

Inside⁺ **OUTSOURCING**®

The newsletter for forward-thinking professionals



Test your limits

How do you find the limit to the amount of outsourcing your practice undertakes?

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Practice Compliance Outsourcing

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HMRC-recognised iXBRL tagging services ★ Payroll ★ Cloud bookkeeping ★ Dedicated offshoring

Is there a 'limit' to what you can outsource?

Understanding the limits of outsourcing require practice leaders to look at their own organisation, writes Vipul Sheth.

WHAT ARE THE 'LIMITS' for outsourcing and offshoring? How much can you, or should you, outsource? The question has arisen after reading a pre-summer [story in the FT](#) about concerns by the UK audit regulator about offshore teams making 'judgment calls' in relation to big audits.

The article states that the FRC notes an "increasing reliance on offshore teams and

"Anyone reviewing work and signing off against it requires faith that they have the full picture without having had to check everything themselves"

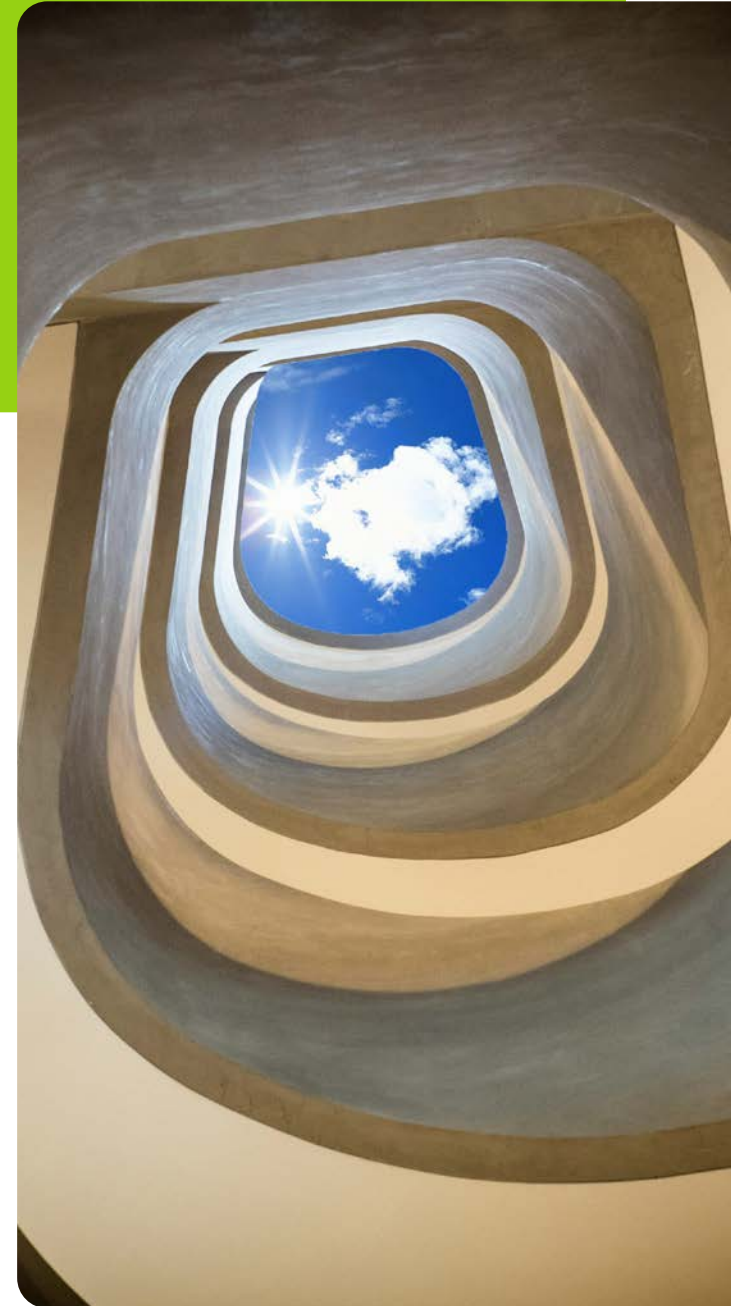
raised concerns about the quality of the work those teams were able to produce".

FUNDAMENTALS OF OUTSOURCING AND OFFSHORING

This story touches on the fundamentals of not only best practice in relation to the outsourcing/offshoring industry, but the standards to which accountancy firms and their in-house teams operate.

If we pare this down to the basics: well-trained people, wherever they are in the world, should be capable of doing great quality work.

