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SPOTLIGHT ON:

Recruitment - Should you hire
or outsource accounting?



SHOULD YOU HIRE OR OUTSOURCE ACCOUNTING?

Running a successful business entails astute financial management, and at the core of this is the crucial decision of how to handle your accounting needs.

Should you bring a full-time, in-house accountant into the fold, or does the more flexible route of outsourcing better suit your business objectives?

In this in-depth exploration, we'll dissect the pros and cons of each option, providing you with comprehensive insights to empower you in making an informed decision aligned with the unique goals of your business.



NAVIGATING YOUR ACCOUNTING NEEDS

In the contemporary business landscape, outsourcing financial services has become a prevalent strategy for organisations seeking enhanced efficiency and specialised expertise. Several key factors contribute to the higher rate of outsourcing in the financial sector:

Evolving business dynamics:

The dynamic nature of the UK business environment has prompted businesses, particularly in the financial sector, to reassess their operational models. Outsourcing tasks like accounting and bookkeeping offers the flexibility needed to adapt to changing market conditions and regulatory landscapes.

Cost considerations:

Cost efficiency remains a primary driver for the outsourcing trend in financial services. By engaging external service providers, organisations can control and reduce their operational costs, allowing for a more streamlined allocation of resources.

Access to specialised skills:

Outsourcing financial services provides access to a diverse pool of specialised skills and expertise without the cost of hiring a full-time employee. External partners often bring a wealth of experience, industry-specific knowledge and an outside perspective, contributing to improved service quality.

Technological advancements:

The rapid evolution of financial technologies, such as cloud-based accounting, has accelerated the outsourcing trend. Companies seek partners with advanced technological capabilities to stay competitive and leverage the latest innovations without incurring substantial internal development costs.

Regulatory compliance:

Navigating the intricate landscape of financial regulations is a complex task. Outsourcing allows businesses to tap into the compliance expertise of external providers, ensuring adherence to evolving regulatory frameworks.

Increased focus on core competencies:

By outsourcing financial services, organisations can redirect their focus towards their core competencies. This strategic shift enhances overall business performance as internal teams concentrate on key functions while leaving specialised tasks to external experts.

Outsourcing statistics for the UK show that around 70% of B2B companies outsource key tasks and processes to third parties in order to meet their goals. The most commonly outsourced skills for small businesses include accounting (37%), IT tasks (37%), digital marketing (34%), and human resources and development (28%).

This is largely due to the fact that small businesses often do not have the required skills and proficiency for important business processes such as accounting, which they choose to supplement with virtual and outsourced accounting services.

Other statistics show that up to 28% of companies outsource for payroll tax purposes.

While these figures show that outsourcing accounting tasks is on the rise, is that the right option for you? Let's look at the advantages and disadvantages of both.

WHAT ARE THE PROS AND CONS OF HIRING AN IN-HOUSE ACCOUNTANT?

Pros:

- **Immediate accessibility:**
A full-time, in-house accountant is readily available for real-time financial support and guidance.
- **Deep understanding of business:**
Training an in-house accountant means they can develop an in-depth understanding of your business, tailoring their approach to your specific needs.
- **Direct oversight:**
Direct supervision allows for tighter control over financial processes and ensures compliance.
- **Customised solutions:**
An in-house accountant can craft bespoke solutions aligned with the intricacies of your business.
- **Cultural integration:**
Seamless integration with the company culture.

Cons:

- **Less flexibility:**
Fixed salaries, benefits, and overheads for a dedicated finance professional can become especially burdensome during economic downturns.
- **Limited specialisation:**
While an in-house accountant can build a comprehensive understanding of internal processes, they may lack specialist knowledge or experience in other areas.
- **Dependency:**
Over-reliance on a single individual, posing risks during vacations, sick leave, or staff turnover.
- **Recruitment challenges:**
Although you can tailor the recruitment process to fit your business needs, finding the right talent can be time-consuming, with potential mismatches.

WHAT ARE THE PROS AND CONS OF OUTSOURCING ACCOUNTING?

Pros:

- **Cost efficiency:**
Outsourcing allows businesses to pay for specific accounting services instead of a full-time salary, reducing fixed overheads.
- **Access to expertise:**
Working with an outsourced accounting firm can give you access to a diverse talent pool and more specialised skills.
- **Scalability:**
Flexible remote accounting services can scale with your business needs, ensuring you always get the right level of support.
- **Focus on your area of expertise:**
Outsourcing your accounting responsibilities allows the in-house team to concentrate on core business activities and more high-level decision-making.
- **Outside perspective:**
Experts outside of your organisation can provide a valuable outside perspective, helping you see the bigger financial picture more clearly.

Cons

- **Communication challenges:**
While recent technological developments have made it easier than ever to collaborate with your outsourcing partners, communication is often more straightforward with in-house accounting teams.
- **Less control:**
Outsourcing can reduce your workload, but also means relinquishing some control.
- **Security concerns:**
If you outsource your accounting tasks, it's vital to choose a firm that protects your sensitive data.

MAKING AN INFORMED DECISION

	Hiring an in-house accountant	Outsourcing accounting services
Upfront costs	<ul style="list-style-type: none"> • Salaries and benefits • Recruitment expenses 	<ul style="list-style-type: none"> • Contractual fees • Initial setup expenses
Ongoing costs	<ul style="list-style-type: none"> • Training and development • Office space and utilities 	<ul style="list-style-type: none"> • Per-hour or per-project rates • Communication tools and technology
Variable costs	<ul style="list-style-type: none"> • Potential overtime payments • Bonuses and incentives 	<ul style="list-style-type: none"> • Additional service charges • Contractual adjustments
Long-term costs	<ul style="list-style-type: none"> • Pensions and retirement plans • Employee welfare programs 	<ul style="list-style-type: none"> • Contract renewal considerations • Transition costs (if switching providers)



CHOOSING THE RIGHT TYPE OF FIRM

If you decide to outsource and want to build a successful partnership, choosing the right accountancy firm is crucial.

To ensure a positive outsourcing experience, you should work with an accountancy firm that specialises in supporting businesses like yours.

*“Outsourcing statistics for the UK show that around **70%** of B2B companies outsource key tasks.”*

The right firm will also maintain regular and transparent communication and seamlessly integrate its processes into your day-to-day business operations.

By opting for a tech-savvy firm that understands your business and keeps you updated, you can develop a collaborative and responsive partnership that goes beyond the traditional periodic touchpoints. That way, you'll receive the support needed for your business to thrive.

MAKING THE RIGHT CHOICE

In the ever-changing landscape of the UK business environment, the choice between hiring an in-house accountant or outsourcing accounting services requires careful consideration.

Each option presents its own set of pros and cons, and the right choice depends on your business's unique needs, financial situation, and long-term goals. Conducting a thorough analysis, considering immediate costs, long-term sustainability and adaptability is imperative.

Whether you opt for the stability of an in-house accountant or the flexibility of outsourcing, the key lies in aligning your accounting strategy with the overarching financial health of your business. The flexibility, expertise and cost-effectiveness outsourcing offers make it the right fit for many modern businesses.



**Don't leave this choice to chance.
Come straight to the source and speak to us.**

Chandlers

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