

Developing Reputation,
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CASE STUDY

Outsourcing the Accounting
Function: A Successful USA/India
Collaboration Provides Value
& Growth Opportunities for All

ALLIOTT
GROUP

A Worldwide Alliance of Independent
Accounting, Law and Consulting Firms



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When a corporate client's business becomes highly complex and multi-jurisdictional, some mid-market professional firms can quickly find themselves out of their depth and battling to retain the client. With clients expecting ever greater value and strategic insight from their CPA advisors, membership of an international alliance such as Alliot Group provides the depth and breadth of international connections and resources to help the firm find another gear and enable their clients to reach another level.

The importance of business focus

In competitive, low margin sectors, companies need to be incredibly efficient and focused on their goals and their core business. Without this focus, achieving key objectives such as revenue growth and profitability will prove extremely challenging. Outsourcing has always provided a useful strategic option. However, knowing which management activities to outsource and to whom remains a difficult decision for many businesses.

'ABC Corporation', a 65 tanning salons business with a presence in some 70 locations across the USA, recognised that the mix of complex tax, financial and legal issues it faced needed to be handled and negotiated carefully by qualified professionals to ensure the best possible outcomes and to reduce the everyday burden of accounting and compliance issues on its management team. To this end, the company outsourced their accounting operations to Miller Grossbard Advisors LLP (MGA), Alliot Group's Houston, TX accounting firm member.

Evolving the client relationship

In time, MGA was able to enhance further the benefits of the outsourcing arrangement for their client through their long-standing relationship with Alliot Group's India based accounting member BM Chatrath & Co (BMC).

By transitioning much of the transactional processing workload

to its alliance colleagues in India such as the QuickBooks accounting process and accounts payable activity, MGA has for its part been able to evolve towards 'trusted advisor' status through provision of high-level advisory services to their client. This has meant BMC being able to access the client data it needs via the Internet and MGA's server, thereby creating a shared workflow platform. Meanwhile, the client and MGA have retained control of other critical business activities such as key decision making, accounts receivable, monthly forecasts and financial analysis.

The client has not only benefited from greater access to MGA's strategic advisory services and support in achieving long-term business goals, but more specifically, has also been able to reduce its infrastructure and technology costs through the outsourcing arrangement and take advantage of the time zone differences that working with suppliers in India provides (local time in Houston is generally around 10 hours behind that of India).

Alliance membership: taking the risk out of outsourcing

For its part, BMC has demonstrated that, when carried out according to best practice, the outsourcing of a company's financial operations can be very effective. Anand Chatrath, Managing Partner at BMC, is also keen to emphasise that the benefits of outsourcing are magnified and the risks greatly reduced when it is coordinated by professional services firms that have a strong personal relationship through their shared alliance membership:

"We enjoy a very good relationship with MGA through our Alliot Group membership. We meet their people regularly at alliance conferences and have also travelled to Texas. This ensures that all parties have confidence in each other, understand their mutual professional needs and responsibilities and most importantly, understand the client's goals."



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"Critical to our success have been the implementation of a smooth workflow process, great teamwork, clear communications and excellent training. This is ensuring a high level of quality and client satisfaction is achieved by all parties. Importantly for our firm, we have also been able to overcome client and market perceptions that we are too small to handle complex cross border work!"

The achievement of suitable management oversight and control from a distance is always a concern when outsourcing, however the implementation of appropriate governance frameworks, risk management systems and controls by the client and MGA quickly identified and mitigated the risks.

Impressive results

The results have been impressive, particularly the accuracy of invoice processing – within one month, the number of invoices being flagged by MGA as requiring rework was down to less than 1%.

Other benefits to the client have included improved supplier relationships and more favourable payment terms due to the faster processing of invoices. These positive outcomes have encouraged the client to increase the range of activities carried out by the Indian firm.

Russ Miller, Managing Partner at MGA comments:

"Being able to work with BMC, a firm we know and trust through our Allriott Group membership, ensures our clients experience a service approach that is of a certain quality. This allows our clients to focus on achieving their personal and business objectives."

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