

# Why You Should Outsource Your Engineering Firm's Back Office

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8 min read



You wouldn't expect an accountant to design their own office complex, and, for similar reasons, we wouldn't expect an engineer to handle 100% of their business's accounting and bookkeeping.

## Key Takeaways

- **Reinvest in Your Business:** So, you're saving money by outsourcing your back office? Now, you can improve your resource allocation...
- **Successfully Outsourcing Your SMB's Back Office:** When you decide to outsource your back office, it's vital that you choose...
- **Taking Your Small Business Financial Management to the Next Level:** If you're currently an engineer who's spending too much time or money on bookkeeping and accounting, then you might find the solution to your firm's biggest problems in an...

While you could hire an in-house bookkeeper, accountant, and controller to manage your back office, you'll find that outsourcing your back office to a reputable provider, instead, offers substantial benefits to your business and its [future](#).

# 10 Reasons to Outsource Your Engineering Firm's Back Office

## 1. Save Time and Focus on Your Core Business Function

Too many business owners spend too much time on parts of their businesses that are unrelated to their core competencies and unique selling proposition. In other words, if you're an engineer, then you should be focused on engineering and your clients – not on figuring out payroll and making sure your books are properly balanced. Plus, bookkeeping and accounting are not most engineers' primary areas of expertise. As a result, you end up working for your back office rather than having a back office that works for you.

Of course, these tasks are necessary for the compliant operation and success of your business, but they're not the tasks that are making you money or keeping you in business. However, when you choose to [outsource your back office](#), you'll have a team of experts handling your bookkeeping and accounting. This means the job will get done, it will get done right, and it can even be done in a way that improves your business's operations. On top of all this, you'll be able to spend all the time you used to spend "cooking the books" focusing on what truly matters in your business – your clients and your projects.

## 2. Save Money and Improve Resource Allocation

For many small business owners, the solution to their back-office problems is hiring an in-house employee to help out. The problem with this solution, however, is that it's EXPENSIVE. Yes, expensive in all caps.

As a small business, your back-office needs are likely also comparatively small. However, in-house back-office specialists always come with large costs (i.e. big salaries in exchange for their big education, employee benefits, health insurance, paid time off, office space costs, etc.). Plus, a back office that can stand up to the risks of internal fraud actually requires three of these employees. So, take all of those in-house employee costs and multiply them by three.

As a result, small businesses that hire in-house back-office teams end up paying for more than they truly need.

**Read More:** [Cost Analysis: Outsourcing vs. In-House Accounting for Your Business](#)

By outsourcing your back office, you can purchase the back-office services you need when and as you need them – without having to cover the additional overhead costs associated with hiring in-house employees. Then, you can smartly allocate the money you're not spending on back-office employees in ways that generate a greater ROI for your business.

## 3. Reinvest in Your Business

So, you're saving money by outsourcing your back office? Now, you can improve your resource allocation. This could mean using your newly found free [cash](#) to reinvest in your business. Whether you want to expand your marketing efforts, purchase a new project management tool to improve workflow, or hire another engineer to help you meet the growing demand of your client base, by saving money on your back office, you can invest in aspects of your business that help you make more money.

## 4. Have a Dedicated Team of Experts With No PTO Coverage Issues

Outsourcing your back office also means that you'll be working with bookkeepers, accountants, controllers, and financial managers who are at the top of their fields. Accounting firms offer the best upward mobility for accounting professionals. As a result, they attract the best people in the business (i.e. much better than your engineering firm could afford to bring on). By outsourcing, you'll gain access to these experts.

Additionally, your engineering firm also won't have to worry about coverage for your back-office team during vacations, sick leave, or other PTO days because your dedicated outsourced team will already have coverage arranged.

**Read More:** [The Most Powerful Financial Insights for Engineering Consulting Firms](#)

## 5. Access the Best Financial Management Tools and Technology

Accounting specialists keep themselves competitive in their industry by keeping up with the latest advancements in bookkeeping, accounting, financial management, and business management tools and technology. When you team up with an outsourced provider, you'll also be ahead of the curve in terms of the technology being used in your office. This means your business will benefit from countless automated processes, more accurate data, and highly reliable financial reports.

