

# OUTSOURCING

## THE NEW TRADE ROUTE

## Outsourcing Accounting Makes Sense

Outsourcing your accounting function at some level makes sense, regardless of the size of your company or client company. For many, the decision to outsource is purely a financial one. Does it cost more money for me to hire the talent in-house or to outsource? An increasing number of executives are finding that outsourcing can create a strategic advantage, especially for a growing company whose needs are often rapidly changing.

Successful outsourcing relationships enable business owners/CEOs to focus on their own core competencies, eliminating the daily tactical to-do lists (working *in* the business) that keep them from spending time on the big picture and strategic initiatives (working *on* the business). The same can be said for CPA

smaller emerging business, the needs are very similar. Unlike their large corporate counterparts, small and mid-size businesses cannot afford to hire an accounting department with specialists in each area. Many companies over- or under-utilize the accounting employees they do hire—perhaps expecting a controller to perform bookkeeping functions or an accounting clerk to provide financial analyses. An outsourced accounting services company can provide the right services and skill at the right time.

### What's Involved?

A company's requirements may be for a CFO/controller a few hours each month for planning; a bookkeeper a couple of hours daily to maintain data entry; and an accounting clerk a few hours weekly to review the data, prepare reports and make collection calls. Even larger companies have difficulty maintaining the right balance of accounting staff as the company's needs grow and change. The true benefit of outsourcing is that the company only pays for the professional level it needs for the time it is needed, allowing the company to secure access to the high-level strategic financial expertise that will propel its growth while maintaining its day-to-day accounting needs with the most cost-effective mix of talent.

For those CPA firms that see their bookkeeping and general accounting offerings as a profit center and an outsourcing firm as competition, a little research may reveal that partnering with an outsourcing firm versus hiring an in-house staff to provide these services may actually be more profitable. Take a look at the costs to hire, manage and pay (including benefits and overhead) the staff and then look at the cost to use a reputable outsourcing firm. Even with a mark-up, a CPA firm may be able to offer its clients the same or perhaps a reduced rate for these services.

### Technology for Transparency

The value of outside services has been enhanced in recent years with the utilization of state-of-the-art electronic communication systems that operate transparently, away from a client company's headquarters. This technology allows the outsourced team to interact with a company's in-house employees as if they were just down the hall on a daily basis. It makes the integration and acceptance of outsourcing more practical for any size business. The same technology will allow a CPA firm and bookkeeping services firm to partner seamlessly. The client may never know that a particular function is being outsourced by their CPA. It will appear as though all communications are flowing to and from the CPA firm.

### There's Always SOX

If the strategic and bottom-line rationale provided above are still not enough to get you to consider outsourcing, there's Sarbanes-Oxley. By outsourcing the bookkeeping function, you can be assured that you are in compliance with that portion of Sarbanes-Oxley. If you are a CPA firm providing bookkeeping services and also conducting audits, it could create an appearance that you are in violation of Sarbanes-Oxley, even if you make assurances that the staff does not overlap.

So, when does outsourcing make the most sense? If you're a small to mid-size business, chances are you cannot afford to hire the breadth of expertise you may require. With few exceptions, outsourcing accounting can result in operating cost reductions and better strategic insight. No matter your size, your needs are constantly changing. SR

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firms that choose to outsource the bookkeeping and general accounting services required by their clients. CPAs that outsource can focus on financial strategy, planning, tax issues, auditing, etc., leaving the day-to-day accounting in the capable hands of an outsourced accounting company. The key here is focus—having everyone maximize their time in the area where they bring the most value.

All companies need relevant, timely, and accurate financial reports and analyses. Whether a Fortune 500 or a



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