



beam
BOOKKEEPING

How your bookkeeper can
**help you achieve
efficiency in your
business's finances**

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Unlocking your finance productivity potential, with balanced books and processes

- Have your financial and accounts management systems remained the same since you first established your business?
- Do you find some of your processes are time consuming, clunky or involve too many touch points?
- Do you find yourself adverse to change because, 'that's how we've always done it'?

If so, it may be time to review your internal processes for business efficiency.

How being more efficient in your business's financials is beneficial

Financial efficiency in a business can be defined as a measure of how well a business uses capital, labour, services/products, and materials to create revenue.

It is about being smart with your resources so you can generate more revenue and reduce your waste and/or lost time.

Financial efficiency is a critical aspect to any business - no matter the size - as it assists with:

- **Reducing costs:** This means using fewer resources while achieving the same, or better results. And lower costs help lead to increased profits.
- **Competitive advantage:** Operating more efficiently can often provide lower prices or higher quality products/services to customers, which will give your business an edge over your competitors.
- **Improved productivity:** it goes without saying an efficient business is a productive business! Efficient processes help streamline operations which allows employees to focus on tasks that provide value to the business.
- **Adaptability to change:** Efficient businesses are more agile and adaptable to changes in your industry, technology or regulations - you are able to thrive in dynamic environments.

If you're feeling unsure about inefficient financial practices in your business, you're not alone. Many small businesses and entrepreneurs face inefficiency challenges throughout the early stages of their business, as well as throughout their ongoing operations.

Some of these challenges can include high costs, reduced productivity, employee frustration, lack of innovation or difficulty in scaling.

An efficient business can be easier to achieve than you think with some external support. When you work with a bookkeeper, they can conduct a deep dive into your current processes to determine what is working for your business and what is working against it.

In this guide to financial efficiency, we will explore how to identify inefficient practices, lead indicators to manage lag indicators and how a bookkeeper can potentially help improve your overall financial position and outcomes.

Section 1:

Identifying inefficient practices and processes

Depending on the size of your business, as a business owner or Managing Director, you may not experience the day-to-day operations as frequently as your employees. This means you may not be aware of inefficient financial practices and processes, that could be causing frustration with your employees.

And as we know - frustrated employees can become dissatisfied in their role.

According to SEEK, 41% of employees leave their roles because of working conditions, which are impacted by business processes.

The first step to identifying inefficient practices in the business is working on the ground with employees and listening to their concerns with internal processes.

As the people who are following and implementing processes, they will be your eyes and ears to what may need to change within the business. It's crucial your team feels comfortable answering questions from you, as the business owner, without fear of judgement.

After speaking with your employees, allocate some time to review their thoughts and assess what is being done and why.

- Was the process implemented when you first started your business?
- Do you have more employees and the process doesn't work for a larger team?
- Does the process add value to the business?
- Could the process work if updated to suit the business's current position?

It's important to go in with an open mind about your processes. It's not a personal attack when a process you implemented is no longer working – because it doesn't mean it never worked in the first place!

Often as businesses grow, they outgrow processes and require change. Accepting this is a critical aspect to becoming a dynamic business and improving your efficiency.

Some other questions to ask yourself could be:

- What is the purpose of the process?
- Is there a better way we can achieve the same result?
- Are our processes documented and communicated effectively?
- If not, is this what is causing friction and affecting our efficiency?
- Are our processes adaptable to change?
- Are our processes scalable?
- Do the processes align with our customer needs?
- Are processes being regularly reviewed and updated?

All of these questions will be crucial to identifying areas of improvement. However, we understand it may be tricky to answer these questions when you have a personal stake in the business.

Working with a Bookkeeper can help you answer some of the above questions as we will help you to remove yourself from the personal aspects of your business, and make an unbiased judgment.



Section 2:

Lead indicators to help manage lag indicators

What are lead indicators?

Lead indicators are measurable factors or metrics that provide predictive insights to future performance. They allow you to anticipate trends and identify opportunities within your business. In other words, they're early warning signs for if something may be going wrong, or an inefficiency potentially existing in your business.

After you have identified any inefficient processes within your business finances, it is critical you put lead indicators in place to manage lag indicators.

Moving forward, these lead indicators will help identify inefficiencies in your business before they occur.

