

Fuel Business Growth With Outsourced Accounting in 2023

8 min read



Having a small business does not necessarily translate to also having small bookkeeping and accounting needs.

Key Takeaways

- **The SMB Bookkeeping and Accounting Dilemma:** When business owners choose to do their own books, they often miss out on valuable financial insights, leave their businesses open to risks of internal fraud, and end up losing money, time, and...
- **The Solution:** Outsourcing allows a team of experienced professionals to help you, using a whole range of services, at a fraction of the cost...
- **Outsourced Accounting Saves Money:** 57% of businesses cited cost-cutting as the primary reason for outsourcing...

Yes, you have fewer employees to deal with in payroll, but your business should still be relying on its bookkeeping and accounting department to help establish best practices, streamline operations, and supply the data and financial reporting you need, not just for compliance, but for managing, leading, and growing your business.

The SMB Bookkeeping and Accounting Dilemma

The problem with bookkeeping and accounting in small and medium-sized businesses is that their businesses need a back office but cannot afford to hire the necessary bookkeeper, controller, and CPA that are needed for establishing and maintaining a bookkeeping and accounting department. As a result, most business owners try to manage the books themselves, and these business owners are not usually CPAs, back office experts, or individuals with any kind of bookkeeping and accounting experience.

When business owners choose to do their own books, they often miss out on valuable financial insights, leave their businesses open to risks of internal fraud, and end up losing money, time, and productivity because they spend their valuable time focused on back-office tasks rather than business management.

The Solution: Outsourced Accounting

The solution to the SMB bookkeeping and accounting dilemma is outsourcing your back office to a reputable third-party bookkeeping and accounting services provider. Outsourcing allows a team of experienced professionals to help you, using a whole range of services, at a fraction of the cost of hiring in-house bookkeeping and accounting professionals.

Outsourced accounting providers can work with you to:

- establish and maintain sound bookkeeping and accounting systems
- implement tools, processes, software systems, and apps to automate data collection
- protect your business from internal fraud
- maintain compliance
- be ready for tax filing and audits at all times
- streamline and optimize accounts payable and accounts receivable
- produce regular financial reports for business management
- help you analyze financial data
- help you make data-driven decisions as a business leader

Additionally, choosing to work with an outsourced accounting provider can help you grow your business in the following ways.

13 Ways Outsourced Accounting Fuels Business Growth

1. Outsourced Accounting Saves Money

Outsourced accounting can save your business money in two ways. Firstly, it's much less expensive than hiring in-house bookkeeping and accounting professionals. Educated and experienced employees in this sector usually come at a premium, and to have a sound back office, you need at least three people at all times. As a result, outsourcing the back office is almost always less expensive than hiring in-house.

→ [Cost Cutting - 57% of businesses cited cost-cutting as the primary reason for outsourcing.](#) [1]

Secondly, outsourced accounting providers are experts in their fields, and, if you choose the right provider, they'll also be experts in bookkeeping and accounting for your industry. This means they can use your financial data to help you cut costs, identify your business drivers, and increase efficiency in your operations.

2. Outsourced Accounting Saves Time and Increases Productivity

Business owners and managers are typically the highest-paid employees. This means that their time should be spent on the highest-value tasks that will maximize the ROI on the cost of their own labor. Frankly, managing the books is not one of these "high-value" tasks. When you outsource these tasks to a professional, you'll save time and be more productive while you focus on your core business functions such as attracting new clients, increasing your sales, improving operations, managing employees, and strategizing for the [future](#) of your business.

3. Outsourced Accounting Maintains Compliance

Federal, state, and local rules and regulations are constantly changing regarding your business's operations and tax filing requirements. It's a lot to keep up with, especially if you're already busy running a whole company. With outsourced accounting, you shift the liability and risk of non-compliance to your outsourced provider. Plus, they are experts in their field and take special care to keep up with the ever-changing rules and regulations to keep your business, its books, and its reporting fully compliant.

4. Outsourced Accounting Reduces Fraud Risk

In-house bookkeeping and accounting departments increase the risk of losses and reputational damage that occur due to internal fraud. Managing your office in-house can result in too little oversight, inadequate separation of duties, and unsound policies and procedures. As a result, you're left exposed to several types of fraud.

With outsourced accounting, you not only benefit from the establishment of sound policies and procedures but, working with an entire team, ensures your business always has plenty of checks and balances to prevent fraud from occurring.

