

# Is 2017 the Year to Outsource your Accounting? Take our Quiz

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Once your business hits revenues of \$1 million or above you'll likely start to feel a different kind of growing pains (or is it more like labor pains?).

You might wonder if [outsourcing your accounting](#) could ease that pain (or at least stop the contractions), allowing you more time to focus on the core of your business once again.

Take the following quiz to determine if 2017 is the year for your business to take the plunge into outsourced accounting services.

- My QuickBooks accounting system has no, or very little, automation and integration with business process technology (bill payment, time tracking, payroll, expense management, billing and collections.)
- My weekly and monthly financial reports are inaccurate or late.
- My bookkeeper doesn't understand, or follow, accounting best practices and procedures.
- My employees find it difficult to stick to a budget or properly forecast revenues and expenses.
- I am worried about internal accounting control, especially fraud.
- My business has been experiencing employee turnover in the accounting department.
- My business is ready to scale in the New Year, and I need help managing the pace.

If you've checked even one of these boxes, you could have a good reason to investigate outsourcing your accounting. The more boxes you've checked, the more signs your business has that it needs a new accounting solution. These signs indicate it's time to make a 2017 New Year's resolution to talk to an outsourced accounting services firm.

## **What is an outsourced accounting services firm?**

Thanks to cloud-based software and technology, small businesses and nonprofits can now obtain affordable bookkeeping, accounting and controller services from remote teams of accounting experts.

## **Menu of Services**

An outsourced accounting services firm offers a complete menu of bookkeeping, accounting and controller services, which can complement a small business's in-house accounting staff or act as a virtual accounting department.

The menu includes custom designing accounting software, such as QuickBooks, to integrate with a business's financial systems to greatly reduce manual entry (and, accordingly, data entry errors). By optimizing software and technology, small businesses can receive highly accurate financial data in real time.

## **Fractional Share of an Accounting Department**

When using a centralized service center, a business is typically assigned a team of an accounting manager, staff accountant and bookkeeper, working together at one location.

This provides a small business with a fractional share of a full service accounting department at a fraction of the cost of having a full-time accounting staff. (Your business pays for just the accounting services it needs, avoiding the overhead cost of providing in-house employee benefits.)

## **U.S. Based - Not Offshoring**

Outsourcing should not be confused with offshoring – farming out services to another country with cheap labor. Today's outsourcing leverages higher-performing, higher-retention accounting teams to serve your business. In turn, you will have an experienced, dedicated accounting team that understands your business and continually strives to optimize your financial processes and procedures.

When run by a certified public accountant, a service center has the additional ability to provide management accounting. To truly leverage the integration of financial data, a business owner/CEO should look for an outsourced accounting partner which provides customized management reports including company scorecards and key performance indicator dashboards. That's the actionable financial guidance that a small business needs to grow.



## **What is stopping you from outsourcing your accounting?**

Don't let the fear of the unknown stop you from making a change. Your business wouldn't be where it is today without taking some risks. Here are some common objections to outsourcing which may be holding you back from removing the accounting chains which are shackling your business growth.

### ***I'm afraid it will be hard to communicate with accounting when it's no longer in-house.***

By definition, outsourcing means your accounting team is not on-site. You may be concerned that by outsourcing your accounting you won't be able to communicate as often as you'd like. However, when accounting systems are online and readily accessible, an outsourced accounting team is as responsive as someone in-house.

Advancements in technology have made it easier than ever to communicate via video meetings, conference calls, group texts and emails. In addition, when multiple accounting personnel are familiar with your accounting systems, you avoid the worry of turnover, sick days and PTO as you would have with a one-bookkeeper accounting department.

### ***If I outsource, I'll jeopardize the privacy, security and control over my accounting.***

Often small businesses have just one person responsible for bookkeeping and accounting. Outsourcing firms provide a means to separate duties between approval, record keeping and reconciliation. In other words, if a single staff member is paying the bills and reconciling the bank account, you have a greater risk for fraud.

Firms that offer outsourcing provide rigorous precautions to ensure that data is protected. Your data will be stored on secure, cloud-based servers that only you and the outsourced agency can access. Much like your bank account and credit cards, if any type of suspicious activity is detected, fraud alerts will be issued to both you and the accounting agency.

In reality, when a small business has an in-house accounting staff, "financial privacy" is often an oxymoron. When internal employees live and work in the same community, they are more likely to talk about their employer's financial status outside of the workplace (It's the Cheers' barroom "everyone knows your name" and business mentality!)

***I'll have to fire my loyal bookkeeper who's been with me from the beginning.***

If you want to keep the status quo of your accounting employees, no problem. With outsourcing, a business can maintain its in-house bookkeeper to handle a portion of its bookkeeping tasks or allow the agency to become the entire accounting department. Either way, there will be more eyes on the finances and more separation of accounting duties, deferring the risk of fraud.

The outsourcing firm will provide an in-depth onboarding to train your accounting liaison(s). They will work diligently with your bookkeeper on the various features and functions of your new accounting system design, such as how to enter data and run financial reports.

When multiple accounting personnel are familiar with your financial numbers, you avoid building your business on “tribal knowledge.” You eliminate the risk of your one trusted accounting employee leaving the “tribe” and losing with that person the understanding of the operation of your business’s finances. In addition, outsourcing provides your business with a higher level of accounting staff which is a recruiting challenge for small businesses because of the current shortage of accountants. **Outsourced Accounting can save you money in more ways than one!**

### ***Outsourcing is expensive; My Business Can't Afford to Outsource Accounting***

Actually, when small businesses are in the growth stage (between \$1 million and \$25 million in revenues), they can't afford not to improve their accounting expertise, as this is the stage in which the majority of businesses fail.

Full-time accounting employees are expensive. The national average for a staff accountant's salary is \$57K ([glassdoor.com](https://www.glassdoor.com)) and benefits typically cost 1.25 to 1.4 times the salary. So a \$57K salaried employee will really cost you between \$71,250 and \$79,800. Outsourcing shifts this burden along with hiring, training, vacation, sick time etc. to the outsourcing firm and turns a fixed accounting cost into a variable cost based upon the scope of work.

Why should a business carry the payroll burden for a non-revenue generating function, like accounting? Why pay a fulltime accountant or bookkeeper's salary and benefits, when you can outsource and just pay for the accounting you need, avoiding overhead costs?

Outsourced accounting firms offer fixed monthly fees for a defined itemization of services such as weekly, monthly and annual financial reporting. This allows you to predictably budget for accounting on a monthly basis.

Fees vary depending on which outsourcing firm you choose and the scope of their offering, but the cost of outsourcing your bookkeeping and accounting often provides a savings of up to 40% over an internal accounting department providing the same services.

### **Ultimate Benefits of Outsourcing**

For a business that is poised for growth, one of the greatest benefits of outsourced accounting is freeing up the brains and brawn behind the business to do what they do best: growing the customer base, building core competencies and improving cash flow. Outsourcing should be considered a competitive advantage, as it allows a business to take advantage of more business opportunities.

In short, outsourcing accounting gives a business owner more time to concentrate on innovation and revenue generating activities. The opportunity cost of key staff deferring their time from the core business to handle accounting or financial issues must be factored into the decision on whether to outsource.

Is this the year your business takes advantage of the benefits of outsourcing your accounting?

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