

Cost Analysis: Outsourcing vs. In-House Accounting for Your Business

5 min read



How much does it cost to hire an in-house bookkeeper, accountant, or controller? How much does an outsourced accounting department cost? **Which is best for my business?**

Building your business's accounting team can be both costly and challenging. Like any major decision, it starts with weighing your options. Small businesses rank accounting as **the most important non-core competency** to their success ^[1].

It comes as no surprise then that this role has big shoes to fill; after all, you are relying on them to keep your business's financials in order.

In reality, in-house bookkeeping & accounting employees could be costing you *more* while delivering *less*. Luckily, in our digital age, you have more options to choose from, including outsourcing to a remote U.S.-based team. This infographic shows an example of how the costs add up (*including the potential additional hidden costs*).

So, let's get down to it. What is the true cost difference between an In-House Bookkeeper and an Outsourced Accounting Team?

The True Cost of an In-House Accounting Team: Full Charge Bookkeeper, Staff Accountant, & Controller

Depending on the size and lifecycle stage of your business, you may need to employ a full accounting department. The financial function of small- and mid-sized businesses (SMBs) typically ranges anywhere from 1 to 5 employees, each with different roles--such as staff accountant, bookkeeper, accounting manager, CFO, and controller.

According to Salary.com, the average annual salaries across the U.S are:

- **Full Charge Bookkeeper:** \$44,000 ^[2]
- **Staff Accountant:** \$56,000 ^[3]
- **Controller:** \$222,000 ^[4]

But, as a business owner, you know by now that employee costs are more than just salaries. When you consider the cost of building an accounting department—wages or salaries, plus the cost of benefits, PTO, IT, overhead, and overtime—these fully loaded costs add up. According to the Bureau of Labor Statistics, the average cost of benefits per employee is \$13k per year (including *health insurance, PTO, payroll tax + worker's comp, and retirement benefits*). ^[5]

Now let's look at the other side of the coin.

- The cost of outsourced accounting services (including one bookkeeper, one staff accountant, and a controller)? **\$30-60K** a year!

What's important to recognize here is that the 30k-60k a year represents the price of a full-stack accounting team: a full charge bookkeeper, a staff accountant, and a financial controller. This price is a paid monthly, flat fee- making the cost of outsourcing your bookkeeping and accounting much easier to budget.

In addition, you are given the gift of time: it helps remove the burden of hiring, managing, retaining, and training staff.

The Rise of Outsourcing: Top 3 Reasons Businesses Transition their Core Functions to a Remote Team

Outsourcing continues to gain traction as a popular choice for small businesses. A study analyzing 2021 outsourcing trends found that 80% of small businesses are planning to outsource their business tasks by the end of the year, with 37% already doing so. ^[6]

Why? What are the top benefits of outsourcing your core functions?

A Deloitte Survey found the following reasons to be the main drivers in a business owner's decisions ^[7]:

1. **Cost Cutting:** 70% of businesses cited cost savings as the primary reason for outsourcing.
2. **Scalability + Flexibility:** 40% of businesses turned towards outsourcing as a scalable solution. Outsourced accounting services can grow and scale with your business.
3. **Speed to Market:** 20% of companies claimed the speed to market was their primary reason for switching to an outsourced team.

A 2020 Deloitte Survey reported:

The fallout from COVID-19 is signaling a return to basics: shoring up value and driving down costs, with a renewed focus on risk management.



70% of businesses cited **cost reduction** as the primary reason for outsourcing.



40% claim that **flexibility** was the primary reason for outsourcing.



20% of interviewees claimed the **speed to market** as their top reason for outsourcing.

Beyond Cost Savings: Benefits of Outsourcing Your Business's Bookkeeping and Accounting

What are the additional advantages of working with a remote accounting team vs. an in-house team?

Looking beyond the cost comparison, let's examine the additional benefits of what you get when you hire an outsourced accounting team (while STILL at a lesser price).

Read More: [Does Outsourcing Help My Business Save Money?](#)

Fraud Prevention

Outsourcing is one of the most effective fraud-prevention solutions for organizations. Unfortunately, fraud is more likely to occur with an in-house accountant or bookkeeper--and small businesses are most vulnerable.

When businesses have just one or two employees handling their books, they likely don't have strict internal controls in place. For example, the person paying the bills might be the one reconciling the bank account. Without separation of duties, they now have the keys to the bank. They can steal from you and cover their tracks--and you won't find out until it's too late (14 months is the approximate time it takes for fraud cases to be detected!) [9].

By working in teams with multiple layers of oversight (and strict separation of duties), a remote accounting team helps protect against human errors and fraudulent activities.

Top-Notch Financial Insights

Oftentimes, in-house bookkeepers and accountants juggle other responsibilities that can take time away from their core duty of accounting. When this happens, collections and financial reporting can get pushed aside (because data entry, recording invoices, and paying bills take priority). For a CEO or owner, these reports are vital in helping make decisions that impact the business's profitability and cash flow.

Outsourcing your bookkeeping and accounting can help alleviate late, inaccurate, or meaningless financial reporting. An outsourced accounting team helps you integrate your financial systems and automate weekly & monthly processes; essentially, operations become streamlined. By getting more data into your accounting system, you can produce management reports that provide true insight into performance and profitability.

Bottom Line: Does It Make Sense for Your Business to Outsource Your Bookkeeping and Accounting Function?

The intangible value outsourcing adds is freeing up the minds of you and your employees to focus on profit-driving processes- rather than being bogged down by administrative tasks.

Hiring and managing an in-house accounting department is a costly distraction in both time and money. With cloud-based bookkeeping and accounting, you'll typically spend less money and gain more time to grow your business.

Once you see the true costs of keeping your finances in-house and how much you could save with outsourcing your finance function, it may be time to switch to an outsourced solution.

[Click HERE To Download The Full Infographic \(.pdf\)](#)

[1] <https://www.waspbarcode.com/small-business-report-accounting>

[2] <https://www.salary.com/research/salary/alternate/full-charge-bookkeeper-salary>

[3] <https://www.salary.com/research/salary/alternate/staff-accountant-i-salary>

[4] <https://www.salary.com/research/salary/benchmark/controller-salary>

[5] <https://www.bls.gov/news.release/pdf/ecec.pdf>

[6] <https://www.superstaff.com/blog/9-outsourcing-trends-statistics-2021/>

[7]

<https://www2.deloitte.com/us/en/pages/operations/articles/global-outsourcing-survey.html>

[8] <https://www.acfe.com/report-to-the-nations/2020/>