



COMPANY GROWTH CONSULTANTS



## **Free Yourself From Drudgery And Add £'000's To Your Profits At The Same Time!!**

### **Let's Look At The Problem:**

Like most people that go into business on their own, your number 1 priority is the product/service that you established their business to sell/provide. In the early stages of business all your energy is taken getting the business up and running and the records, apart from sales bits, will probably take a very back seat for a long time. The fact is that running a business in the early days involves so many hats for you to wear. You have to be the sales director, buyer, production department and quality control. You also have to become a receptionist, office clerk, helpdesk manager, operation manager, filing clerk, photocopy expert, letter writer, envelope stuffer and stamp licker.

It is no surprise to anyone that the day to day bookkeeping gets overlooked!

There is generally very little thought given to the books until a VAT return drops onto the mat, or you take on an employee that needs wages and PAYE calculating, the bank manager rings about the overdraft, or you receive a letter about a proposed VAT inspection!

What happens then is a mad dash to catch up with the books, tracking down all those illusive invoices that you know you have had but can't find, wondering why your bank account is more overdrawn than you thought but don't know how to put in the rent, car hp, business rates etc., that go directly out the bank which had been forgotten because you didn't write cheques out, suddenly finding out your best customer now takes nearly 90 days each time to pay instead of the 30 days you agreed.

At this point, generally one of two things happen:

Firstly, and most usual, is that the business owner makes an executive decision to fudge over the gaps and things known to be missing whilst firmly promising to dedicate more time to straighten things out next quarter when things are quieter. Except that this never happens and the errors and mistakes just compound each other and become too big to even think about tackling – just let the accountant sort it out at the year end! What the business owner doesn't know is that accountants love clients like this and can justify fees up to £150/hour for many hours to bring things into line.

Secondly, the business owner resolves to put this right and takes steps to keep the books up to date, either by employing a bookkeeper directly at a cost of at least £15,000 per year, or by outsourcing the amount of work needed to be off-loaded to an outside organization at a considerably reduced cost than that dedicated bookkeeper.

### **What Do You Mean By Outsourcing?**

The way outsourcing works is very simple. An overloaded business gives an agreed amount of work to a specialist company. It could be at one end of the spectrum, as little as running the payroll each week, or at the other end of the spectrum, completely passing all the book work completely over leaving the business merely producing sales invoices – nothing else. All the collection of cash, payment of bills etc., is handled by the outsourced company on behalf of the business, with none of the business customers or suppliers being aware of

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anything. Changes in location are explained away as "we have moved our accounts department to this new address."

There are many stages in between the above extremes. Most businesses are content to deliver all paperwork, cheque books, paying in books etc. each month and leave the outsource provider dealing with all the official recording, reconciling, on-line filing, PAYE calculations, VAT returns. What a weight off the mind of the business owner!!

No deadlines missed, no VAT surcharges, no premature Tax or VAT inspections due to continual late filing or suspect entries on their official forms.

You are then left with exactly the amount of bookkeeping you are comfortable with and you can fully relax knowing all their books are being looked after by professional people, confident that all requirements are being met.

### **How Does This Add £'000's To My Profits – It All Sounds Like A Big Cost To Me?**

The simple truth is that you are the only person who really adds to business profits by the things you do. A member of staff, no matter how dedicated, cannot match the earning potential of you, the entrepreneur. They don't have the passion, the authority, the vision or the determination. Why? Because they are being paid regardless of the extra profits they bring in so what is the incentive. If they could generate the same level of profitability as you, they would be running their own businesses, not wasting their time on a salary.

Imagine for a moment..... no more bookkeeping in your work cycle.

How many hours do you now spend each week, or month – after resolving not to let things slip back into the terrible mess you got into in the early days of the business? Is it 1 hour/week - 5 hours/week or maybe more because things never seem to balance out and you pour over them for hours to get them right?

If you were released from this weekly nightmare, what would you do?

There are many possibilities of course, but one of them is to devote more time to the one activity that brings in more money to the business – Marketing.

Any business that has been running for a while knows that continued marketing is essential. Without it there would be no customers at all!

Marketing needs to be done regularly to ensure the business has a constant stream of new and developing customers.

Any business owner that chooses to invest the time freed up from bookkeeping into marketing can easily multiply the profits of the business without limit.

That is a far better use of your time and far outweighs any costs involved in the outsourcing process.