"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."

Joe Aikens, CEO of JTAM Engineering

Engineering Case Study: [The ability to focus on growth instead of managing an accounting department fueled rapid increase in revenue and profits.](#)

## 6. Mitigated Fraud Risk

In order to have a sound back office that operates without immense fraud risk, you actually need to hire a minimum of three employees to achieve adequate separation of duties and powers. Without at least three employees, your business will be left vulnerable to major fraud risk, and small businesses are the most likely targets of would-be fraudsters.

By outsourcing, you mitigate these risks. Outsourced accounting teams have plenty of people, tools, and technology to always ensure the separation of duties with respect to the clients they manage.

Plus, with their cutting-edge knowledge of accounting technology and cybersecurity tools, they can also help you shore up your data against cybercriminals.

## **7. Improved Efficiency, Productivity, Management, and Business Strategy**

Working with the right outsourced accounting provider can help you improve, not just your back office, but your entire business. Management accounting can reveal valuable insights into every aspect of your business's operations. It'll help you identify ways to improve efficiency, employee engagement and retention, productivity, management, strategy, and profits.

## **8. Improve Compliance**

Outsourced accountants are also experts in compliance. We're always aware of the ever-changing financial regulations that affect your business and its reporting requirements. So, we can ensure you stay compliant and avoid losses due to avoidable compliance exceptions or tax penalties.

**Read More:** [Tips to Prepare Your Engineering Firm for the 2023 Tax Season](#)

## **9. Grow Your Outsourced Back Office With Your Business**

Good outsourced accounting providers offer scalability. This means that you can select the services your business needs right now, and continue adding more services or scaling the ones you currently use to keep up with and accommodate your business's changing needs as it grows.

## **10. Enjoy an ROI on Your Back Office Costs With Improved Financial Management**

A smart back office not only keeps you compliant and constantly ready for taxes and audits, but it also helps you optimize your business as a whole with better financial management. An outsourced accounting provider can help you identify the profit drivers in your business, provide you with management reports, and help you learn how to use them to assess and improve your company's performance.

### **[Cost comparison: In-House Vs. Outsourced Accounting Team](#)**

## **Outsourcing Best Practices: Successfully Outsourcing Your SMB's Back Office**

Your back office is like the engine of your business – without a good one, your business won't run properly. When you decide to outsource your back office, it's vital that you choose a worthy outsourced accounting services provider to work with. When selecting a company for outsourcing your back office, consider the following:

## **Your Business's Needs**

What does your business currently need help with in terms of its back office? Do you need a provider that simply offers bookkeeping services and tax preparation or are you in need of a great financial management package that comes complete with bookkeeping and accounting in addition to controller and CFO services?

## **Package of Services**

In terms of services, what does the provider you're considering offer? How often will you receive financial reports? Do they provide customizable reports? Do they offer management reporting in addition to compliance-purpose reporting?

## **Availability**

How available is the provider and what kind of communication can you expect from them? Can you contact them at any time with questions? Do you have a set meeting time each month? Do they charge you for the time spent during each communication or interaction?

## **Scalability**

How scaleable are the provider's services and packages? Do they only offer one level or package of services or will you be able to add services as your business and its back office needs grow?

## **Industry Expertise and Experience**

Have you properly vetted the provider you're considering? How long have they been in business? How much experience do they have working with engineering firms? Can they provide you with any client reviews or specific success stories about ways they've helped other engineering firms or service-based businesses like yours to grow?

# **Taking Your Small Business Financial Management to the Next Level With Outsourced Accounting, Bookkeeping, and Controller Services**

If you're currently an engineer who's spending too much time or money on bookkeeping and accounting, then you might find the solution to your firm's biggest problems in an outsourced accounting services provider. You'll not only save time and money but learn how to unlock your engineering firm's true potential.

