

Top 10 Reasons to Outsource Your Accounting



As companies continue to operate on leaner budgets, some have found that outsourcing certain functions is a good way to keep quality up and costs down. Outsourcing is not a new concept. For many years, businesses have transferred services such as bookkeeping, accounting, and Controller/CFO services to third-party firms. While once seen as an option for larger companies in the past, today the floodgates of outsourcing have opened and more and more companies are reaping the benefits.

According to a recent KPMG survey, about 40 percent of companies planned to increase their use of outsourced accounting. With the availability of advanced financial automation solutions and a deluge of cloud-based systems, all types of companies, small and large, are taking advantage of what it can do to for their businesses.

Here are some of the top reasons to consider outsourcing your accounting function:

1. Save Money and Reduce Overhead —

Businesses typically spend 2 to 5 percent of revenues to properly train and staff internal accounting departments.

While it might not seem like a lot, outsourcing your accounting can actually lower your total costs by eliminating expenses related to employee benefits, training, accounting software, hardware, and office supplies.

You will also save money from the potentially negative consequences of a financial mistake. Mishaps like this can cost you a lot more than the cost of bringing in an outsourced provider to do the job right.

2. Save Time and Improve Operational Efficiency —

By spending less of your day overseeing bills and payroll, you'll free up valuable time that can be redirected back into managing and growing your business. As an expert in your field, it's critical that you use that expertise to focus on business goals, growth and managing your day-to-day operations.

3. Access to Expert Accounting Resources —

If a small business is doing its own accounting, chances are good that the person in charge of the task isn't a master accountant. If you're lucky, someone on staff may have a background in accounting but it's not their core competency.

By outsourcing you'll have access to a team of skilled accountants having a wide range of experience in the area. This ensures that your books are always up to date, payroll is done on time and you're not at risk of being subjected to penalties due to inaccurate paperwork and underpayments.

In-House Accountant vs. Outsourced Accounting Cost Comparison

(Example)

Staff Accountant	In-House Accountant	Outsourced Accountant	Annual Savings	Savings Percentage
Annual Salary	\$41,800	\$24,000	\$17,800	43%
Payroll Taxes (10%)	\$4,180	None	\$4,180	100%
Employee Benefits (43%)	\$18,000	None	\$18,000	100%
THE BOTTOM LINE	\$63,980	\$24,000	\$39,980	62%

4. Save on Technology Costs —

By outsourcing, there is no need to buy extra hardware and software for your accounting needs. A provider will have access to leading accounting software and will have the experience and know-how to properly use it to help your business.

5. Improve Processes —

One of the hidden benefits that many businesses don't realize is that outsourcing your accounting function provides an opportunity to upgrade and improve your current financial accounting processes. Outsourcing vendors instill best practices and controls that can help improve efficiency and timeliness of data. In addition, companies have found they can reduce the cycle it takes to close books, and they can develop better benchmark and baseline financial processes to help them meet regulatory requirements.

Whether it's having access to the latest accounting software or improving your payroll processes, implementing up-to-date accounting procedures can help improve service levels, reduce costs, create better cash flow and position your company for growth.

6. Reduce Risk —

More than one in five small businesses will have money stolen from them by trusted employees (an average loss is \$200,000). It can be hard to enforce a strong checks and balances system without making honest employees feel distrusted, which reduces company morale. Thankfully, outsourced accounting offers the perfect solution.

When you hire an outsourced accounting service provider, you not only save money, time, and stress by having experts handle your financial reporting, you also have a third party to audit your money trail. You'll decrease your risk of internal fraud by having an impartial standard of checks and balances, which will also help improve compliance.

7. Be Proactive and Scale —

When you outsource your accounting you can expect to minimize large investments in human resources, technology, and infrastructure and maximize your production, thereby giving an opportunity to scale and react to change more quickly. For example, outsourcing gives an organization the ability to more efficiently handle the surges in activity that may be seasonal or based on business cycles. Rather than having internal resources that are too busy at times and slow at others, companies can instead hand those concerns over to the outsourcing provider. Outsourcing can help you shift your focus and redirect energy from peripheral activities towards work that serves your clients more efficiently and helps grow your business.

8. Automate and Reduce Paper —

Did you know that outsourced accounting decreases your carbon footprint and reduce wasted paper, space, and time? Think about it: it's easy to take for granted how much paper and toner costs as well as what you pay to maintain your fax machine, printers, and/or copiers. Imagine how much less paper and storage space you would need if all of your financial information was available electronically instead. Less paper, means that you'll be more organized and spend less time filing and storing hard copies.

9. Anytime, Anywhere Access to Financial Data —

Today cloud-based accounting applications allow you to access financial data and records online, giving you up-to-date access to your information such as cash balances, at any time, from anywhere. With timely, accurate accounting records and reporting at your fingertips, you have total visibility into the financial health of your business allowing you to make more confident and informed decisions.

10. Confidence and Peace of Mind —

With timely, accurate accounting records and reporting, you'll gain total visibility into the financial health of your business giving you greater peace of mind to make more accurate and informed decisions. By outsourcing your accounting you can be assured that your financial information is correct, you avoid any potential threats of fraudulent activity, and have access to a team of experienced accounting professionals who you can count on. No matter the size of your company, outsourcing just makes good business sense. It gives you confidence and security you need that your financial operations are in order so you can focus on growing your business.

So, when should a company outsource their accounting?

There really isn't any bad time to consider outsourcing. It's a perfect solution for start-ups, small and mid-size businesses at any stage of the game. Think about it, no matter if you have three or 300 employees, you still will have the same compliance requirements as well as payroll and reporting needs. The bottom line: the sooner you start outsourcing the sooner you can realize the many benefits and get ahead of your competitors.

Learn more about how My Accounting Team can simplify your environment and give you the freedom to grow your business!

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