Then....

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You could then take this one step further....

If you already employ a person in house to keep your records and books, imagine how much more profitable that employee could be if they were released from the books to learn the art of marketing. At least, learn enough to help you strive to continually grow your business and your personal wealth.

### **Different Levels Of Outsourcing For Your Bookkeeping:**

As we discussed earlier, outsourcing can mean different things to different businesses.

Generally, there are 2 main levels:-

1. You take your prime records round to the outsourcing company at regular intervals, weekly, monthly or unusually, quarterly. These papers would include sales invoices, paying in book, cheque book, purchase invoices, petty cash vouchers etc. In fact all your bits of paper for the week/month/quarter. At this level you will not really see your records unless you ask but will get regular reports.

This is the normal way entrepreneurs use this type of service.

2. You hand over everything to the outsourcing company and re-direct all future letters, supplier and bank statements to your new "accounts office". It is likely you will retain the issuing of the sales invoices but you will probably find, in a good quality outsource partner anyway, that you log into their server (where your records are kept) and issue the sales invoices from there directly. The outsource company then collects your money from customers and banks it for you, pays your bills and wages by BACS and monitors your bank account tightly. You should be able to log into your records at any time, day or night, to check on things, print off reports, monitor cash flow etc.

This is a much more unusual method and works out much more expensive than option 1 above. This is because the software involved at the Outsourcing company will be specially written to ensure you would be able to log into your books on their servers and maintain strict security over your own books, and those of other people logging into their books at the same time.

### **What Are The Main Advantages Of Outsourcing?**

To re-iterate the main advantages; Those of dedicating that freed up time on growing the business, knowing your records are right up to date and you can be happy that all questions from your Bank Manager, VAT Office, Inland Revenue etc., can be immediately and fully answered.

However, there are other advantages as well. You don't have to keep up any expensive annual renewal and support contracts for well known suppliers of bookkeeping software such as Sage, TAS, Quick Books and Mind-Your-Own-Business.

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You don't have to keep upgrading your computers each year of so just to make sure the new version of that bookkeeping software doesn't run out of steam as it grows and becomes ever more resource hungry.

You don't have to buy extra licences for that software as your business grows so that new employees can issue sales invoices.

You can retain complete confidentiality of your business results from employees much more easily if the books are not on site to be looked into.

You also get the benefit of having experts, including fully qualified Accountants and various grades of accounting staff, available to discuss matters with you throughout the year for no extra costs. Imagine the saving in a Financial Directors' salary of £100,000+ per annum alone, but still having access to one....

### **What Should I Look For In An Outsourcing Company?**

I can think of many questions that you should ask but the minimum would be:-

1. How secure is my data on your system?
2. What experience do the staff allocated to me have?
3. Can I speak to other businesses you look after to re-assure me?
4. What access will I have to my books and records?
5. Will you deal with my VAT visits and PAYE inspections?
6. What bookkeeping package will you use on my books?
7. Will you set everything up for me including the opening balances to ensure continuity – or will I have to have 2 sets of books in one year for my accountant to deal with?
8. Can you look after my accounts, corporation tax returns and self assessment returns as a complete package?
9. What procedures are in place to avoid catastrophic data loss in the event of fire, floods or other disaster?
10. What happens if I change my mind after a period of using the service?

Any good outsourcing service will easily answer these and many other questions and concerns you may have prior to embarking on this road – but I think the most reassuring is speaking to other clients who use the service. How does it work for them, how long have they used the service, what issues have arisen and how were they dealt with.

### **This Sounds Too Good To Be True – What Do I Do Next?**

I often say to clients that if something sounds too good to be true – then it probably is. However, in this case, outsourcing the bookkeeping work is a win-win situation.

You win because you acquire an expert team at your disposal, no longer is there a fear of mistakes, gaps, guesses, missed deadlines, un-filed employee forms, vat surcharges etc., and the outsource company win because they are dedicated to your business and involved completely in it and as you grow, they will grow.

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You will be astonished with the ease the whole thing works once set up and you will come to wonder why you didn't do it a long time ago.

Thank you for requesting and reading this report.

If you would like to personally discuss any matters raised by this report please do not hesitate to ring me today, completely free of charge, for a no-obligation discussion on **0800 047 0731**.

I look forward to hearing from you.

Kind Regards

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