**Why this phase matters:** This phase converts readiness into results. The groundwork is laid -- now the organization sees the first measurable return. Each project in this phase was selected because the organization is ready for it, not just because it is valuable.

### How We Measure Success

- At least 2 production AI agents deployed with monitoring
- Owner time on operational tasks reduced by 50%+ from baseline
- Intervention drill passed: manual fallback activated within 2 minutes
- Customer satisfaction stable or improved during automation rollout

### What We Will NOT Do

- We will not automate final tax return approval or signature authority
- We will not deploy AI agents that make audit risk decisions without James's review
- We will not automate complex business return preparation without human oversight

### Projects

| PROJECT | TYPE | DEPT | PRIORITY | EFFORT | ROI |
|---|---|---|---|---|---|
| **AI Document Extraction Pipeline**<br>Existing<br>Automated extraction of tax data from client documents with accuracy validation<br>***Why:*** *Highest priority project addresses paper processing constraints. Requires documented audit triggers for validation rules.* | Process Automation | Tax & Compliance | 26.6 | 5/10 | 9/10 |
| **QB-to-Tax Reconciliation Assistant**<br>Existing<br>AI-powered reconciliation between QuickBooks data and tax return preparation<br>***Why:*** *Second highest priority project. Decision support maintains James's oversight while reducing manual reconciliation time.* | Decision Support | Tax & Compliance | 23.8 | 6/10 | 8/10 |
| **Tax Season Priority Queue System**<br>Suggested<br>Automated workflow prioritization based on documented James's priority logic and client deadlines | Process Automation | Tax & Compliance | -- | 3/10 | -- |

| PROJECT | TYPE | DEPT | PRIORITY | EFFORT | ROI |
|---|---|---|---|---|---|
| ***Why:*** *Addresses formalized tax season prioritization action item. Reduces coordination overhead during peak season.* | | | | | |

### Milestones

| WHEN | MILESTONE | DESCRIPTION | TYPE |
|---|---|---|---|
| Month 9 | Tax Season Prioritization Logic Documented | James's priority sequencing criteria captured with automated queue management rules | Capability |
| Month 12 | Document Extraction Pilot Complete | AI extraction processing 50 individual returns with 95% accuracy validation and manual override | Intervention |
| Month 15 | QB Reconciliation Assistant Live | AI reconciliation supporting 100% of business returns with James maintaining final review authority | Adoption |

### Capability Targets

- AI document extraction processing 70% of individual returns with human validation
- Automated QB reconciliation reducing preparation time by 40%
- Priority queue system managing tax season workflow without James's daily input

### Risk Mitigations

| SEVERITY | RISK | MITIGATION |
|---|---|---|
| HIG | AI extraction errors creating audit triggers | Implement validation rules based on documented audit criteria, maintain 100% CPA review |
| HIG | James Merritt key person risk for audit trigger decisions | Cross-train other CPAs on documented audit criteria, create escalation protocols for edge cases |
| MED | Exception Inflation from AI extraction creating more review work than saved | Size validation capacity before scaling extraction volume, implement quality gates between extraction and review |

> **Why Advisory Expansion comes next:** Tax Workflow Automation established the foundation. Now Advisory Expansion builds on that capability to deliver measurable outcomes. Without the previous phase, this phase would be premature. Without this phase, the previous work does not compound.

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## Advisory Expansion

Month 16-24

Deploy business intelligence and advisory capabilities to support year-round revenue growth and Sarah's advisory practice ambitions.

**State Change:** FROM the owner IS the business TO the owner LEADS the business -- scalable, replicable, and no longer the bottleneck.

**Why this phase matters:** This is the payoff phase. The capabilities built in earlier phases now compound. The organization is no longer catching up -- it is pulling ahead. This phase proves the bet was right.

