

# How to start your own Bookkeeping Services Business



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# 1 – Introduction

A bookkeeping services business provides bookkeeping services to organisations that prefer to outsource this function instead of employing full-time bookkeeping staff. Small businesses, for example, often do not generate enough work to justify the employment of a full-time bookkeeper. A bookkeeping services business typically has numerous clients, and sometimes renders services such as payroll administration and tax preparation in addition to standard bookkeeping services.

There will always be a demand for bookkeeping services, so if you are able to market your business well, and you deliver a high quality service, you should be able to attract and retain sufficient clients to ensure the profitability of your business. Something that you need to keep in mind, however, is that you might struggle to get some of your clients to settle their accounts, or to settle their accounts on time. This can cause cash flow problems for your business, particularly in the early stages.

An advantage of starting a bookkeeping services business is that the start-up costs do not need to be extremely high. It is also possible to run this type of business from a home office.

This guide highlights some of the steps that you need to follow in order to start your own bookkeeping services business successfully.



## 2 – Your Qualifications

While a company might be willing to hire you as a bookkeeper and provide you with on-the-job training if you do not have a relevant qualification, this will not be the case if you want to start your own bookkeeping business. In order to convince clients that they should make use of your services, you will need to be able to assure them that you are competent, and that you have the necessary skills to do the work. You can do this by making sure that you have the necessary qualifications. It would be even better if you have a number of years' experience working as a bookkeeper as well.

Even if you do have a relevant qualification, you should consider adding to it by studying a more advanced course, doing a short course to learn a specific new skill, or participating in a continuing education programme. If you aren't one already, you might also want to consider becoming a certified bookkeeper. You can do this by completing one of the ICB courses, which you can study via distance learning through College SA. You can even work towards your certification while you finalise all the other preparations for starting your business.



## 3 – The Business Plan

Drawing up a detailed business plan is a very important step in starting up a business. It will help you to determine what the goals of the business are, as well as how you can achieve them. It will also give you a sense of what resources you will need in order to be successful. A good business plan will be able to convince potential investors that a business is worth investing in.

The complexity of your business plan will depend on the size and nature of your proposed business. However, there are a few things that should always be included:

- The name of your business.
- The physical address of your business.
- A postal address for your business (note: it is advisable to obtain a PO Box for your business, especially if you are going to be running it from home).
- The type of business – is it going to be a sole proprietorship, partnership, or company?
- A description of the services that the business will provide.
- Details (such as name, address, contact numbers, qualifications) of each member of the business.
- Your business goals, and how you plan to achieve them.
- A detailed SWOT analysis. This involves identifying the strengths, weaknesses, opportunities, and threats in relation to the business.
- A description of your sales and marketing strategy.
- A breakdown of projected income and expenditure. You should also pay close attention to all start-up costs involved.

## 4 – Registering Your Business

The process that you follow in order to register your business will depend on the form that you want it to take. There are different registration processes for sole proprietorships, partnerships, and companies, for example. If you are unsure about what you need to do, you can consult a legal advisor to help you. You will also need to make sure that your business is registered for tax.



## 5 – Office Space and Other Resources

You will have to locate or set aside office space for your business. If you are going to be running your business from home, you will need to identify a specific area as your office space. You will then need to make sure that it is set up in such a way that you can work comfortably, and that you will be able to host meetings with clients. Alternatively, you can look for premises to rent.

Other resources that you will need include:

- A desk and office chair
- A computer and printer
- An internet connection and telephone line
- Bookkeeping software
- Bookshelves and filing cabinets
- Stationery



## 6 – Develop a Pricing Structure

Your pricing structure is a very important part of your business. You will need to decide whether to charge clients per hour or per job. You will also need to do some research in order to determine what the market-related charges are, as well as how much you need to charge in order to recover your costs. If your pricing structure is not in line with what other people are charging for similar services, you will struggle to find customers.



## 7 – Administrative Tools

Before you can proceed with your business, you need to make sure that you have the necessary administrative tools in place. This includes things such as a filing system, an invoicing system, and your own financial record-keeping system. You may also want to draw up forms for clients to fill in, contract templates, and explanatory documents for clients.



## 8 – Market Your Business

In order to attract clients, you will need to market your business effectively. Some ideas for what you can do include the following:

- Have business cards printed.
- Create a website for your business.
- Distribute leaflets/flyers to potential clients.
- Find out what similar businesses are doing to increase their client base.
- Offer free initial consultations.

Once you have clients, you should make sure that you provide them with the best service possible, as they might refer new clients to you. Word-of-mouth marketing is usually very effective.



## 9 – Networking

Once your business is established, you should focus on building your client base through networking. In addition to word-of-mouth marketing, this is a very effective way to get new clients. Through networking, you can become known, and establish a sound reputation within the industry.