Your lag indicators are retrospective measures that assess past performance and identify areas which may need to be improved.



Some examples of lead indicators which complement lag indicators in your business may be:

- **Sales Trends:** Observing sales patterns of your business helps forecasts future revenue and unveils growth prospects. It also identifies seasonal fluctuations that may impact cash flow, that you can prepare for.
- **Scenario Planning:** Undergoing scenario planning with your team allows your business to explore potential issues that may occur and develop financial strategies to combat this. This may focus on when processes fail, when staff fall behind on work, or managing finances becomes tricky.
- **Market research and competitor analysis:** Conducting regular research into your business's market and conducting a competitor analysis can help identify areas of inefficiency which may arise in your business. By staying ahead of the competition and anticipating shifts in your industry, your business can position itself for success and assist with efficiency.
- **Technology Adoption:** A lead indicator would be assessing the adoption of and usage of technology tools and systems such as automation software within your team. Technology is one of the leading causes of process failures, and identifying areas to streamline a process with better technology could be critical to your business.

You understand your business best, so you will recognise when lead indicators need to be put in place. However, when it comes to identifying lead indicators for your lag indicators, you need to take yourself out of your business owner mindset and become an 'external thinker.'

An external thinker is someone who can look beyond the internal workings and perspectives of a business. While we recommend you try to become an external thinker for your own business, you may find it easier (and more efficient!) to outsource.



Section 3:

Working with a bookkeeper to identify inefficient processes

Bookkeepers can provide valuable insights into financial process improvements. As external thinkers to your business, we are adept at considering factors influencing your business such as industry trends, competitors, tech stacks and evolving customer preferences.

Bookkeepers have extensive experience in reviewing processes for businesses, across a range of industries and have the ability to remove themselves from the personal attachments that come when you're a business owner.

An external thinker should work with you to identify areas of improvement, and provide the option for the improvements to be self-driven by you or your team, or with the continued help of the external thinker.

When you work with our team, we can conduct an Efficiency Deep Dive where we meet with you and your team and ask questions around the how and the why you do things the way you do. We prepare a tailored report which lists the areas for improvement, existing processes, suggested improvements and any estimated costs required.

Some areas our team can assist in when you need a helping hand can include:

- **Reviewing your tech stack and implementing new software to improve process inefficiencies.**
- **Becoming an extension of your team as your external bookkeeper to take the load off yourself as the business owner, another team member who may be managing too many tasks or filling that position you have had challenges recruiting for in your finance team.**
- **Work and train your inhouse financial administrator in new processes to assist with streamlining.**
- **Organise your filing systems for financial documents, receipts and records. This may also include implementing a cloud-based software to manage your documents.**



Case Study

Our team conducted an efficiency deep dive for a client in the manufacturing industry. They were struggling with processes around their finance management and payroll within the business.

The deep dive resulted in a process improvement table of seven areas for action. Improvements were required for:

- ✓ Their finance email inbox, how it was managed and by who and when.
- ✓ How they entered bills into their accounting software.
- ✓ How they were entering bank transactions into their accounting software.
- ✓ How they were handling job budgeting, costing and reporting.
- ✓ How they were paying bills.
- ✓ How they were sending Remittance Advices.
- ✓ How they were paying their employee super.

During the deep dive, we spent a few hours with their internal accounts team, delving into what their current processes and outcomes were. We managed to assist their team through efficiency gains by:

- ✓ Reducing time in data entry around transactions.
- ✓ Reducing time in entry of bills.
- ✓ Unlocking the ability to attach documents to bills giving easier access and greater transparency plus preparedness for any future tax audits that may arise.
- ✓ Eliminating the need for an excel spreadsheet used to track job costs.
- ✓ Streamlining finance related communications and information flow.
- ✓ Suggesting approaches to begin to build contingency into the internal team in the event of unexpected leave or exits.
- ✓ Improving turnaround time on reliable financial data on how the business is trading.

Overall, the client was delighted with the outcomes of the Efficiency Deep Dive and saw immediate results in financial management across their team and business.

“We saw a dramatic improvement in our financial management and team processes. Streamlining operations and boosting productivity and building contingencies into our team.”

