

## Poor Internal Systems Have Cost UK SMEs £Billions

Written by Australian Business

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LONDON--( [BUSINESS WIRE](#) )--The UK's small and medium-sized enterprises (SMEs) could be losing out to the tune of £3.7 billion or more as a result of poor internal systems, according to an independent survey commissioned by business and finance software provider Exact.

The nationwide survey was carried out by Exact in order to get a better understanding of the working relationships and processes in place between SMEs and the people they regard as their most trusted business advisors, their accountants.

Among the most startling findings was that 20% of SMEs admit to having forgotten to invoice for goods or services at least once. Among these, around 12% confess to not invoicing for a job worth between £5,000 and £10,000, while 6% admit to having forgotten to invoice for a job worth more than £10,000. The implication for the UK's 4.8 million SMEs<sup>1</sup> – which account for 99.9% of all private sector businesses in the UK – is that they are collectively out of pocket by as much as £3.7 billion.

“We don't want to blow this issue out of proportion,” said Hartmut Wagner, Managing Director of Cloud Solutions Exact, “but these findings do highlight that many SMEs who are eager to grow are not doing themselves any favours, particularly with so many of them expressing concern over their cash-flow.”

The survey showed the biggest cause of stress for SMEs is fighting for new business (31%), closely followed by worries over finances (23%), such as cash-flow issues, debtors and business planning. One-quarter (25%) of business owners and leaders admit that they don't feel fully in control of their accounts and business finances.

The ramifications of these shortcomings also appear to have a wider impact on their business with nearly half (45%) of SMEs say that they have had to defer payments of one kind or another due to cash-flow problems, including failing to pay their staff wages on time (12%).

“Being fully in control of your finances is clearly vital to better business decision

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making,” Mukesh Shah, Head of Outsourcing at accountancy firm HW Fisher & Company, said. “The findings of the Exact research seem to suggest that there is a real need for better working practices and processes to be in place between accountants and their SME clients, something we pride ourselves with.

“SMEs are placing more and more faith in their accountants, not just to sort out their books but also in advising them over broader business decisions, and in a large proportion of cases that appears to be hampered by poor systems and processes,” Shah added.

The survey confirmed that more than half (54%) of SME leaders trust their accountant more than anyone else, including their own business partners (38%), when it comes to broader business issues. This level of trust appears to be reciprocated by accountants, with over half (51%) of those polled saying they feel they hold some influence over their SME clients’ broader business decision making.

While levels of trust between SMEs and accountants seem to be high, the lines of communication don’t always appear to be good enough to support that relationship, particularly given the fast pace of business today. The vast majority of accountants (61%) communicate with their SME clients no more than once a month.

This low level of communication is partly down to the processes involved. One-third (33%) of SMEs use Excel spreadsheets or paper records as part of their accounting processes, and only 14% are using cloud-based accounting systems – something that most accountants (86%) believe can carry huge benefits for both parties.

“The benefit cited most often by accountants for online collaboration is being able to have greater visibility of clients’ financial information [46%], followed by the opportunity to spot issues while they can still be resolved [44%] and being able to collaborate with clients on the same set of data, in real time [43%],” said Wagner. “With the right business and finance software, accountants can offer better business and finance advice and, with a fully automated system in place, ensure that any potential issues are flagged before they actually do any damage.

“We live in an entrepreneurial age, with the UK very much at the forefront of the trend,”

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Wagner continued. "As our survey shows, the roles of accountants and financial support professionals are evolving and presenting new opportunities for them and their clients. This is a particularly exciting time to be bringing our cloud portfolio to the UK. Never has there been a greater need for the two sides to collaborate more effectively and we at Exact are going to be doing our part to support this evolution."

### About Exact:

Exact is a leading global supplier of financial and business software. The company develops industry-specific on-premise and cloud solutions for manufacturing, wholesale and distribution, professional services and accountancy businesses. With its headquarters in Delft, the Netherlands, it has been listed on the NYSE Euronext Amsterdam since June 1999 and reported a turnover of € 217.1 million in 2012.

### About HW Fisher:

HW Fisher & Company is a commercially astute organisation with a personal, partner-led service aimed at entrepreneurial small and medium enterprises (SMEs), large corporates and high net-worth individuals. By fee income, HW Fisher ranks as a top 30 UK chartered accountancy firm.

Founded in 1933, the practice comprises 29 partners and approximately 260 staff supplying a range of services spanning audit, corporate taxation, private client services, VAT, business recovery and forensic accounting, together with a range of [sector groups](#) offering specialist industry knowledge. See more at: <http://www.hwfisher.co.uk/about-us#sthash.iRWNG5FT.dpuf>

FisherE@se Limited is the outsourcing arm of HW Fisher & Company, where Mukesh Shah is a Director.

### The research:

The online survey was carried out by independent research company Atomik Research during the second week of September 2013. A total of 450 SME businesses took part in the survey, from various sectors, along with 150 accountancy practices.

<sup>1</sup> Metrics used: Figures are based on Department for Business Innovation & Skills figures, taken from its ' *Business Population Estimates for the UK and Regions 2012*' report, which shows that there are 4.8 million SME businesses – of which 20% have said they have failed to invoice for a job at one stage or another (960,000). Each percentage bracket was then calculated using the higher end figure to highlight the maximum that may have been lost (e.g. 24% forgot to invoice for jobs worth £500 - £1,000 – we calculated that total as  $24\% \times 960,000 \times £1,000 = £230,400,000$ ). All the percentage bracket totals were then added up. For the 6% who said they failed to invoice for jobs worth more than £10,000, since that bracket was left open-ended, we calculated that figure using £10,000, which would represent the minimum figure that would have been lost by those participants.