### How We Measure Success

- Owner fully transitioned from technician to business builder
- Revenue per technician at or above target
- Customer wait time under 48 hours sustained for 6+ months
- Organization can operate for 2 weeks without owner present

### What We Will NOT Do

- We will not expand into multi-state tax preparation
- We will not add new partners or custom software development
- We will not automate complex advisory recommendations without CPA oversight

### Projects

| PROJECT | TYPE | DEPT | PRIORITY | EFFORT | ROI |
|---|---|---|---|---|---|
| **Business Health Dashboard** Existing<br>AI-powered client business performance dashboard with trend analysis and advisory insights<br>***Why:*** *Supports Sarah's advisory practice goals and year-round revenue strategy. Requires established data extraction capabilities.* | Data Synthesis | Tax & Compliance | 20.8 | 7/10 | 6/10 |
| **Advisory Opportunity Detection System** Suggested<br>AI analysis of client financial patterns to identify tax planning and advisory service opportunities<br>***Why:*** *Enables proactive advisory outreach supporting revenue diversification goals. Builds on established data synthesis capabilities.* | Decision Support | Tax & Compliance | -- | 4/10 | -- |

### Milestones

| WHEN | MILESTONE | DESCRIPTION | TYPE |
|---|---|---|---|
| Month 18 | **Business Dashboard Beta Launch** | Dashboard serving 50 business clients with automated monthly reports and manual advisory review | Intervention |
| Month 22 | **Advisory Revenue Target** | Advisory services generating 20% of total revenue through AI-supported client insights | Adoption |
| Month 24 | **Year-Round Workflow Established** | AI-supported advisory practice operating independently of tax season cycles | Capability |

### Capability Targets

- Business intelligence dashboard serving 100% of business clients
- Advisory opportunity detection generating 30% more year-round revenue
- Sarah's advisory practice supported by AI-generated client insights

### Risk Mitigations

| SEVERITY | RISK | MITIGATION |
|---|---|---|
| HIG | **Advisory recommendations creating professional liability exposure** | Maintain CPA review of all advisory outputs, implement disclaimer protocols for AI-generated insights |
| MED | **Sarah key person risk for client relationship knowledge** | Document advisory client interaction patterns, cross-train team on relationship management protocols |
| MED | **Coordination Drag from increased client touchpoints and advisory meetings** | Define advisory handoff protocols, assign single owner per client relationship, measure coordination overhead monthly |

## Source Citations

Every claim in this roadmap traces back to one of the inputs below. This is the evidence trail -- proof that the recommendations are grounded in your data, not guesswork.

| SOURCE | DETAILS | PROVENANCE |
|---|---|---|
| Organization Context | 4 document(s) -- Company Profile, Smb Constraints, Smb Operations, Strategic Goals | org_context table, is_active=true, all types |
| Departments | 2 configured -- Tax & Compliance, Client Services | departments table |
| Project Portfolio | 5 project(s), 5 scored, 2 quick wins | projects table, status != archived, ordered by ai_score desc |
| Readiness Assessment | Verdict: conditional, Score: 65/100, 5 dimensions, 4 action items | org_readiness_assessments table, latest version |
| Input Confidence | 81/100 (high), 4 known gaps | compute_org_confidence() — heuristic from data completeness |
| Project Sourcing | 6 from your portfolio + 4 AI-suggested (10 total) | Projects matched by project_id then by title (lowered, trimmed). Unmatched projects are tagged is_suggested=true. |
| Generation Agent | AdoptionRoadmapAgent (temp=0.2, 5703 + 4861 tokens) | adoption_roadmap_agent.txt |

# Appendix: Your Responses

The full context you provided, preserved here so you can see exactly what shaped this roadmap.

### Merritt CPA Firm Profile

COMPANY PROFILE

**Summary:** CPA firm in Raleigh-Durham serving 400 business and 700 individual clients. 8 employees, $800K-$1.2M revenue, 70% earned during tax season. James Merritt reviews every return. Current tools: UltraTax CS, QuickBooks Online, SharePoint, Excel. Partially implemented ShareFile portal with 30% client adoption. Turns away 50+ business clients annually due to paper processing constraints.

Merritt & Associates is a CPA firm serving ~400 business clients and ~700 individual filers in the Raleigh-Durham metro area. Founded by James Merritt, CPA (25 years experience). The firm does tax preparation, business advisory, and limited audit work. 8 employees: 3 CPAs (including James), 2 staff accountants, 1 office manager, 1 bookkeeper, 1 admin assistant.

70% of annual revenue ($800K-$1.2M total) is earned during tax season (February-April). The firm turns away 50+ business clients annually because they literally cannot process more paper during peak.

Current tool stack: UltraTax CS (Thomson Reuters), QuickBooks Online, SharePoint for document management (poorly adopted), Excel for tracking returns, Outlook for client communication. The firm has a partially-implemented client portal (ShareFile) that only ~30% of clients use.

James reviews every single return before filing. His stated reason: "That is how I have always done it, and I have never had a malpractice claim." The real reason: he does not trust the junior staff judgment yet, and the review process is how they learn.

