



A Best Practice Guide to Accounting Outsourcing.



ACCOUNTS 

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1. Introduction

AccountsIQ is powerful cloud Accounting, Consolidation & Business intelligence Software built specifically for Accounting Outsourcing.

AccountsIQ work with some of the world's leading practices to help them provide a modern, efficient accounting outsourcing service. Our experience with these practices has provided some important tips on what best practice accounting outsourcing services look like.

What's not surprising is that outsourcing has evolved and continues to do so. Technology, client demands, cost pressures and even legislation are all having an impact on how well or otherwise accountants can create and deliver a World class service.



Identify the clients you wish to service.

For group clients, with multi-subsidiary & multi-location accounting & consolidation needs, you'll need to choose an advanced accounting system.



2. What is Best Practice?

Put simply, best practice is about four key processes which can be used to breakdown and examine any outsourcing service. If best practice is achieved in each of these processes and they are then successfully combined to offer a seamless outsourcing service, then there is no reason why world class levels of client satisfaction can't be achieved.

The four key processes:

- Identify target clients, key decision makers and their needs
- Design your service offering
- Manage and measure service delivery
- Take it to the strategic level

Let's take a look at these four key processes in a little more detail.

3. Identifying Your Target Market

The first of these is the **accurate identification of your target market and their specific needs.**

There are about 5 million private businesses registered in the UK. It might seem obvious, but the first thing to consider, when setting up your outsourcing service is which of these businesses you would like to attract as clients. It might be that you would prefer to service only small businesses within a certain radius of your practice.

Alternatively, with a cloud enabled outsourcing service, you might prefer to target all businesses up to a certain size on a national basis. Other practices specialise in a particular sector such as the hospitality sector which again brings certain challenges but also benefits in terms of niche specialisation and expertise.

In order to identify your key target market, it might help to consider other key factors such as the level of competition, your own internal resources and capabilities and the kind of technology that you can potential deploy to serve your chosen market. For instance, some cloud accounting systems offer excellent 'starter system' functionality for start-up clients or owner-managed small businesses.

Others, like AccountsIQ, offer more advanced features such as Group consolidation and Business Intelligence that allows a practice to take on clients such as businesses with groups structures, multiple retailers or distributors with multi-location and multi-currency subsidiaries, warehouses, retail outlets or business units.

Decision Makers and their Pain Points

Identifying your target market of course is only part of this first step. The next part is to identify clearly what their actual needs are from an accounting service and what value they need to derive from their investment. One of the ways to achieve this is to identify the key decision makers in the target client organisations. Key Decision makers will vary, depending on organisation type but examples are Owner, CEO, Finance Director, Financial Controller, Accounts Payable manager and so on. Once you have your key decision makers, you need to draw up a list of the key pain points that each decision maker is experiencing. An example of a list of pain points might be:

It's important to understand that different decision makers can have different pain points and your service offering may need to address all of these.

Decision Maker	Pain Point
CEO	<p>Needs to ensure that financial operations are as efficient and as effective as possible.</p> <p>Wants more timely and accurate information on business performance.</p>
Finance Director	<p>Wants to streamline and automate processes.</p> <p>Wants to reduce travel and expenses costs</p> <p>Wants to ensure compliance with tax legislation</p>
Financial Controller	<p>Wants to get higher volumes of work processed with limited resources</p>

The correct identification of decision makers and their pain point provides valuable insights into what aspects of your service are going to be of importance and value to them as clients.

4. Design Your Process

Once you have decided on what kind of clients you want to attract and the kind of problems they are experiencing and that your service will need to address, the next step is to design your process.

The following are some of the key elements that need to be considered in the design of any best practice service:

Service Features

What are the essential key service features you wish to include as part of your overall offering? Also, how can these features be purchased? On a feature by feature basis or as a bundled offering? Some of the main accounting outsourcing features you might consider:

- Full outsourced bookkeeping service
- Outsourced payroll
- Accounts Payable invoice processing
- Full Purchase to Pay
- Project Accounting for professional services clients

Your clients will expect a level of professional expertise in each of the services that you offer so make sure that your people have the necessary skills, not just to deliver the service, but to provide expert advice to clients around the service and also how to improve clients' internal processes.

By Starting High Potential Start-up clients on the right system you can avoid the unnecessary pain of having to switch systems and you can retain them as they expand and grow.



Service Delivery

In order to design the way that your chosen features are delivered and experienced by your clients, you also need to consider a number of other key factors:

Collaboration – what level of collaboration do your clients expect and can you deliver. Using cloud accounting systems, you can offer a single shared platform for both staff and clients to use for collaborative work processes. As cloud accounting proliferates, clients will become increasingly dismissive of the old methods of emailing files back and forth, reporting of out-dated data and spreadsheet proliferation.

Automation – One of the key reasons many clients seek to outsource their accounting is to reduce the number and volumes of manual accounting processes. It is therefore critical for any outsourced accounting service to provide a level of automation for manual processes such as invoice inputting, invoice and payment approval processing and reconciliation of bank statements. In fact, any practice failing to offer an appropriate level of automation is unlikely to be able to provide the service at the appropriate price to remain competitive.

