

Outsourced Accounting Considerations

As the economy slowly recovers from COVID-19, small businesses will face a myriad of decisions that will impact their ability to prosper and prepare for future growth. An accounting service can ensure that your payables and receivables are recorded accurately. However, a Client Advisory and Accounting Services (CAAS) firm can provide your organization with cost-effective on-demand expertise to help you navigate these remarkable times.

Here are some indicators that signal you should partner with a Client Advisory and Accounting Services firm.

- **You need time to innovate.** Companies that will thrive in these times will have time to focus on how to improve their current services or products and continue to adapt to the changing demand in the economy. Outsourcing the accounting function to a CAAS firm will provide you a knowledgeable resource to help you execute on your evolving business plan.
- **Access to broader resources.** Companies focused on growth often have limited resources to accomplish their goals. A CAAS firm will provide your company with staffing flexibility and access to multilayered skill sets. Outsourced accounting services cost a company approximately 30% less than building and maintaining an in-house accounting department. A CAAS firm is well- equipped to provide your company with transactional, financial, and strategic advisory support on demand.
- **Cash management is a stretch.** Reliable information from your accounting system will allow you to make sound decisions about succeeding today without sacrificing tomorrow. A CAAS firm will be able to provide insight on how to conserve cash while still growing your business. For example, a CAAS firm can determine the rate at which a business is using its cash and help establish a business' cash needs. This assists the owners of a business in identifying the degree of expense cuts and/or revenue increases necessary to sustain business operations or accelerate growth. In addition, a CAAS firm will establish processes that will provide you with timely information regarding the company's cash position so that you can make informed decisions about how to fund capital expenditures or increase payroll for future growth. Establishing a cash management plan will assist you in executing your company's business goals.

- **Financial reports are not timely or insightful.** Successful businesses rely on financial data to make business decisions. A CAAS firm will be able to customize reporting so that you are getting information that will give you visibility into your business. For example, it is important that you know which customer or product line is the most profitable so that your sales team can focus their efforts. Whether you need to provide your financials to a lender or investor, the ability to present accurate financial information will be crucial to obtaining additional funding resources that can finance your business. A CAAS firm can provide you with the support you need to ensure stakeholder confidence in the accuracy and quality of your financial information. In addition, every industry measures success through industry benchmarks and it is important that you continuously assess your business's performance and make data-driven decisions to optimize profitability.
- **Accounting processes are inefficient, and controls are weak.** Outsourced resources can help streamline your processes by using automation and integration to optimize the use of your accounting software. Automating certain accounting functions can cut down on time spent in the back office, but more importantly, with the implementation of easy workflows and controlled processes, you will decrease your organization's risk of fraud. According to the Association of Certified Fraud Examiners' 2020 Report to the Nations, small businesses suffered the greatest losses to fraud, averaging \$150,000 per occurrence compared to \$140,000 per occurrence for large public companies who have the resources for strong internal controls. A CAAS firm has risk advisory services that can be tapped to create processes that are efficient but still reduce fraud risk.

Client Advisory and Accounting Services firms are the best comprehensive solution for companies that are ready to outsource their accounting work. CAAS firms provide you with a robust accounting team without having to invest in creating and maintaining that team in-house. Early-stage companies may focus on the transactional accounting team initially, but eventually, as they look to grow their need for financial and strategic support will be critical. Engaging a CAAS firm early in your company's life cycle enables your outsourced accounting team to set up your accounting systems and processes to eventually facilitate the financial reporting and strategic advisory services that you will need to maximize profitability and growth.

You can rely on Centri to be your Client Advisory and Accounting Services firm. We can help you navigate these uncertain times today and accelerate your growth in the future. Our focus has not changed, regardless of what is happening around us.



Hanita Patel, CPA

Director, Outsourced Accounting Services

hpatel@centriconsulting.com

Centri Business Consulting provides the highest quality finance and accounting consulting services to its clients by being reliable and responsive to their needs. Centri provides companies with the expertise they need to meet their reporting demands. Centri specializes in financial reporting, internal controls, technical accounting research, valuation, and CFO advisory services for companies of various sizes and industries. From complex technical accounting transactions to monthly financial reporting, our professionals can offer any organization the specialized expertise and multilayered skill sets to ensure the project is completed timely and accurately.

For more information, please visit www.CentriConsulting.com