

GUIDE

Why should you outsource?

Outsourcing payroll and accounting functions can be a great way for companies to save both time and resources. With cloud-based accounting systems and professional accountants on the team, you can choose to outsource all or part of the job, while making the company more profitable. Here are some great tips for what you should think about when considering outsourcing your corporate finance functions.

Payroll and accounting are often difficult and time-consuming jobs, and many companies feel that they either lack the necessary expertise in-house, or fall short when it comes to keeping up with the laws and regulations that apply at any given time. As a result, many companies feel that there are errors in the accounts, which could result in too much tax being paid or, as a worst case scenario, that tax penalties and coercive fines must be paid.

By outsourcing the payroll and accounting tasks to professionals with cutting-edge expertise in this area, the company can concentrate on its core business and know that everything is taken care of in a correct way.

BEFORE YOU OUTSOURCE THE PAYROLL AND ACCOUNTING FUNCTIONS, YOU SHOULD ASK YOURSELF THESE QUESTIONS:

1 What do I want to achieve by outsourcing?

You should always start by identifying the challenges faced by your company. Does the payroll and accounting work take too much valuable time? Do you lack the necessary expertise to achieve proper accounting and correct payroll payments? Is it too costly to have an internal finance department? Review your procedures and look into the areas where your company can streamline and where you can reduce costs.

2 Will it pay off financially to outsource?

An internal finance department carries a high fixed cost even if the workload of the employees fluctuates throughout the year. If you instead choose to outsource the payroll and accounting functions, you can ensure that you have enough qualified staff during the major peaks, without forcing the employees to work overtime. This way you save costs while ensuring that the quality of your work is not diminished by high levels of stress. On top of that, you avoid paying for employees you no longer need as the work pressure decreases. Costs are in other words scalable, which makes your company more agile and dynamic.

Some companies are nevertheless a bit intimidated when they compare the cost of hired labour with their own employees. It is, however, important to keep in mind that the hourly rate for a hired accountant cannot be compared to an employee's hourly salary, as employee costs such as employers' contributions and welfare costs are not immediately reflected. The hourly rate does also not take quality and efficiency differences into account, something that could provide the greatest impact.

3 Can I be confident that we will manage to comply with all the laws ourselves?

Payroll and accounting are strictly regulated by laws and regulations that are constantly evolving. New requirements and increasingly complicated regulations make it challenging for companies that do their own payroll and accounting tasks, to keep employees up to date. The outsourcing of accounting and other financial functions can therefore give companies increased confidence that all relevant laws are complied with and that the accounts are processed and reported in accordance with generally accepted accounting practices. In addition, you reduce the risk of the company encountering problems during periods of illness, holidays or layoffs.

4 Which solution would suit my company best?

There are many different providers that can handle your company's payroll and accounting work. Therefore, you may want to investigate what solutions are offered by the various providers and what would suit you best. With regards to payroll, for example, it could be a good idea for small companies to invest in a simple payroll service for a fixed monthly fee. This is a predictable solution that ensures that the employees get the right pay at the right time. For medium to large enterprises, the best solution could be to opt for a payroll service that is based on a combination of unit price per payslip hourly rates, with room for special customisations such as external reporting. As mentioned, payroll and accounting are areas with constant changes that are important to stay up to date on. That is when it is important to have efficient payroll programs that catch any errors and omissions.

5 Do I want to outsource all or parts of the payroll and accounting work?

It can often be worthwhile to share the work with an external accountant, so that you can spend your time on what you know and have the capacity for, while the accountant helps you with the rest. Cloud-based payroll and accounting solutions provides greater flexibility in terms of who solves which tasks, giving you the option of performing some of the tasks yourself. That way the company can to a greater extent concentrate on its own core areas, and your contact person can spend more time giving you advice that will help you make correct and profitable decisions.

Perhaps your company would like to keep the accounts and handle simple vouchers itself, but needs a partner who can make custom-made reports and help with payroll payments? Or perhaps you would like a specialist to manage all of the payroll and accounting work? The current financial systems are flexible enough to handle both – so you are the one who decides!

6 What should I look for in a supplier?

When you hand over all or part of your company's financial functions to an external supplier, it is important that the supplier you choose has good knowledge of both your company and the market in which you operate. It could also be a good idea to choose a supplier with strong expertise in several areas, such as accounting, payroll, HR, tax and finance. By outsourcing payroll and accounting features, you gain access to an expert team that works closely with your company, where people with different skills are constantly available to you.

A collaboration with an external supplier can help generate big savings for your company, including using new technology and more efficient payroll and accounting systems that reduce cumbersome and manual processes and can be custom-made and adapted to your company. At the same time, the company frees up time to concentrate on its core business.

We would be happy to have a chat with you about the opportunities for streamlining and savings with regards to accounting and payroll in your company.

Simplifying business.