However, what that looks like in practice is down to processes, technology, culture and a high-level understanding of the risks inherent in the work undertaken.



For example, an audit firm making a judgement call on how a billion-dollar provision has been treated by a client will likely require someone at partner level to make the ultimate decision. That doesn't mean that team members further down the rung haven't been involved in collating information upon which the decision is ultimately made – but the decision isn't their call.

Crucially, the best-case workflow for that example would be the same whether staff involved were in some way offshore, or not. Let's not kid ourselves of the myriad major auditor failures of the past 25 years – offshoring wasn't the problem.

“Big decisions and accountability fall onto leaders; that can't change. Otherwise, the only other limitations come down to the quality of people, processes and technology”

If outsourced/offshored teams can review, let's say, 10,000 invoices, and pull out three exceptions based on agreed-upon parameters, then someone up the chain makes an ultimate call on what to do with

those exceptions. Perhaps if the exceptions were considered low-level, then the team could sign it off themselves.

FAITH IN YOUR TEAMS

Ultimately, it comes down to good training, great processes and transparency. Anyone reviewing work and signing off against it requires faith that they have the full picture without having had to check everything themselves.

I would argue that if an offshore team isn't trusted to do the same work as an equivalent onshore team, then something is broken.

My initial question was: what is the limit when it comes to outsourcing and offshoring? Big decisions and accountability fall onto leaders; that can't change. Otherwise, the only other limitations come down to the quality of people, processes and technology – the sky's the limit. ■

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Vipul Sheth is founder and managing director of Advancetrack



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Five ways accounting firms lose good staff - and how to see it coming

Pre-empt team members leaving, and find a path on how to avoid it.

NO ACCOUNTING FIRM chooses to lose a great team member on purpose. Oftentimes, these moments can come unexpectedly, but not without some form of reason. When ensuring a solid, talented and tenacious team of accounting professionals, it's imperative that your processes are built to withstand issues that may appear.

Being able to take an objective look at the way a firm is running means more time for career development, new services, happier team members and a strong record of staff retention. The key is to be able to see it coming. We're here to help you pre-empt team members leaving and guide you toward a clear path on how to avoid it.

1 CAREER PLATEAUS

Talented, high-performing staff are usually seeking a path forward. Where there

is no clear career progression, instances of burnout can increase. If you want a team member who strives for more, make sure you are conducting regular check-ins to gauge what they would like their career progression to look like.

One subtle sign your team member has hit a plateau and has mentally checked out is they no longer show interest in development opportunities.

This is why monthly check-ins are so important. It makes your staff feel valued, heard and excited about their future while giving you the chance to inspire motivation and fix any issues that may affect their performance and/or happiness.

2 PEAK SEASON PRESSURE

The extreme deadlines and seasonality



of the accounting industry can add stress and pressure to a sometimes already strained situation. Issues arise when firms neglect their team by creating an environment that has:

- No flexible time during off-peak periods
- Lower compensation than other firms
- Absence of recognition and appreciation
- An atmosphere devoid of support, communication and check-ins

The answer here may seem simple, but it takes being able to look outside of your current workload to take care of your team during peak season. Encouraging a workplace that is comfortable delegating to other members, approaching a senior employee for help, and being able to voice their concerns when stress increases is

“Encouraging a workplace that is comfortable delegating to other members, approaching a senior employee for help, and being able to voice their concerns is crucial”

crucial. This comes down to a firm actively working on their internal culture and prioritising their team’s wellbeing both inside and out of peak periods.

3 UNREALISTIC CLIENT EXPECTATIONS

Managing client expectations is one

of the most integral skills a successful accountant can acquire. Being unable to handle those expectations can lead to a loss of good staff through lack of skills, burnout or feeling overwhelmed by demands. Communicate these expectations early in the onboarding process and have your client agree to what you’ve outlined to manage the relationship.

Setting clear boundaries about how you handle client requests, what time they are able to get in touch with you and pricing for scope is just as important. Some ways clients can add to staff turnover and how to combat this are:

- **Unreasonable turnaround time requests:** brief your team on how to clearly communicate to their clients about what is realistically able to be achieved within agreed timeframes. If anything is classed as a rush, inform the client of any additional costs before the work starts to cover your team’s time.
- **Hostile behaviour:** conflict/resolution is an incredible [soft skill](#) to possess. Educate your team on how to stay calm and professional, look to deescalate the interaction through empathetic language, and identify solutions that work for both parties.