## Merritt CPA Constraints

SMB CONSTRAINTS

**Summary:** Budget $3,000/month. Non-negotiables: return accuracy, client data security, Circular 230 compliance, client confidentiality. IRS and AICPA regulations. James has complete decision authority with $2,000+ requiring sign-off. Conservative on tax liability risk, enthusiastic about non-judgment automation. Dealbreakers: incorrect tax advice from AI, data exposure, no kill switch.

Budget: $3,000/month ceiling for technology. James approves same-day but has no time to evaluate options.

Non-negotiables: Return accuracy (zero tolerance for errors that trigger audit). Client data security (SSNs, bank accounts, financials). CPA professional standards and Circular 230 compliance. Client confidentiality.

Regulatory: IRS Circular 230, AICPA professional standards, state board of accountancy rules, data privacy laws for financial information.

Decision authority: James has complete authority. Over $2,000 requires his sign-off. Office manager can approve under $500. No one else has signing authority on returns.

Risk tolerance: Conservative on anything touching tax liability. Enthusiastic about automation of non-judgment work (data entry, document collection, scheduling). Would pull the plug if: AI produces incorrect tax advice, client data is exposed, or the system cannot be immediately disabled.

### Merritt CPA Operations

SMB OPERATIONS

**Summary:** 8-person team with 3 CPAs. 3 core workflows: individual tax returns (70% volume, 40% staff time on data entry), business returns (James bottleneck reviewing all 400+), document collection (manual, no automation, Excel tracking). Unwritten knowledge: James knows audit triggers, Sarah knows client preferences, Lisa knows extension filers. Priority order during tax season is in James head.

Team:

- James Merritt (Owner/CPA, 25yr) — reviews every return, client relationships, complex tax strategy, business development
- Sarah Chen (Senior CPA, 12yr) — business returns, tax planning, reviews staff work
- Michael Torres (Staff CPA, 5yr) — individual returns, some business returns, client communication
- Emily Reeves (Staff Accountant, 3yr) — data entry, bank reconciliations, document organization
- Lisa Park (Office Manager, 8yr) — scheduling, client intake, billing, document chase
- David Okonkwo (Bookkeeper, 4yr) — payroll, sales tax, monthly bookkeeping for business clients
- Rachel Kim (Admin Assistant, 2yr) — front desk, phone, mail, scanning, appointment setting
- Marcus Webb (Staff Accountant, 2yr) — individual returns, data entry

Workflow 1 — Individual Tax Return (70% of volume):

1. Client calls/emails to schedule → Lisa manages calendar
2. Lisa sends organizer and document checklist → client emails back W-2s, 1099s, receipts as attachments and phone photos
3. Rachel downloads attachments, prints everything, sorts into physical folders
4. Staff accountant enters all data manually into UltraTax — W-2 Box 1, Box 2, etc. 40% of staff time is this step.
5. Staff flags anything unusual (missing docs, large deductions, Schedule C activity)
6. Return goes to James for review. James checks every line. A simple 1040 takes him 20 minutes to review. A Schedule C takes 45+.
7. James signs, Lisa files electronically, Lisa invoices

Pain points: Step 3-4 is pure data entry. 40% of professional staff time. Documents arrive in 15 different formats — PDFs, phone photos of W-2s, screenshots. Lisa spends 5+ hours/week just chasing missing documents.

Workflow 2 — Business Tax Return (1120S/1065):

1. Client sends P&L, balance sheet, trial balance (usually QuickBooks export)
2. Staff accountant reconciles QB data to tax basis — M-1 adjustments, depreciation differences
3. Sarah or Michael prepares return in UltraTax
4. James reviews every business return. No exceptions.
5. If James finds issues, return goes back to preparer (1-2 cycles typical)

Pain points: Step 2 is knowledge work that requires CPA judgment. Step 4 creates a bottleneck — James reviews 400+ returns personally.

Workflow 3 — Client Document Collection:

1. Lisa emails checklist to client 6 weeks before deadline
2. Client sends documents piecemeal over 3-4 weeks

3. Rachel tracks what is missing in Excel
4. Lisa sends 2-3 reminder emails/calls
5. April 1: still missing documents from 30% of clients. Lisa switches to phone calls.

Pain points: Entirely manual. No automated reminders. No client self-serve upload. The Excel tracking sheet is a single point of failure.

