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How to build a successful outsourcing strategy

Empower your accountancy and tax practice to thrive in a competitive marketplace by mastering the art of outsourcing strategy.



Outsourcing has emerged as a powerful strategy for accountancy and tax practices seeking to enhance efficiency, reduce costs, and access global talent. By developing a well-crafted outsourcing strategy tailored to your practice's unique needs, you can harness its transformative potential and set your firm on the path to growth and success.

With our guide, you can navigate the complexities of the outsourcing landscape and build a foundation for lasting success across all aspects of your practice.

1. Identify your practice's needs

The first step in creating an effective outsourcing strategy is identifying the aspects of your accountancy and tax practice that can benefit from outsourcing. This requires thoroughly evaluating your current processes and workforce, determining which tasks can be outsourced to improve efficiency and client delivery. Some areas typically considered for outsourcing include:

- **Routine accounting tasks:** Tasks such as bookkeeping, payroll, and accounts reconciliation can be time-consuming and highly suitable for outsourcing.
- **Tax preparation:** Outsourcing the preparation of



tax returns allows your in-house team to focus on tax advisory services and other high-value tasks.

- **Financial analysis:** An outsourced financial analyst can provide insights and reporting on your clients' financial performance without the need for full-time hires.

2. Set clear objectives for your outsourcing strategy

Once you have identified the tasks suitable for outsourcing, it's essential to set clear objectives for your strategy. These objectives should be specific, measurable, achievable, relevant, and time-bound (SMART), and may include:

- **Cost savings:** Estimating the potential cost savings from outsourcing, including reductions in overhead, labour, and training expenses.
- **Efficiency improvements:** Identifying operational efficiency targets, such as reduced processing times and faster turnaround times for client deliverables.
- **Quality enhancement:** Aiming for improved accuracy and reduced errors in financial reporting, as well as enhanced overall service quality.

3. Select the right outsourcing provider

Selecting the right outsourcing provider is critical for the success of your strategy. Factors to consider when choosing a provider include:

- **Relevant experience:** Ensure the provider has

a track record of offering accountancy and tax services and understands the industry's unique requirements.

- **Data security and privacy:** Assess the provider's data security and privacy practices, ensuring adherence to relevant regulations, such as GDPR.
- **Technology compatibility:** Evaluate the provider's technology platform to ensure seamless integration with your existing systems.

4. Establish effective communication channels

Smooth communication is vital for your outsourcing strategy's success, ensuring your in-house team and outsourcing provider collaborate effectively.

Establish communication channels to facilitate:

- **Task allocation:** Implement a process for

allocating tasks to the outsourcing provider and tracking their progress.

- **Feedback and performance monitoring:** Create a system for providing feedback and monitoring the performance of your outsourcing provider against predefined objectives.
- **Regular updates:** Schedule periodic meetings or calls to review performance, address any issues, and discuss potential improvements.

5. Ensure data security and compliance

Maintaining data security and compliance is crucial for accountancy and tax practices, particularly when dealing with sensitive financial information. Steps to ensure data security and compliance include:

- **Data encryption:** Confirm your outsourcing provider utilises encryption technologies to safeguard clients' data during transmission and storage.
- **Access control:** Implement strict access control



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- ISO 22301 certified for business continuity
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- ISO/IEC 27701 certified for privacy information
- Secure platform with full job management
- Job tracking as standard since 2006
- Process-driven mass customisation



measures, ensuring only authorised individuals have access to client data.

- **Regulatory compliance:** Conduct regular audits to ensure your outsourcing provider remains compliant with relevant industry regulations governing accounting and tax services.

6. Implement quality control measures

Quality control is essential for maintaining the utmost standards in accountancy and tax services. Implement measures to ensure quality control in your outsourcing strategy, such as:

- **Defined processes:** Establish standardised processes for your outsourcing provider to follow, detailing task completion requirements and best practices.
- **Performance monitoring:** Monitor the provider's performance regularly, evaluating it against predefined standards and rectifying any deviations promptly.
- **Continuous improvement:** Encourage ongoing improvement by providing feedback on areas where quality can be enhanced and discussing potential process improvements.

7. Adopt a continuous improvement mindset

A successful outsourcing strategy requires ongoing evaluation and refinement to ensure it remains effective and adaptable to evolving needs. Adopt a mindset of continuous improvement, focusing on:

- **Performance monitoring:** Periodically review your outsourcing strategy's performance against its objectives, identifying areas for improvement.
- **Process refinement:** Streamline and enhance processes, incorporating feedback from both your in-house team and the outsourcing provider.
- **Technology adoption:** Keep abreast of emerging technologies and explore opportunities for integration with your outsourcing strategy to drive efficiency and innovation.

