



How to Set Up Bookkeeping Services for Small Business with Paro



At a Web3 conference, founder Darcy sees a notification for a vendor bill she thought she already paid, but there's no time to check until she's back home next week.

As the COO of a small digital agency, invoicing falls on Sundeeep. A client has expressed an issue with late invoicing as it affects their accruals, but Sundeeep has bigger projects first.

This is what bookkeeping for small businesses looks like across the globe. But it doesn't have to be an afterthought or a burden. Nor does it have to be costly. Learn how to beef up your bookkeeping without paying full-time or big-firm price tags.



The Importance of Good Bookkeeping

Bookkeeping is a foundational pillar of business, no matter your size or industry. It entails everything involved in tracking and reconciling your company transactions, spanning payroll, accounts payable, accounts receivable and more. Ultimately, solid bookkeeping enables you to:



Track and collect on revenue in a timely manner



Keep up with payroll, tax and compliance obligations



Take advantage of tax deductions



Procure funding by offering transparency to investors and creditors



Make better decisions with an accurate view of cash flow

But as much as it adds, bookkeeping can also take focus away from higher-level business initiatives, stripping away value in the process. Here's how to prevent that.

How to Set Up Good Bookkeeping for Small Business

Before you fire up a spreadsheet, take a look at the path ahead.

CASH OR ACCRUAL ACCOUNTING?

Cash

Records transactions as revenue is *received* or expenses are dispensed.

A simple starting point for small companies with fewer transactions

Accrual

Records transactions *before* revenue is received or expenses are dispensed.

A better method for growing businesses to understand future cash flow

Finally, compare your roster of employees to the list above. Do you have someone who's capable of taking it all on? Is it a good use of their time and skillset? If not, it's time to consider outsourced bookkeeping for your small business. (And if you're already behind, that's okay—we can help you catch up.)

01 UNDERSTAND

Know the [difference between bookkeeping and accounting](#) and how they relate to the [broader finance department](#).

Evaluate your [business entity](#) or structure as it relates to payroll and deductions.

Choose your preferred method of accounting: cash or accrual. (See left)

02 PREPARE

Open separate banking accounts for business and personal transactions.

Gather income, bank/credit card and cash flow statements along with balance sheets, invoices, payroll records, payment records, billing, tax returns, etc.

03 ACT

Track transactions and be sure to store receipts and documentation digitally for easy reference later.

Categorize each one for tax deduction.

Send, process and receive **invoices & payments**.

Reconcile bank accounts at least monthly.

Regularly **maintain & review** your records.



Why Small Businesses Outsource Their Bookkeeping

You can't justify a full-time hire, but you also know you can't support the volume and quality of work required. Outsourcing to fractional talent is a strong alternative, allowing you to add value instantly. By only paying for the skilled services you need, you avoid overinvesting while freeing your team to focus on the bigger picture. No overhead, no downtime, no recruiting.

[Paro's full-charge bookkeeping](#) brings you all the benefits without sacrificing bandwidth. Our community of fractional experts have experience helping small businesses to:

- 01 Execute** reporting, reconciliations, AP/AR and more.
- 02 Scale** their accounting function for busier times of the year.
- 03 Deal** with complex payroll obligations.
- 04 Mature** from single-entry to double-entry booking to help prevent fraud.
- 05 Expand** their customer base by moving from cash-only to credit.
- 06 Standardize** records across large numbers of customers and orders.
- 07 Maintain** compliance across operations state by state.



Software and Skills to Consider

SOFTWARE

Typical small business bookkeeping activities include transaction categorization, invoicing, payroll and bill pay. You can try managing these with DIY spreadsheets or by using an accounting software. These programs aim to aggregate transactions across your accounts while providing templates to help automate invoicing and payroll. While they do lighten the load, they often require manual oversight.

You'll also want to familiarize yourself with [security best practices for cloud-based accounting software](#).

SKILLS

When hiring a bookkeeper, look for the following:

- Accountability in fielding and organizing a large volume of transactions
- Technical expertise in implementing the appropriate accounting methods and tools for your business
- Experience in your particular industry to hit the ground running
- Soft skills, such as communication or maintaining relationships with vendors

Paro's bookkeeping talent represents the top 2% of professionals in the U.S. With years of experience, many of our experts have worked across the Big Four and top CPA firms. This means you get high-level expertise at a fraction of the cost.

Working With Fractional Talent: Speed to Value

Not only does outsourcing save you the direct and indirect expenses of training and onboarding, it also saves time. Our AI-matching technology is **20x more efficient** than traditional recruitment, meaning you can get the right expert in days, not weeks.

MEET

Meet with a Paro Solutions Consultant to assess your goals and challenges.

MATCH

We match your business with our experts based on the exact experience and skill sets you need.

LAUNCH ✓

Your Paro team oversees kickoff to ensure you're set up for success.

From there, we make sure you get the most value from your relationship. Your Account Manager provides continuous support in the short and long term, building out a data-driven roadmap of recommendations to meet your future goals.

Finance and Accounting
Solutions for Every Stage
of Business

Delegate sooner and avoid pitfalls in your bookkeeping with top-tier, fractional experts you can trust from 60+ industries and 250+ skill sets.

Learn how Paro's full-charge bookkeeping and a la carte solutions can help your business grow.

→ **GET STARTED**

