

SAN DIEGO BUSINESS JOURNAL

Small Business Help Line

Outsourcing Doesn't Always Mean Going Overseas

Question: When does outsourcing make sense?

Answer: Outsourcing, in this case locally, not overseas, is primed for growth.

More than 70 percent of the senior executives interviewed for a 2003 study conducted by Accenture and the Economist Intelligence Unit predicted that demand for outsourcing would become more prevalent in the next three years.

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?

More executives find outsourcing can create a strategic advantage, especially for a growing company whose needs are often rapidly changing.

The most common functions to outsource are such services as accounting, payroll, information systems, sales, marketing and human resources.

Successful outsourcing relationships enable business owners to focus on their own core competencies, eliminating the daily tactical to-do lists that keep them from spending time on the big picture and strategic initiatives.

For instance, all firms need relevant, timely and accurate financial reports and analyses.

The needs are similar whether it's a Fortune 500 or an emerging business.

But unlike bigger firms, small and mid-sized businesses often cannot afford to hire an accounting department with specialists.

Many companies overuse or under-use the accounting employees they hire, perhaps expecting a controller to perform bookkeeping or an accounting clerk to do financial analyses.

An outsourced accounting services company can provide the right services at the right time.

A company's requirements may be a few hours a month for a chief financial officer or controller to help with planning; a couple of hours a day for a bookkeeper to maintain data entry; and a few hours weekly for an accounting clerk to review data, prepare reports and make collection calls.

The key is that a firm only pays for the professional level and time needed.

This way, it gets access to the high-level strategic financial expertise that will propel its growth while maintaining its day-to-day

accounting needs with cost-effective talent.

The value of outside services has been enhanced in recent years using state-of-the-art electronic communication systems that operate away from a client company's headquarters. This technology allows the outsourced team to interact daily with in-house employees as if they were just down the hall.

Although outsource firms are sometimes confused with temporary employment services, true outsourcing services maintain regular full-time professionals that develop working relationships with their clients.

They operate as an extension of their client companies. The rapport and commitment developed between clients and outsourced professionals are hard to find with traditional part-time or temporary agencies.

Written by Leah Thiss, the chief executive officer and president of BBBS, Inc., an outsourced accounting and bookkeeping services company.



WWW.BBBSINC.COM

1-866-329-8009

SAN DIEGO BUSINESS JOURNAL

Small Business Help Line

Money Management Crucial as Biz Grows

Question: How do I know if my finances are being managed properly?

Answer: One of the most important tasks of growing a business is watching the money flow.

Smaller businesses tend to rely on the owners' ability to keep track of figures or assume that if checks don't bounce, everything is fine.

Financials get reviewed at year-end for tax purposes, and there is a sigh of relief, if everything looks in order.

As the business grows, managing your finances this way can put your company in jeopardy.

Errors and accounting irregularities may not be caught until it is too late. This can result in significant strain on profitability and cash flow and missed strategic opportunities.

There are 12 financial warning signs.

If you answer "yes" to any of the following, you need to take corrective action or seek professional accounting support:

1. Are you operating by the balance in your checkbook?
2. Are you receiving unexpected invoices from suppliers/vendors?
3. Are you short on money to pay bills?
4. Are you not getting accurate monthly accounting reports/financial statements?
5. Are you unable to furnish timely and accurate financials to your banker/investors?
6. Is your accounting backup information piling up rather than being filed and readily accessible for future reference?
7. Are you unable to say with certainty what you have in inventory?
8. Are your financial questions going unanswered? You should have immediate answers regarding payables, receivables, inventory, and project costs.

9. Are you unsure about what you will owe in taxes or what tax reporting the law requires?

10. Do you lack the required payroll documentation?

11. Is your business not following generally accepted accounting principles, or are you unaware of what those are?

12. Are you unprepared for an audit? Don't ignore these warning signs!

Oftentimes, business owners are required to wear many hats, but no one expects you to be an expert in all areas.

Don't limit your growth. Focus on your core competencies and delegate the rest.

Written by Leah Thiss, the president and chief executive officer of BBBS, Inc., a San Diego-based outsourced accounting and bookkeeping services company. She can be reached at leah@bbbsinc.com or by visiting www.bbbsinc.com.



WWW.BBBSINC.COM
1-866-329-8009