Breaking Barriers, Reaching New Heights

The Power of Outsourcing for Accounting Firms
We are amidst a period of profound change, where accounting firms are undergoing transformations like never before. Amidst this whirlwind, certain firms are seeking new avenues to achieve rapid growth. Their solution lies in the game-changing strategy known as “The Outsourced Accounting Model,” a deliberate approach to scaling business operations.

Many accountants concur, stating, “Outsourcing provides the bandwidth necessary for them to engage in client conversations, ultimately leading to increased work opportunities.”

With a seamless blend of efficiency and expertise, “Outsourcing proves to be an effective method for creating an Affordable, Capable, and Scalable team that enables Accounting Firms to Grow & Scale.”

Furthermore, some hold the belief that “Outsourcing accounting is more cost-effective than hiring in-house staff to manage the finance function.”

The trends in adoption speak volumes: 59% reduced costs, 47% resolved capacity issues, 31% enhanced service quality, and 57% achieved a focused approach on core business activities by entrusting specific operations to trusted third parties.

Nonetheless, a stigma lingers around outsourcing, deterring some from embracing its undeniable benefits. It’s time to dispel these misconceptions. In reality, outsourcing bridges talent gaps, broadens service offerings, reduces costs, and drives substantial profits and margins, enabling firms to scale at an impressive pace.

Within this white paper, we eagerly anticipate sharing how outsourcing aids growing accounting firms like yours in overcoming pressing challenges, propelling their practices to the next level. The time has come to redefine the norms, rewrite the playbook, and embrace a new chapter in the realm of accounting.

Are you prepared to embark on this transformative journey, reaping the rewards of outsourced accounting and shaping the future of your firm?
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Introduction

The global finance and accounting business process outsourcing market is poised to experience a compound annual growth rate of 9.1% from 2023 to 2030, projected to reach a remarkable USD 110.74 billion by 2030.

An emerging transformation is sweeping through the accounting landscape, reshaping the operational dynamics of firms. Forward-thinking leaders, much like yourself, are contemplating the potential of outsourced accounting – an enchanting solution that liberated them from the daily grind and propelled them to new pinnacles of achievement.

Meet George and Blair, stewards of an accounting firm for the past decade. Their reputation for unparalleled service had clients queuing at their doorstep, solidifying their status as go-to accountants for small and medium enterprises. Yet, success ushered in novel challenges. As their clientele expanded, so did the ever-mounting heap of paperwork. Balancing intricate bookkeeping tasks, navigating a labyrinth of ever-evolving regulations, managing payroll intricacies, and staying abreast of advancing technologies felt akin to unraveling a Rubik’s cube while blindfolded. Late nights and weekends metamorphosed into the norm, leaving scarce moments for their personal lives.

Seeking a glimmer of hope, George and Blair attended the Accounting Expo in Florida. The vibrant booths beckoned them, and the enlightening sessions, adorned with keynote speakers addressing the trials accountants and bookkeepers face, held the promise of unveiling the keys to surmounting such challenges. In these sessions, they discovered how modern digital accounting technologies, coupled with strategic outsourcing, could amplify their efficiency, effectiveness, and ultimately, their profitability.

At the Accounting Expo, numerous accounting firm proprietors echoed sentiments that underscored the challenges they encounter.
FREQUENTLY HEARD ISSUES
According to the U.S. Bureau of Labor Statistics, in the U.S. 6.3 million people left their jobs, and there were over 11.5 million open positions (a series high).

Finding & Retaining Quality Staff

The battle for accounting talent stands as a significant concern, grappling with a disconcerting decline in fresh entrants to the profession. The task of luring and maintaining proficient team members has evolved into a formidable obstacle, set against the backdrop of fierce rivalry within the recruitment arena.

A pronounced decrease in accounting graduates, accompanied by a parallel dip in emerging accountants, coupled with a shifting preference towards alternative career paths such as technology and finance, has left accounting firms grappling with challenges pertaining to staff engagement and the identification of their future leaders.
Not Having Enough Time to Match Increasing Workload

Irrespective of a firm’s workforce size, an unwavering reality persists – the demands of clients. As these demands surge, the clock evolves into an adversarial force, scrutinizing their efficiency and sanity. The ceaseless procession of tasks obstructs productivity and exacts a toll on work-life balance.

Urgent deadlines, incessant client appeals, and an array of responsibilities accumulate, leaving scarce breathing space. Accountants must face this persistent time constraint armed with strategic time management methodologies, adept delegation, and the incorporation of automation.

82% of accountants say companies are more demanding these days.
Struggling to Implement Automation & Technology

The swift influx and profound impact of new technologies bestow a myriad of challenges upon accountants, ranging from the mere task of keeping stride with these advancements to the imperative of leading the charge. Embracing novel technologies and disruptors remains pivotal, as maintaining relevance within the perpetually shifting accounting terrain takes precedence.

Although talent and managing complexity are clearly top issues, the evolution of the practice and services through technology advancement continues to be the greatest opportunity for the profession – and the best way to manage the talent and complexity challenges.

