

Been Burned by Outsourcing Before? Let's Talk about It

6 min read



Making the decision to enlist an outside company to handle any portion of your business is a big choice and one that should not be taken lightly. With the right outsourced professionals, your business stands to improve leaps and bounds. Selecting the wrong outsourced service provider, however, can cause irreversible damage to your company with inefficient and unorganized systems, poor communication, lowered standards, and unhappy customers.

Key Takeaways

- **4 Common Problems and Mistakes to Avoid When Outsourcing:** While outsourcing frees up your time, saves company dollars on benefits and payroll, secures an unbiased perspective on business finances and can potentially increase profitability...
- **Threats to Your Company's Confidentiality and/or Security:** Outsourced accounting and bookkeeping service providers receive lots of personal and confidential information pertaining to their clients' employees and their clients' businesses.
- **Top 3 Outsourcing Best Practices:** Problems faced when partnered with undesirable outsourcing providers can be avoided if you...

Before you select an outsourcing company, be sure you understand their strengths, expertise and service model and the types of pitfalls to avoid. When you select the right company to partner with, your business will work smarter, your systems will improve, you and your employees will have more time and resources to dedicate to your company's primary functions, and your business will flourish.

4 Common Problems and Mistakes to Avoid When Outsourcing

Like almost any choice you make in business, outsourcing your company's bookkeeping, accounting, controller and/or CFO has both pros and cons. For example, while outsourcing frees up your time, saves company dollars on benefits and payroll, secures an unbiased perspective on business finances and can potentially increase profitability, if you choose the wrong company outsourcing also has the potential to be detrimental to your business. Before you decide to partner with an outsourcing company, take precautions to avoid making mistakes and running into these all-too-common problems with outsourced accounting and bookkeeping services.

1. Inefficiency

We often have new clients approach us because, in spite of having a complete, outsourced accounting and bookkeeping department, their businesses are running into cash flow issues. When our representatives look into their back office practices, we find extreme inefficiencies. When evaluating the accounting and bookkeeping practices established by other outsourced providers, we have seen everything including late billing, no established processes and lack of intelligent, optimized systems for billing, payment or collections.

Facing these types of concerns, which start at the basic level of sound bookkeeping and accounting practices, companies have no chance of leveraging the numbers reported by their back offices for strategic planning, cash flow improvement or revenue generation. They also face audits and paying potential fees and penalties due to non-compliance and tax errors. In these cases, extremely inefficient outsourced bookkeeping and accounting services severely curtail the potential for business growth.

2. Hidden Costs or Prices Which Seem Too Low to Be True

Many outsourced services advertise prices way below average and collect the true value of their services in additional fees and hidden costs, leading to clients who are (not happily) surprised when the bill arrives. Outsourcing providers will also sometimes charge well below average and consequently deliver well below average quality service with copious mistakes and a disregard for timeliness. It is also a good idea to be wary of rigid, all-or-nothing service options; most reputable companies offer a range of flexible, [customizable service](#) plans.

A truly professional bookkeeping and accounting services provider will openly disclose the cost of service, additional fees for add-ons and offer clients a range of pricing and subscription options.

3. Lack of Communication, Expertise and Professionalism

We group these outsourcing concerns together because they often occur together. Below-average outsourced accounting and bookkeeping providers hire self-taught bookkeepers, and they often do not keep enough employees on staff to provide consistent service in the event of an employee's illness, vacation or decision to leave their company. In addition, businesses working with outsourcing companies located overseas might also face a breakdown in communication due to cultural differences and time zones. All of these concerns can lead to a lack of communication, expertise and professionalism.

These providers often operate without a written set of policies or established procedures for their own business operations, nor do they apply these sorts of high standards to their clients' operations. A low quality outsourcing provider leads to inaccurate work, non-compliance, regulatory concerns, communication issues and a lack of transparency with regard to both their procedures and their clients' finances.

4. Threats to Your Company's Confidentiality and/or Security

Poorly run, mismanaged outsourcing service providers can also pose a threat to the security and confidentiality of their clients' personal or proprietary information. Outsourced accounting and bookkeeping service providers receive lots of personal and confidential information pertaining to their clients' employees and their clients' businesses. Whether an outsourcing provider has a poor vetting process for bringing in new hires or lacks information technology security, these oversights put their clients' confidential information at risk.

Securing Professional Bookkeeping and Accounting Services: Top 3 Outsourcing Best Practices

Problems faced when partnered with undesirable outsourcing providers can be avoided if you do some research before selecting a professional outsourced bookkeeping and accounting company.

1. Understand Your Scope of Services

Before signing the dotted line and committing yourself and your company to a particular deal, be sure you understand every aspect of your contract. Be sure you understand which services are included, what might cost extra and how flexible you are to downgrade, upgrade or otherwise modify your level of service before your contract has ended. Be sure to ask questions so you completely understand the process, policies and procedures involved.

2. Find Out about Industry Experience

Your back office has the power to drive your business to success or failure. As a result, it is extremely important to ask about industry experience when looking to outsource your company's bookkeeping, accounting, controller and, maybe even, CFO functions. You should choose a company that understands the ins, outs and intricacies of your business's industry. You would be best partnered with an outsourcing company that has employees with plenty of experience working with other clients in your industry.

3. Ask about the Team and Technology

Consistency and efficiency of service are essential to choosing a strong outsourced accounting company. Before making your decision find out how many people they have on their team and how many of those will be dedicated to your account. You should also ask about their policies, procedures and contingency plans for employee loss.

In addition, ask them what technologies they offer to improve efficiency, accuracy and compliance in your financial department. Find out what type of technology support they provide and how they will help you streamline your financial department's software integration to best partner with them and grow your business.

When it comes to outsourced accounting and bookkeeping services, your company can and should get everything it needs from the company you choose. Look for a company who provides the experienced team and robust technology your business needs for an efficient, smart and strategic back office that not only accurately records your financial history, but also leverages the information to accelerate your company's growth well into the future.

"The GrowthForce methodology and management accounting practices, combined with the fact that you understood my needs for the business, established the P and L the way that I needed to have it set up to run the business, was very beneficial to me. We were profitable the first month and I knew it because my accounts and books were clean and I could understand where the money was coming from and going to."

~ President, JTAM Engineering

GrowthForce is one of the original U.S. based outsourced bookkeeping and accounting leaders in the industry! Tap into over 20 years of expert bookkeeping and accounting experience.

Get a 3-person team dedicated to your business, working together in our centralized Houston service center.

To learn more about how our reliable and professional teams can assist you with our online accounting and bookkeeping services, we invite you to [schedule a call](#) with a GrowthForce representative today.