

The logo features a stylized green mountain range inside a circular frame with a compass rose design. Below the graphic, the text "The Gehman" is in a smaller font, and "COMPASS" is in a large, bold, green sans-serif font.

The Gehman COMPASS

Volume 2 Issue 2

Summer 2021 Newsletter

4 Reasons to Outsource Bookkeeping

Are you running your business and keeping the books?

We understand: being a jack-of-all-trades as a small business owner is natural. The buck must stop somewhere, after all. But if you want to grow a thriving business, you must learn to delegate some tasks, or you and your business could suffer the consequences.

Bookkeeping is one of those things that most business owners do not enjoy. Well, you do have options! You should consider outsourced bookkeeping for these four reasons:

1. More Focus on Your Business. Bookkeeping support can reduce distractions so you can focus on what you do best—running your business. Instead of being bogged down by bookkeeping details, you can tackle high-level problems, evaluate profit margins, develop relationships, and so much more. Ask yourself a simple question: Am I spending more time as a bookkeeper than as a business owner?

2. Expertise at Your Fingertips. Almost anyone can write checks and send invoices, but professional bookkeepers know how to follow best practices in the industry. They can provide trustworthy advice and help you develop accounting methods to suit your business needs. When you need a financial

report or help with accounting software, you have access to a professional who knows you, your business, and the accounting industry.

3. Confidence in the Data. Bookkeeping done by a third-party who makes it their business to maintain high accounting standards will give confidence to you and other professionals you work with. Your banker, the IRS, and your tax accountant can trust the integrity of your data and provide you with better service because of it. Audits can be handled efficiently, with less stress on you. In fact, most accountants will handle your audit for you if you request it.

4. Cost Effective. Have you ever asked yourself how much your time is worth? At first glance, outsourced bookkeeping seems like an extra expense. But if you think about doing it yourself or even hiring a year-round bookkeeper, the reverse is true: Professional bookkeeping can reduce overhead, payroll costs, and time spent on training and problem-solving. It can also be easily adjusted to fit your company's needs, whether you are going through a growth spurt or a downturn, making it a cost-effective option.

Outsourced bookkeeping might be a good fit for your business. If you want to explore your options, reach out to Gehman Accounting for a bookkeeping consultation. 🐦

An Open Conversation About Business

As we head into the post-pandemic era with so many challenges to the normal supply and demand balance, there are several things that business owners and financial directors should evaluate.

Recently our team of business advisors sat down to share their experiences working with business owners in 2020 and to debate some of the possibilities for the future. Listen in as we share the best excerpts from that conversation.

» **As business advisors, which industries do you work with the most?** We work mainly with construction companies, outdoor power equipment, and manufacturing shops like metalworking, cabinets, and other woodworking shops.

» **Which industries have grown the most since the pandemic?** Construction, hands-down, which seems odd because prices are through the roof. Anything related to what people would do more of at home is what went crazy: things like storage sheds, fencing, outdoor power equipment, outdoor furniture, home renovations or additions, and decks.

» **Have your clients struggled to survive during the Covid restrictions?** I had one business that Covid took out, but he was in a very niche

market. For the most part, sales were up. We found that if they struggled in 2020, it had nothing to do with Covid.

» **What has been a key to success in 2020?**

Staying on top of costs. Going from 700K to 1M in sales sounds good, but volume only makes you do more of what you're already doing. So, if you're barely scraping by, you're just going to barely scrape by... a bunch. Volume doesn't make you profitable, margins do.

» **How would you describe the current business environment?** People are willing to wait, they are willing to spend more, and they're not out of money. Wait times can be anywhere between 3-6 months, sometimes even longer, but customers know this and they are fine with it.

» **What can business owners do now to capitalize on the current economy?** Now is the time to get your prices correct. You can be fairly liberal with your pricing now because everyone expects it. But if you wait until things slow down again, you're going to be in trouble.

» **Business seems to be very good now. Is there anything a business should do to prepare for a potential downturn?** Now is the best time to build cash reserves. Set aside a couple months

Experienced Guidance.

We help you—

- » Know each component of your bottom line.
- » Make crucial adjustments.
- » Propel your business through every stage.



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of operating overhead so that even if your sales numbers fall all the way down to zero, you can still pay your bills for at least two months. If you have accurately priced goods and services, you should have a bit of margin to set some cash set aside.

- » **What about inventory in a downturn?** If your inventory prices are volatile, you're going to have to manage them so you don't overextend on the downside.
- » **Is there a way to be "recession-proof"?** The best business practice is to build margin into everything. Business owners need to know how far past breakeven point their company is operating. If they're operating at 30% past breakeven, they could lose 30% of sales and still pay the bills. A 30% downturn is about what we saw in the 2008-2009 recession.
- » **Is now the time to expand?** That's the million-dollar question. When thinking about paying for an expansion, how much profit margin do you have if business suddenly tanks? Would you be so maxed out with payments that you could get into trouble? It also depends on how soon you would experience a return on your investment.
- » **Do you have any advice for hiring in this competitive market?** Just be careful. Pay what you need to, but guard that. Try to find the right fit. The tendency in this environment is to hire the next warm body rather than looking for the right fit, and that typically comes back to bite people.
- » **Businesses are paying top wages to hire new employees. What happens if the economy tanks and they can't afford it any more?** We like the approach of using incentive pay to keep base pay lower. If the economy comes down and you're locked into high wages,

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Team Member Spotlight

Hadassah Horst



What's your role at GA and how long have you worked for the company?

- » Secretary at the Mifflinburg office and for the Business Advisors, 9 years

What's the last book you read?

- » Atomic Habits by James Clear

What's something most people don't know about you?

- » I have 12 siblings and I am the middle child.

What's the most unusual or interesting job you've ever had?

- » Training & breaking horses

Do you have a favorite quote?

- » If you are not willing to learn, no one can help you. If you are determined to learn, no one can stop you. –Zig Ziglar

Tell us a little bit about your family.

- » Married and we have 3 dogs

What do you do for fun?

- » Hiking & Training with my dogs, CrossFit

What are three words that could describe you?

- » reserved, driven, disciplined

What character trait do you admire in others?

- » Authenticity

What's on your bucket list?

- » Bungee jumping, compete in the PSA K9 Sport 🐾

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Bulletin Board

New Faces at Gehman

Joshua Beckman - IT Team

Summer Office Hours

Monday through Friday – 8 AM to 5 PM

Saturday and Sunday – Closed

Mifflinburg Office – Closed Wednesdays

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people don't like to take a pay cut. But if extra compensation is tied in with the profitability of the company, the employees know that and it's much easier.

There you have it! It was a valuable conversation, and as these gray-haired businessmen and advisors shared their thoughts, we knew that more business owners needed to hear what they shared. Here is their best advice in a nutshell:

- 1. Prices and profit margin are so important.** They will help you to build cash reserves to prepare for when things are not so good.
- 2. Be careful when hiring new workers.** Don't just hire the next warm body, but be committed to finding good fits.
- 3. More work does not always mean more profit.** When your margins are good, your business will be more sustainable long term. 🕊