- Erik Asgeirsson, CEO & president, CPA.com
Turning Away Business Due to Bandwidth

Finding work is not an issue; finding people to do the work is a critical issue.
- Glen Weyenberg, president of SVA CPAs in Wisconsin

Despite the aspiration to seize every opportunity, accountants are often constrained by limited resources, compelling them to make arduous decisions. Encompassed by existing obligations, the apprehension of compromising service quality looms prominently. This perpetual balancing act places accountants in a dilemma between prospective expansion and the preservation of client relationships. In the absence of alternatives, accounting firms focus on clients that offer the greatest potential and judiciously employ their restricted resources.
The Cost of Staff does not Match Pricing Pressure from Clients

Aiming to strike a balance between the necessity for certified professionals and clients’ insistence on cost-effective services, accounting firms find themselves navigating a challenging tightrope. The endeavor to sustain competitive pricing while adequately remunerating skilled staff poses a significant predicament for these firms.
As the month draws to a close, accountants frequently discover themselves engulfed in a whirlwind of tasks and imminent deadlines, regardless of the sector they cater to. Nonetheless, both technology and internal procedures contribute significantly to the challenges they encounter when striving to finalize month-end tasks.

Client reported delays, incongruent data, juggling numerous clients, and recurring processes compound the array of factors that impede the pace of monthly financial reporting.
The enduring challenge encountered by accounting firms revolves around the search for and recruitment of staff adept in their designated accounting software. The shortage of talent possessing the requisite proficiency erects a substantial obstacle, impeding firms from achieving peak operational efficiency.

Firm leaders must flip the mindset from "We have a staffing shortage" to "We need to change how we operate and do business."
Dispelling Concerns of Outsourcing: When Headwinds Turn into Tailwinds

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<td>Will Outsourcing Partners Carry Out Accounting Tasks that Uphold My Professional Standards?</td>
<td>When you collaborate with an outsourced accounting service provider, undoubtedly, your foremost priority is upholding professional standards. Esteemed outsourcing partners comprehend the importance of maintaining your professional benchmarks and are dedicated to providing exceptional service.</td>
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<td>Do Outsourcing Partners Provide Tangibility?</td>
<td>Indeed, outsourcing partners provide tangibility through their deliverables and results. Their services yield concrete and measurable outcomes that harmonize with your business objectives. From precise financials to timely completion of accounting tasks, outsourcing partners ensure palpable and discernible outputs that significantly contribute to your firm’s prosperity.</td>
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<td>How Will Outsourcing Partners Address Communication Barriers?</td>
<td>Owing to geographical distance, this emerges as a shared concern for every accounting firm. Nevertheless, to tackle this, outsourcing partners harness contemporary communication technologies such as video conferencing, instant messaging, and project management tools. Through these means, they transcend geographical limitations and establish a seamless yet potent communication channel.</td>
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<td>Are There Security Risks Associated with Sharing Sensitive Financial Data?</td>
<td>This concern is now allayed as outsourcing partners hold certifications in ISO 9001:2015 and ISO 27001:2013, guaranteeing data security and a robust quality management system. Furthermore, they institute non-disclosure agreements and confidentiality protocols, providing an additional layer of safeguarding.</td>
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<td>Can an Outsourced Accounting Provider Truly Understand the Intricacies of Diverse Industries?</td>
<td>The outsourced accounting provider possesses the expertise and adaptability to grasp the intricacies of diverse industries. Through investments in specialized knowledge and ongoing training, they cultivate deep insights into the distinct challenges and requisites of various businesses. Clear communication channels and regular interactions with clients empower outsourced accounting providers to capture the nuances of each industry they serve.</td>
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Outsourcing
The Secret to Scale Business Operations
Beyond demanding tasks such as the escalating daily workload, client expectations, and the swiftly evolving technology landscape, a well-guarded secret has propelled accounting firms to soaring levels of achievement – outsourcing.

Elevating business operations through a white-label partnership can prove astute for your firm, provided it’s executed adeptly. This avenue enables accounting firms, like yours, to amplify business operations, elevate efficiency, and unleash latent potential.

Take a brief glimpse at how you can harness the full potential of outsourcing for your firm.
Cost Saving Opportunities

An average finance department generates 1,400 hours of productivity per employee annually, with the remaining hours absorbed as a fundamental cost of maintaining the department. This leads to lingering unused hours, incurring an ongoing expense. Through outsourcing, you exclusively pay for the services required.

Firms possess the capability to align with your cash flow realities and bridge organizational gaps in risk, guaranteeing optimal returns on your investment. Whether embracing full outsourcing, co-sourcing, or specialized resource enhancement, the decision rests in your hands, enabling you to seamlessly address transient staff deficiencies.