Cost – Obviously a key factor in the make-up of your service offering is value which is a function of features and price. Again, technologies such as cloud accounting software can help reduce costs through the elimination of expensive servers, IT infrastructure and maintenance etc.

Compliance – An essential element of your service will be the guarantee of compliance with all relevant tax and audit legislation including legislation that might be particular to your individual clients' industry sectors. Also remember that document management, storage and retrieval are key components of any audit trail management and clients need to understand how you can help them with these.

Security, Hosting and Disaster Recovery – Often considered a 'hygiene factor' in that not having these up to scratch is often a deal-breaker for many client decision makers. However, having best practice security, hosting and Disaster Recovery for your clients' accounting data and records means that you could well be lifting a significant burden from their shoulders. Not only will nightly tape back-ups no longer be required, but will off-site disaster recovery, you will probably be providing an enhanced level of security over and above most clients existing set-up.



5. Management and Measurement

Once you are established and your service is attracting the levels of business that you are satisfied with, the next step in achieving best practice is to measure how well you are doing. It's an old adage but what gets measured, gets managed. There are two obvious reasons why process measurement is so important to the achievement of best practice.

The first is that it enables you to constantly improve your service levels and efficiency and therefore reduce costs.

Secondly, it enables you to provide proof to your clients that you are delivering on your promises and helping them to achieve their own performance target.

Key metrics need to be simple, clearly presented and need to tell a story. Examples that you might include in any measurement programme will obviously depend on what outsourcing service features you are offering but examples include:

- **Productivity** – number error free invoices processed, processing by location, capture of invoice discounts, Number of staff payroll records correctly processed, etc
- **Efficiency** – invoices processed per month, cost per invoice, cost per employee, cashflow improvement in days etc.

To take your service to best practice level you should also consider benchmarking. Benchmarking is the way that you compare the performance of your service with those of your peers. In this way you can spot any gaps in your performance and use that information to drive improvements.

6. Strategic Development

The strategic development of your service is what can really put some clear space between you and those outsource providers who do not seek to achieve Best Practice status. There are a number of components currently identified in the strategic development of accounting outsourcing.

Strategic Advice

The ability to obtain insights to your clients businesses through their accounting information and then to use those insights to offer advice on business performance improvements is a very important way to add real value to your service. Critically, your accounting systems and your staff need to be equipped to extract these insights from the data and to be capable of presenting them in a meaningful, timely and professional way to your clients.

The main source of this data will of course be the accounting system that you are using. Most cloud accounting systems have limited Business Intelligence functionality so choose carefully to ensure that your system facilitates the gathering and presentation of the intelligence you require.

AccountsIQ for instance offers Business Intelligence functions that enable you collect accounting intelligence AND key performance data based on client-defined performance criteria. Imagine being able to present information to your client on the performance of their business units in different locations using real-time data presented in custom dashboards.

C-Level Engagement

In larger client companies, once the accounting outsourcing service has been set-up, it is not unusual for c-level executives to disengage from the process until something goes wrong or a problem arises. One benefit of offering strategic advice is that it provides a very valuable opportunity to engage (or re-engage) with the highest level of management in the client organisation.

Once you have the ability to create and provide intelligent and relevant business advice to senior management, you become the client's trusted advisor and hopefully take your relationship beyond the purely transactional level.

C-level client engagement often occurs only when a problem arises. The challenge is to make sure you engage at the highest level.

Drive Value with Process Improvement

The job is never done. Using the Japanese penchant for continuous improvement you should use the measurements detailed above, the benchmarking information you create and your clients' feedback to constantly improve and develop your service.

Standing still is not an option in the outsourcing world as technology constantly provides new ways to automate, collaborate and comply at reduced level of cost.

People Management and skills development

With your frontline staff fully engaged in serving your clients on a daily basis, it's really important to speak to them on a regular basis. You need to take the time to listen to and understand the challenges they face and also encourage feedback on how processes can be improved. The people engrossed in the work are the ones who have the best understanding and experience of the pitfalls and are very often the people who can drive improvements.

It's really important to get buy-in from your team for any new technologies that you might adapt. Involve key players at the early stages of technology evaluations or set up a number of super-users who already have experience of working at a number of levels or in a number of your service areas.

Vary responsibilities amongst team members so that they are developing their skills and broadening their experience. Look at developing shared responsibilities or tag-teams so that staff members can enjoy different responsibilities during the day. This also helps to ensure that you have more than one user with familiarity of a particular process or client should one be unavailable.

Measurements and monitoring for the team are also an important means of providing tangible feedback on individual staff performance. An appropriate reward structure linked to performance can also be a key motivator to improved staff performance.

About AccountSIQ

This article is brought to you by AccountSIQ, cloud accounting and consolidation software for mid-size companies, particularly those with multi-entity or multi-location needs. Built for the cloud, AccountSIQ is in use in 23 countries and is now the solution-of-choice for many the worlds' leading accounting practices.

For further information on how AccountSIQ might work for your growing business please feel free to contact us and we would be happy to discuss your needs.

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