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OPINION

Hold on to more of your money and time by outsourcing your accounting functions

By Edward Mulherin, CPA, Esq.

One of the most recent trends in outsourcing for small businesses in general, and restaurants in particular, is bookkeeping and accounting services. Technology has provided the ability — through Internet access, high-speed cable, scanned images and low-cost software — to give owners expert, affordable bookkeeping services.

Outsourced bookkeeping services pay your bills, post deposits and sales, reconcile cash and manage payroll. In addition, owners and managers have 24/7 access online to all of their financial data, which is securely protected and professionally backed up. Scanned images of all vendor invoices are filed and available online, as are financial reports, professionally prepared specifically for your industry and delivered weekly or monthly. Those services save money and free business owners from having to hire, train and manage bookkeeping teams.

Outsourcing your bookkeeping duties makes sense. For many the decision to outsource is purely financial: Does it cost more money to hire the talent in house or to outsource? But smart businesses also consider the other benefits of outsourcing.

A good outsourcing firm will install state-of-the-art financial systems and best-of-breed processes. This allows the owners to focus on their core competencies with the confidence that their daily and monthly bookkeeping functions are getting done accurately.

Sounds too good to be true, so what's

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the catch? There are pros and cons to any outsourced service. Here are a few things to consider as you research this area:

Select the right outsourced partner. It is critical to select a provider who has expertise in your industry, proven technology and a trained staff. Selecting an outsourced provider is like selecting an employee or partner. Check multiple references and talk to their staff and the staff you will be working with daily. Will they follow through and take responsibility for the service? What is their fee structure? Make sure there are no hidden charges. Is the agreement at-will or do you have to sign a long-term contract? This is a new area of service, and there are many providers getting into the industry who do not have the background, technology or systems to perform as expected.

Agree on a detailed scope of service. It is an absolute necessity to review in detail and in writing a scope-of-service agreement. A scope-of-service agreement should outline in detail what is expected from the outsourcer and from the restaurateur. Time spent doing this up front will reduce the chance of misunderstanding and confusion later.

The agreement will ensure both parties are clear about their respective obligations and expectations. Also review the process for setting up the new systems and make sure that if you are unhappy for any reason, you can cancel the service and move your records back in house easily.

Create a partnership with the outsourcer. To be successful, the outsourced provider should become part of your team; make an effort to include their employees in your business. The better the relationship, the better the service will be. It may take some time, but usually the longer the service is used, the better and more efficient it will become.

Also, it is important that the restaurateur stay active and involved. Your time commitment should decrease over time, but an outsourced service can't replace your active involvement.

Follow the process. A good outsourcer will develop best-of-breed systems and processes to ensure accuracy and timeliness of information. Understand these processes and follow the steps. Problems will result if you create your own process or don't follow the system. If the process doesn't work for you, then don't use the service.

Be honest. Some business owners, including restaurateurs, need someone to hold their hands every day or have a business in which accounting is core to their service or product offering.

Outsourcing doesn't work in every situation, but when there is a fit, it is hard to argue with better financial reports, visibility and professionalism, as well as lower costs. Outsourced bookkeeping may be new, but with those benefits, it is easy to see why it is here to stay. ■

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This article does not necessarily reflect the opinions of the editors and management at Nation's Restaurant News.

New technology and an emerging business trend have made it easier for restaurateurs to outsource bookkeeping duties.

