

## **Outsourcing your Accounting Services**

How many hours do you really have in one day? Of the 24 hours in a day Americans spend approximately 1 hour and 14 minutes for eating each day, according to an April 15, 2011 article from Forbes magazine. The average American sleeps 6 hours and 27 minutes a night. The average US commute time is 51 minutes round trip. Don't forget bathroom trips which account for approximately 15 minutes per day. At this point you have just spent 8 hours and 7 minutes of your 24 hours just performing basic necessary tasks. The average work day in the US is 8.7 hours. We are now down to 7 hours and 12 minutes of "other" time (yes, the total calculated equals 24.1 hours due to rounding). This is time that could be spent with your family, working on a hobby or building and supporting a business.

I don't know about you, but once I leave the office for the day the last thing I want to do is what I have just spent the last 8.7 hours doing. I love my job, but I want to spend my final 7.2 hours doing something fun. If you are running a business, there are aspects of your business you enjoy focusing your attention on. However, when you are finally "off the clock" do you want to focus on other tasks within your business that need to be performed to keep it running at a successful level?

In researching this topic, accounting and financial services were actually one of the first services that businesses started outsourcing. In fact, outsourcing accounting services is the top priority for Chief Financial Officer's (CFO's) for several Fortune 500 companies. Obviously, the cost reduction aspect is the most attractive reason to outsource services. Companies no longer have to fork out money, time and resources to a room full of employees. Think about this. Companies are paying on average approximately \$40,000.00 per employee in payroll. This does not take into account health benefits, staff costs to process human resources activities related to the employee, furniture, computers, utilities, etc. Your cost per employee could easily double to \$80,000.00. Now, add a room full of employees, each performing a different task from payroll to payables to receivables. You are now easily in six figures that absorb any profit your business may be seeing.

The other chief reason CFO's are outsourcing accounting services is that it is more efficient. This efficiency is decreasing the time it takes for businesses to close their books at the end of the month, quarter or year. The cycle for receivables is shorter than using in-house accounting. Payables are less likely to be past due since the outsourced accountant is monitoring cash flow cycles for their client.

OK, I know what you are thinking. My business is not large enough to outsource accounting services. Heck, I am my CFO. I understand that, so think about this. The average person spends 16 hours a day on the Internet. If employees are spending 8.7 hours at work, 8.2 on essential human performance and 7.2 on their own time, when are they spending 16 hours online? Some of that time bleeds over into the work day. Your employees are already not spending the time they are working for you, actually working for you.

Many business owners feel they are losing control by outsourcing accounting services. Here are some facts for you to ponder. Outsourced services are actually managed more stringently than in-

house services. Why? Because this is what the outsourced firm do, and they are responsible for providing deliverables to their client. In-house employees may only be trying to hold onto their job and tend to take longer to perform tasks in an effort to show their value. The outsourced firm also provides cleaner metrics to business owners that allow them to make more informed decisions for their business as a whole. This objectivity allows the outsourced accountant to coach the client on sensitive matters.

Outsourcing allows the business owner, and the businesses employees to focus on their core competencies. If you are running a landscaping business, you want to focus on activities related to landscaping, not bookkeeping. Finally, remember that accounting team that costs your business over six figures a year? With an outsourced accounting firm your costs just went down significantly since you only pay for the services you use and the time it takes to do them. You also get a team of people supporting your business.

In addition to the standard accounting services you are getting services that go beyond. Your business now has a resource that can explain what the figures in your finances actually mean. You have a resource that can assist you in creating a realistic budget. You have a resource that can track forecasting. You have a resource that can design and implement internal controls of the finances within your organization. All this information provides business owners with benchmarks and baselines to track and manage the financial performance of their organization.

Outsourced Accounting Services save your business time and money. They are scalable to utilize only the services your business needs. They cut your overhead significantly since you are not paying employees, you are not paying extra utilities, desk charges or computer charges or software licensing fees. You have more time to spend on your business instead of in your business. You also have access to clearer information to make decisions that increase the profitability and performance of your business.