By following these steps and employing a structured approach, you can build a successful outsourcing strategy tailored to your accountancy and tax practice's unique needs.

By focusing on identifying needs, setting objectives, selecting the right provider, establishing effective communication channels, ensuring data security and compliance, implementing robust quality control measures, and adopting a continuous improvement mindset, you can maximise the potential of outsourcing and drive your firm's growth and success.

Unlock the potential of outsourcing with AdvanceTrack

Building a successful outsourcing strategy for your accountancy and tax practice requires careful planning, implementation, and continuous improvement. By focusing on your practice's unique needs and employing a systematic approach, you can unlock the myriad benefits outsourcing has to offer, including cost savings, enhanced efficiency, and access to global talent.

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Take a long-term view on IT

'Don't get angry, get even', says Vipul Sheth, as accounting practitioners ponder investment in an inflationary period.

There has been much reporting about accounting tech providers upping their prices – much to the consternation of accounting practitioners.

Some sympathy is due – it's hard for practices to manage client pricing, particularly when their key software partners have taken a 'fluid approach' to pricing structures.

We are a tech-focused outsourcer, and therefore anything that might put doubt into accountants' minds about the importance of technology – or that discourages adoption – is negative for us. That's because we work with practices that have strong processes and, inevitably, that means they lean on technology to help them manage workflow and operations.

The harsh reality

But there are some stark truths that practitioners must face. Firstly, software companies, as well as practices, are looking to make a profit. Price increases are a natural part of a functioning economy – sadly, they're also inherently linked to an inflationary one, too. Another issue is that the tech providers often make 'too good to be true' offers to early adopting practices – and these offers never last.

We've also gone through what some might



call a 'wasted' period, where the accounting tech industry has looked to drive automation and workflow to help practices and their clients surmount MTD – which has of course been watered down and delayed again.

Not only are tech providers having to cover their costs, but practitioners have encouraged clients to improve their record-keeping – which also needs paying for. So, practices have had to make several changes: they've increased prices for their clients; evolved the client offering; and possibly changed their pricing structure. Therefore, if software providers move the financial goalposts by more than expected, that has led to some

difficult discussions between the practitioner and the client base.

Look to the future

My worry is that accountancy firms will look in the short-term at the cost of adopting tech, without considering the longer-term view. And this longer-term view isn't simply that 'tech is important', but appreciating what you want your firm to be in five years, and how it will offer a great service, will require IT investment.

I'd also hope that practitioners are working hard on both their pricing strategy and their client communication – there are two fundamental aspects to running a profitable firm. Having good technology and processes in place gives you the potential to broaden a client offering – whether it's tax mitigation, cashflow or forecasting to name but a few examples.

And the more that's automated and outsourced, the easier it is to set in place a value-driven pricing structure – you will also have more time to communicate with your clients. Finally, value pricing is an opportunity to split out client software subscriptions from your main billing.

None of this is easy or straightforward. But I hope that the software pricing discussion moves towards a more sober and value-driven assessment of your technology needs, rather than a knee-jerk dismissal of its benefits.

■ Vipul Sheth is MD of AdvanceTrack Outsourcing.



Celebrating our Accounting Excellence Awards winners

Firms that work with AdvanceTrack dominate the Accounting Excellence Awards 2023.



Image: Sift/Accounting Excellence Awards 2023

The carnival-like atmosphere of the Accounting Excellence Awards was even sweeter this year, as we celebrated alongside many winning firms that we partner.

Held at the Roundhouse in Camden, we first remembered the ‘soul of AccountingWeb’, John Stokdyk, who very sadly passed away earlier this year.

Onto the awards ceremony itself, and we’re proud to say that a large group of the practice winners (more than ten), use AdvanceTrack’s outsourcing/offshoring services.

A question we are often asked is ‘what are the traits of firms that partner with AdvanceTrack?’ Well, we’ve previously answered that question [here](#).

Common traits between the winners

It’s worth pointing out that, like your clients, no two practices are exactly the same. However, it will make sense that those practices with strong and efficient processes will be in a great position to leverage AdvanceTrack’s offerings. And there are some other similarities.

The biggest common thread is that there is strong leadership, a clear plan and – crucially – a will to use technology to drive their practice forward.

Another similarity is an upshot of their hard work; because of their plans and organisation, these practices all have strong growth. We love helping them achieve their goals, and we’d like to help you and your firm, so please [get in touch!](#)

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