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- **High maintenance, low margin:** A client may require an excessive amount of calls, emails and unnecessary demands. First, run the numbers to confirm that the data you have is correct. Following this, revise their pricing to reflect time spent handling their account. Support your staff by communicating directly to the client about their requests and what your firm can realistically provide. Finally, if no resolution can be found, you can seek to exit the professional relationship amicably.
- **Too many clients, too little time:** If a team member is feeling overwhelmed by the number of clients under their management, look to alleviate the pressure elsewhere. [Outsource work](#) to create space within their schedule, help them achieve turnaround expectations, and use the outsourcing provider as a valuable buffer for unpredictable tasks that may arise.

4 LACK OF FEEDBACK FLOW

The best accountants are observational and analytical by nature. When feedback only flows down the line, and team members don't feel a reciprocal ability to communicate their observations, team loss can occur. A warning sign is if a member of staff is giving generic, similar answers to cultural surveys each year or during regular

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check-ins. The lack of interest in voicing their opinion should be a giant *red flag*. This can often signal that their feedback has not been taken seriously, and changes haven't been made. Ensure the workplace culture is one that encourages regular, honest feedback without fear of repercussions. Not only does this mean your team will feel comfortable to share if mistakes are made, but it means the firm is able to run to its highest capacity, with exceptional support at its core.

5 INCONSISTENT FLEXIBILITY

Flexibility within the industry is an important draw for talented staff. Many Australian firms offer flexi-time, work from home (WFH), and hybrid working arrangements. When arrangements such as these become inconsistent, staff will

look to other firms to bridge the gap. Quiet resentment, loss of trust and high stress can result from these inconsistencies, adding to team losses. Some ways to stay consistent to workplace related promises can be:

- Include flexible working arrangements in their contract and outline expectations clearly so both the firm and the staff member are mutually beneficial.
- Base arrangements on productivity, not seniority. Performance should dictate flexibility rather than time spent within the firm.
- Review which communication software works best so that your team are within reach and still able to contribute effectively.
- Use [outsourcing companies](#) to increase the success of flexible arrangements, especially during peak periods. Outsourcing busy work can help to maintain consistency by absorbing compliance volume, ensuring your team is able to work flexibly year-round.

Firms that are intentional in their approach are sure to retain the highest-quality staff. The key is to be proactive, think outside of the box and be deliberate in your approach to create a team that is ambitious, supported and excited about what their career can offer them. ■



Case study: Podsourcing[®] pioneers

A practice that has partnered with Advancetrack over the long-term looks to evolve its direction of travel – using Advancetrack's latest service offering.

DESCRIBE YOUR PRACTICE TO US

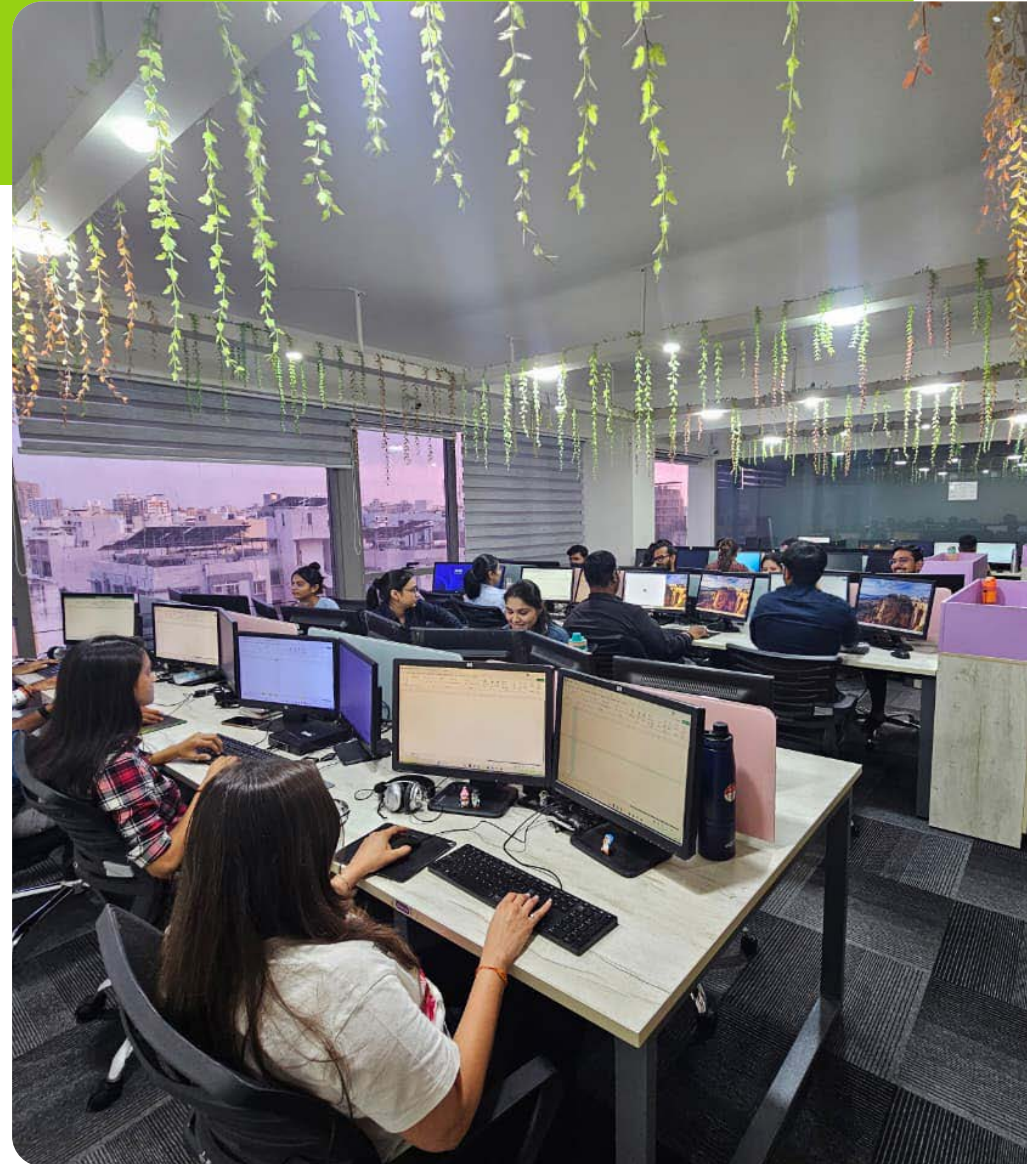
We're an independent, multi-partner, practice providing a broad range of services – with specialisms in farming clients and academies.

