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### ***Leave It to the Pros***

First, there is a paradigm that needs to be broken before a good plan can be formulated for this new line of work. When it comes to effective bookkeeping and accounting systems, there is no such thing as data entry or basic bookkeeping. The old-school concept of write-up work was based on the idea of pushing down to the lowest level. Before exploring the addition of outsourced accounting services, firms must educate clients on this concept.

Accounting is the foundation of any business and clients benefit when this work is done by a professional adept in the entire process from source document to financial statement analysis. The accountant must be entrenched with the transactions to correctly classify, be current, consistent and compliant. Once your clients understand this concept, they'll be more likely to see why outsourcing the entire accounting function makes sense.

There are significant advantages for clients who decide to outsource starting with cost efficiency. According to a survey conducted by Northwest Staffing Resources, an

employee can cost approximately 57 percent more than the stated wage due to the

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meetings to vacations.

One of the biggest client advantages is objectivity. An outsourced firm can coach a client on sensitive matters, whereas, an employee may feel the need to avoid certain topics such as confidential owner compensation issues. The firm is privy to all the intimate financial details and develops a relationship as a trusted objective advisor with the client.

### ***Can It Work for Your Firm?***

Through outsourced accounting, more intimate client relationships naturally develop because there are more client interactions and the firm is privy to confidential information. Because of the trust created, the relationship may lead to other roles such as tax work and CFO advisory services.

Accounting services can be a drain on the firm's resources without implementation of a well-planned structure. There are four areas to consider when planning for this service line: resources, service philosophy, client relationship and fees/engagement agreement.

### **Resources**

If you decide to add outsourced services to your firm, start by recruiting and dedicating staff with the necessary expertise. Small business controllership and deep software experience are essential and good soft skills will improve client communications.

In addition to the human resources, you must also consider the technical resources required. Explore options for financial software(s), hosting environments, portals for secure information exchange, document management, merchant services, and integrated tools such as Bill.com, to find the right fit for your firm and your clients.

Technology is the fastest changing component of this service line as well as a

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provide the timely information they need to run the business.

Sharing the accounting with your client creates inefficiencies and decreases your value while increasing write offs.

## **Client Relationship**

Provide your clients anytime access to their financial reports by using the cloud. This could also be a dashboard customized to what each client wants and needs to see.

Clients experience value when you help them understand what their financials are saying. So, providing anytime access along with customization for their needs gives them control over their business information.

## **Fees/Engagement Agreement**

Finally, you'll need to figure out how the services will be priced, presented and outlined in an engagement agreement. Obviously, the more cost-effective the solution is, the more receptive current and prospective clients will be.

A "no surprise" billing solution is a flat monthly fee. Determine the annual requirements for accounting time, review time, filings, client meetings and any product subscriptions and divide by 12.

The flat fee engagement agreement should include a detail of the scope of services as well as exclusions. A recommendation is to include a statement that the flat rate is for a "routine that does not exceed XX hours each month." This will protect the firm in those circumstances where the client's business experiences an upsurge that results in a significant increase in accounting work. Have your professional liability insurance carrier review your engagement agreement template prior to execution.

Adding outsourced bookkeeping and accounting to your firm's menu of services can

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