What’s even more advantageous is the elimination of concerns about personnel-related carrying costs or turnover. You can smoothly scale down or up as needed. Venture into a future defined by streamlined efficiency, where the need to allocate time and resources towards training and recruitment, which strains your in-house capabilities, becomes obsolete.
Access to Expertise

Outsourced accounting experts live, eat, and breathe their work. Their steadfast dedication and deep engagement in their field ensure precise and budget-friendly solutions.

Through collaboration with these firms, you can rest assured that only skilled professionals are managing your clients’ financial matters. They collaborate with a diverse array of businesses spanning various industries, thereby assimilating the requisite expertise and optimal practices to enhance your operations.
Avoid Turnover and Time-off Issues

Your team members are invaluable assets, propelling your rapid expansion. Yet, the absence of a team member due to illness, vacation, or, in the worst-case scenario, departure, can result in a heightened workload.

By outsourcing your backend operations to a third party, such challenges become relics of the past. Should the designated contact person be unavailable, their team can seamlessly step in to assist if necessary.

Moreover, the cost associated with employee turnover is substantial when someone exits your firm. This encompasses sizable recruiter fees, protracted search periods for the right candidate, and the subsequent training process. If the new hire struggles to adapt or lacks proficiency with your accounting software, the cycle may need to restart, inducing significant frustration. Outsourcing backend operations relocates these responsibilities, allowing you to concentrate on amplifying revenue generation and propelling your business forward.
Save Valuable Time

Outsourcing backend operations liberates time, eliminating the need to oversee staff or offer guidance. Outsourced accounting teams are adept experts, proficiently managing your needs through their talented workforce.

This reclaimed time can be allocated to devising and executing growth strategies. Furthermore, your pivotal resources can utilize this surplus time to cultivate advisory competencies, thus delivering added value to your clientele and effectively implementing any feedback received.
Ability to Scale Up or Down

Many accounting firms experience variable demands for bookkeepers and accountants. The peak tax season ushers in clusters of new business opportunities. The workweek for staff transitions from a harmonious work-life balance to an unending juggle amidst piles of paperwork. Consequently, firms grapple with the task of harmonizing backend operations with existing capacity.

However, the workload drastically recedes post the culmination of the tax season. Consequently, newly onboarded accountants become superfluous, contributing to the burden of resource expenses. Outsourcing empowers you to tap into a talent pool precisely when needed, facilitating the scalability of your practices while sidestepping unwarranted hikes in overheads.
Driving Accountants to New Heights

Lisa Wells, the CEO of My Personal CPA & Financial Planner, LLC, optimizes and scales business operations by transitioning to an outsourced accounting model. She adeptly addresses the mounting workload and complexities of managing in-house operations through our premier outsourced accounting practices.

This fruitful partnership sprouted from a mere two phone calls in January, a testament to our swift onboarding process. The communication of requirements, project updates, as well as weekly and monthly reports flowed seamlessly through Teams and Office 365 Online tools. File sharing transpired via Dropbox, a preferred communication channel for Lisa Wells.

We diligently heeded her input and took comprehensive notes, fostering a fluid comprehension of the workload and requisites.

Initiated in January, the collaboration commenced with a sole Full-Time Equivalent (FTE) member, yielding remarkable outcomes. By February, the firm bolstered its strength to two FTEs, and the momentum continued to surge, culminating in further team expansions come March. She seamlessly transferred over 300 hours per month to our team.
In a Nutshell

The transformative potential of outsourcing for accounting firms is unequivocal, providing a pathway to unparalleled efficiency, growth, and the expansion of business operations.

By dispelling the misconception surrounding outsourced accounting and embracing this progressive shift in paradigms, you can confidently seize fresh opportunities, redefine your potential, and deliver excellence to your clientele. Ultimately, this results in a transformation of your firm’s operations, allowing you to allocate more time to nurturing advisory capabilities and ascending to new pinnacles of achievement.

The moment to take action and harness the prowess of outsourcing is at hand. Embark on the journey towards operational excellence by transcending boundaries, embracing innovation, and unlocking the complete potential that outsourcing offers.
Sources

- TeamStage
- Auxis
- CPA Practice Advisor
- Balance Everything
- Grand View Research
About Pacific Accounting and Business Services (PABS)

PABS provides a full range of accounting services. PABS knows that running a business is hard work. For the past 14 years, PABS has been providing businesses across the globe with precise, consistent, high-quality accounting, tax, and bookkeeping services. As leading experts in financial management, our team of 850+ certified professionals based in eight locations globally is ready to customize innovative, proven solutions to meet your unique needs.

Our 3200+ clients include small and medium businesses ranging from tax and accounting firms, nonprofits, franchises, auto care, retail, and manufacturing & distribution to restaurants, construction, property management, and more.

Our degreed, experienced, and customer-focused accounting professionals have a proven track record of delivering results. We know what it takes to streamline financial operations, reduce costs, improve internal controls and increase profitability. We are proficient in industry-leading accounting software that drives better outcomes for your business.

For the past 14 years, PABS has been providing businesses across the globe with precise, consistent, high-quality accounting, tax, and bookkeeping services.

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