HOW LONG HAVE YOU WORKED WITH ADVANCETRACK, AND WHAT ISSUE/S WERE YOU LOOKING TO SOLVE?

It's been about ten years, and our partnership has evolved over time. At first the main reason – and something that's still relevant – is dealing with capacity overflow. Initially it was about dealing with peaks and troughs where we couldn't justify hiring another member of staff.

But it has also freed us up to support trainees, as well as provide backup if there is any illness in the team. Originally, it was solely for accounts production, but then our tax team wanted to try out what we were doing. The Advancetrack team were able to turn around work fast, and this particularly helped during tax season.

This continued for a while. We then thought it would be good practice to work with another provider too, so not all our eggs were in one basket. However, the service wasn't as good and promises weren't kept. At this point we began using Advancetrack's offshoring support as well.



Offshored staff are dedicated to your firm; they join meetings and they are someone you get to know as one of your team. It also helped with consistency and communication. Due to time differences, it also means that work can be passed on and is completed when you're back at your desk the next day.

Advancetrack are in the office earlier than us, meaning we can send things to them and half of its already completed, so work is constantly on rotation, which massively helps.

WHY DID PODSOURCING® FIT YOUR PRACTICE'S PLANS?

We felt that work was good and on time, but for us we wanted a dedicated team that we could always talk to. With outsourcing you have the portal that jobs get uploaded to and then sent back to us. Having offshored, where you often have an individual far away on their own, we realised that it was better

"A benefit of having a pod is we can look at our service delivery and find ways to provide deeper and more specialist advice to our clients"

to get a dedicated team that could be a part of us.

Podsourcing® is more personal – we can speak to someone preparing the job in real-time and they understand what we expect from them. They also have other members within the pod there to support them.

We know that the accountancy world is changing – we want our people working on the files but, once they've learned the way of

doing things, then we can upskill them and ultimately deepen our offering, and then move the file-work into the pod. We can have high-level conversations with clients having reviewed the work – it frees our time up to look at higher value offerings such as MBOs, funding and IHT.

WHERE DO YOU SEE THE FUTURE FOR YOUR PRACTICE, AND WITH ADVANCETRACK?

We believe there's as much work out there as you want – so a benefit of having a pod is we can look at our service delivery and find ways to provide deeper and more specialist advice to our clients. We expect to continue having a pod, grow it and use it to help us scale. Then look at the big changes on the horizon, such as the impact of MTD upon sole traders – what are their accountants going to do? We're trying to be ahead of the game; we're willing to take on more work! ■



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