- Manufacturing client

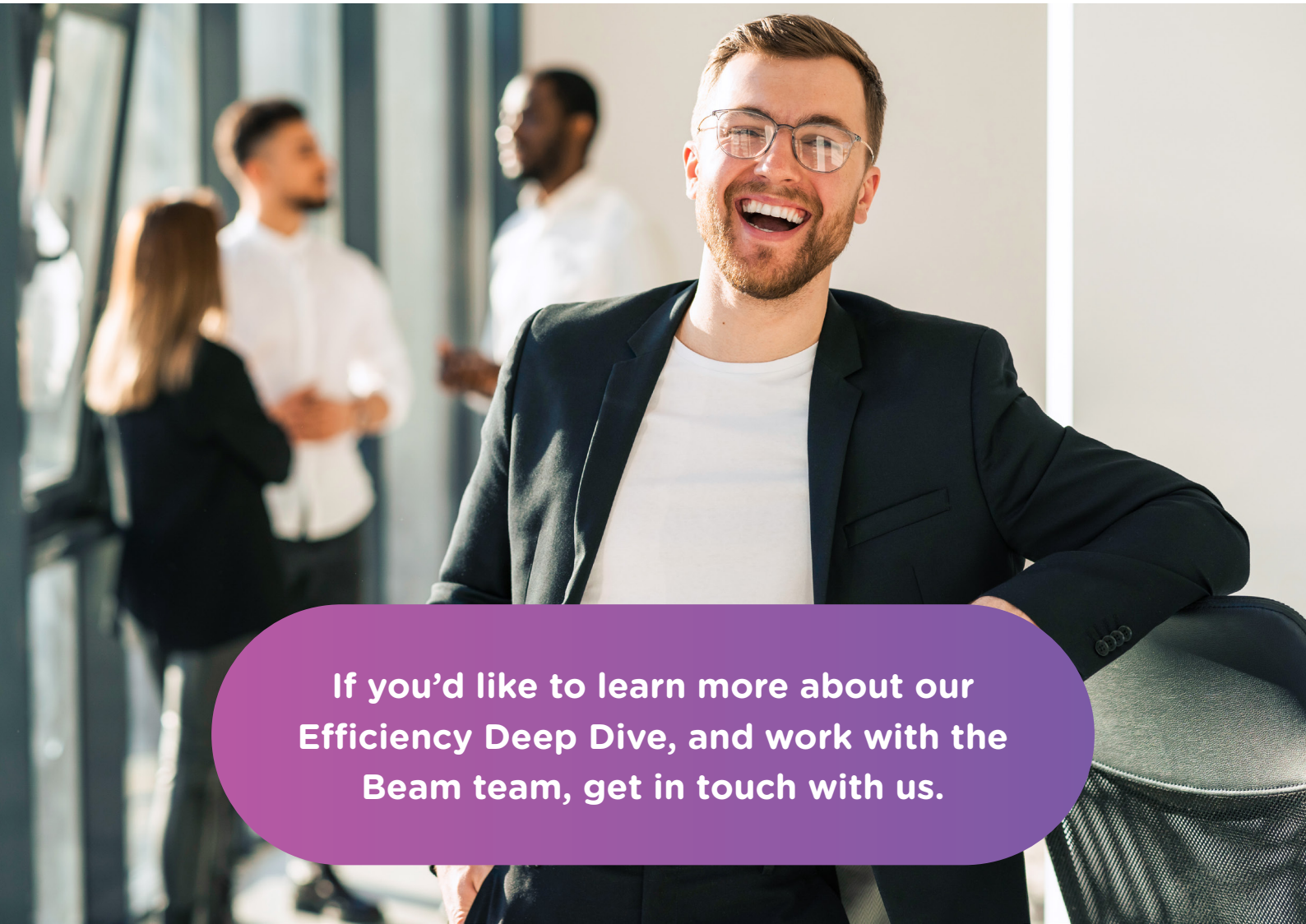
Section 4:

Time to move from inefficient to efficient

Managing your business efficiency isn't a task you should tackle alone.

Whether your efficiency is affected by your product cycle, managing your finances or your tech stack, our team can help.

We believe balanced books equals a balanced life, and the same is said for business efficiency. When everything in your business is balanced, and has a purpose, you will immediately see results across your team.



If you'd like to learn more about our Efficiency Deep Dive, and work with the Beam team, get in touch with us.



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