Read More: [Been Burned by Outsourcing Before? Let's Talk about It.](#)

5. Outsourced Accounting Implements Standards for Data Collection, Analysis, and Action

Outsourced accounting professionals are highly experienced in the industry. As a result, they understand the types of systems, processes, software, tools, and technology that work best in the practice of automating data collection and reporting. With an outsourced service provider, your business will benefit from the establishment and implementation of a comprehensive, road-tested back-office system that you can use for collecting and organizing data, reporting, data analysis, and data-driven decisions.

6. Outsourced Accounting for Small Businesses Helps Establish Efficient Operations

What if you could look into every aspect of [your business's operations](#) to see where you're spending the most money and, conversely, where you're making the most money?

With outsourced accounting, you can. An outsourced accounting provider can help you establish automated systems for time-tracking, expense tracking, and categorization. As a result, you can accurately allocate overhead expenses to specific jobs to determine your true costs. With this type of unit economics, you can look at profit and loss reports by class which means you'll be able to identify inefficiencies in your business, focus on your strongest profit generators, and streamline your operations to maximize growth potential.

7. Outsourced Accounting Facilitates Better Financial Forecasting

With reliable, routine data collecting and reporting, your company's financial forecasting will only improve by becoming increasingly accurate. This means you'll be able to spot trends and patterns in your finances, costs, revenue, and cash flow to help you improve overall financial management and strategic planning.

8. Outsourced Accounting Improves Financial Management With Burn Rate Analysis

In addition to improved forecasting, an outsourced accountant can also help you calculate your burn rate (i.e. the rate at which your company is spending its cash reserves). This can help you determine when you might encounter cash flow problems before they occur. As a result, you take action to raise more money, cut costs, or increase revenue before your cash runs out and threatens the health of your company.

Read More: [10 Reasons Why Your Marketing Agency Should Outsource Your Accounting](#)

9. Outsourced Accounting Helps Raise Money and Get Financing

With outsourced accounting, your financial records and reports will be squeaky clean, uniform, and always available. This means you'll have no trouble producing five years' worth of clean and organized financial statements when potential lenders or investors ask to see them. Plus, you'll be more thoroughly prepared to answer questions about the financial side of your business with an arsenal of fresh numbers and helpful KPIs at the ready.

10. Outsourced Accounting Provides Objective Growth Strategies

Additionally, working with an outsourced accounting provider can give you a more objective insight into your business's financial health, operations, and strategies for growth. Outsourced accountants are not a part of your business, but they succeed when their clients succeed. As a result, outsourced accounting providers are compelled to work with business owners to help them see valuable insights and potential opportunities that owners might otherwise overlook as a result of being too close to their businesses.

[**Side-by-side comparison: What is the cost difference between an in-house and outsourced accounting team?**](#)

THE TRUE COSTS

of In-House Bookkeeping & Accounting



[Find the full infographic here.](#)

11. Outsourced Accounting Can Maximize Profits

With outsourced accounting, you can make data-driven decisions to take full advantage of your business's profit potential to maximize your actual profits. Outsourced accountants can help you bolster your bottom line from several different angles. Some of these include:

- identifying and focusing on your most significant profit drivers
- increasing employee productivity and engagement with improved human capital management strategies
- optimizing your pricing structure to ensure clients recognize and pay for your true value
- cutting costs
- improving operational efficiencies

12. Outsourced Accounting Helps You Time New Hires Perfectly

As your business grows, its needs also expand. This can cause problems when your business grows and you have yet to hire new employees to handle the increased workload. As a result, your workforce begins to lag behind your company's actual needs, resulting in productivity lags and lost profits. On the other side of this issue, businesses that hire employees too early end up with inflated labor costs and bored workers who don't feel like they are needed or appreciated.

As your company grows, an outsourced accounting provider can help you streamline your hiring, onboarding, and training processes to keep hiring on pace with business growth. Outsourced providers can help you determine when you need to hire new employees to ensure that they are up-to-speed and ready to work at full capacity just as soon as your business will need them to be.

13. Outsourced Accounting Can Be Scaled With Your Business

In addition to scaling your teams, as your business grows, outsourced accounting providers can also be scaled to meet your business's needs in every stage of its life cycle. In fact, 40% of businesses adopt outsourcing for increased flexibility.

This ensures you only pay for the services you need when you actually need them without ever having to sacrifice the power of your back office.

Plan for Growth in 2023: Team Up With an Outsourced Accounting Service Provider

When you outsource your SMB's back office to an outsourced accounting provider, you're also choosing to take the next steps to grow your business. Even though your company might be small, it can still benefit from a complete back office that provides reliable, up-to-date financial intelligence to help you make smart decisions to increase profits, expand in the right ways, and scale everything else on pace with your business's growth, in the most efficient manner.

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