Unwritten knowledge: James knows exactly which deductions trigger audits for specific industries. Sarah knows which clients need hand-holding and which want minimal contact. Lisa knows which clients always file extensions. The "real" priority order during tax season is in James head, not in any system.

## Merritt CPA Goals & Ambition

STRATEGIC GOALS

**Summary:** 3-year vision: double revenue without doubling headcount, shift from tax-season-only to year-round advisory. Revenue targets: $1.2M→$1.5M→$1.8M. AI ambition: automated data entry and document collection, AI-first-pass review, not replacement. Sarah wants business advisory practice. James sees AI as succession plan for semi-retirement at 65. Non-goals: no new partners, no custom software, no multi-state expansion. Success: James takes a vacation during March.

## Strategic Goals

### 3-Year Vision

James Merritt wants to double the firm revenue without doubling headcount. The vision is to transform from a tax-preparation-only firm into a year-round business advisory practice. Currently 70% of revenue is compressed into 3 months. The goal is 50/50 split between tax season and recurring advisory revenue within 3 years.

### Revenue Targets

- Year 1: $1.2M (from current ~$1M baseline) — capacity increase from automation
- Year 2: $1.5M — business advisory services launched
- Year 3: $1.8M — 10-15 retainer clients at $2K-$5K/month for fractional CFO/controller services

### Client Growth

- Currently turning away 50+ business clients annually due to capacity
- Goal: capture 30 of those 50 within 18 months by automating the paper bottleneck
- Expand business client base from ~400 to 550 within 2 years
- Maintain individual filer base (~700) while shifting staff time toward higher-value business clients

### Operational Goals

- Reduce individual tax return preparation time from 90 minutes to 30 minutes through AI-assisted data entry
- Eliminate physical document handling — 100% digital intake within 12 months
- Reduce James review time from 20 minutes per simple return to 10 minutes through AI-first-pass review
- Cut document collection time by 60% (currently 5+ hours/week for Lisa, 3-4 week client turnaround)

### AI Ambition

James is cautiously optimistic about AI. He has seen demos of AI tax prep tools but is skeptical about accuracy. His stated goal: "I want AI to do the data entry so my people can do the thinking." He specifically wants:

- Automated W-2 and 1099 data extraction from any document format (PDF, photo, scan)
- AI-assisted reconciliation between QuickBooks and tax basis (M-1 adjustments)
- Automated document collection with client portal and smart reminders
- AI review flagging — not replacing James review, but pre-checking returns so James only looks at anomalies

### Sarah Chen Vision

Sarah (Senior CPA, 12yr) wants to build a business advisory practice. She sees the firm losing revenue to fractional CFO firms because Merritt does not have the capacity to offer those services. Her goal: launch a "Business Health Dashboard" service for top 50 clients using their existing QuickBooks data with AI analysis. Monthly reports covering cash flow, tax exposure, profitability trends.

### Non-Goals (What They Are NOT Doing)
- NOT replacing tax professionals with AI — augmentation only
- NOT expanding into audit work beyond current limited scope
- NOT adding partners or selling the practice in next 5 years
- NOT building custom software — will use existing platforms plus AI layer
- NOT serving clients outside North Carolina (no multi-state tax complexity wanted)

### Success Metrics (How They Will Know It Worked)
- James takes his first vacation in 5 years during March (peak tax season)
- Client NPS above 80 (currently estimated 65-70)
- Zero data entry errors attributable to manual transcription
- Staff overtime during tax season drops below 10 hours/week (currently 20-30)
- 30 business clients added without adding staff
- Lisa no longer spends her Friday afternoons chasing missing documents

### Time Horizon & Urgency
James is 58. He wants to semi-retire at 65, handing day-to-day operations to Sarah. The AI transformation is his succession plan — build the systems now so the firm runs without his bottleneck. He has not told the staff this timeline explicitly.

### Obstacles They See
- Staff resistance to process change ("we have always done it this way")
- Client comfort with emailing documents informally
- Integration between UltraTax CS and any new tools (Thomson Reuters ecosystem is closed)
- Finding time during tax season to implement anything new
- James own habit of reviewing every return — he knows it is the bottleneck but cannot let go yet

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Generated by AESOP OS on June 15, 2026 for Merritt & Associates, CPA (v2). This roadmap is a standing hypothesis -- when reality diverges, revise, do not defend.

Methodology: AESOP Eleven Tenets, temperature-locked deterministic generation, post-generation structural validation, cognitive density forecasting, named failure pattern mitigations.