The Outsourced Accounting Decision Kit

A Cost Model, Transition Timeline, and Evaluation Scorecard for Hotel Operators

Many of today's hotels are at a crossroads: stick to the in-house accounting process that "works," or outsource. While each path offers unique advantages, operators may miss the hidden challenges of keeping things in-house.

1. Limited Expertise
2. Payroll Eating Into Margins
3. Limited Confidence in Numbers
4. High Internal Turnover
5. GMs Wearing Too Many Hats

This kit offers three tools: run your numbers, plan your transition, and choose the right partner. Start wherever you are in your decision.

Calculating the True Cost of Hotel Accounting

Understanding how you pay for in-house accounting is easy, right? Not necessarily. Beyond your accountant's salary are several other costs to keep in mind when comparing to outsourced services. There are four main categories:

Direct Labor

When kept in-house, be sure to think about the costs that add on to your bookkeeper's base salary. A true labor calculation should include health benefits, PTO, retirement contributions, payroll taxes, bonuses, workers' comp, and the cost of backup coverage when that person is out.

Software & Systems

In-house accounting also requires you to finance the systems that make bookkeeping possible: accounting software, payroll tools, reporting platforms, PMS/POS integrations, payment systems, and IT support. By outsourcing, you can potentially reduce these over time.

Turnover & Recruitment

To put it mildly, replacing in-house accounting staff is expensive (and time-consuming). Costs such as interviewing, onboarding, training, and lost productivity all factor in. A conservative benchmark is to estimate replacement cost at about 20% to 50% of the lost employee's annual salary. By outsourcing, you can ensure faster onboarding than external hiring while onboarding new properties to your portfolio more efficiently.

Owner/GM Time

This is a hidden cost many hotel businesses overlook. To calculate it, estimate the number of hours the owner or GM spends on financial oversight each month and multiply it by their loaded hourly rate. That number often reveals that "in-house" accounting is being partially run by leadership.

On the next page, you'll find a sheet to calculate your business's true in-house accounting costs. Fill it out at your own pace before comparing your number to the average cost of outsourced accounting services.

In-House Accounting vs. Outsourced

Use the columns below to calculate your hotel's annual in-house accounting cost. The industry average for outsourced services is listed to the right.

1. Base Salary	
2. Benefits	
3. Payroll Taxes	
4. Software Systems	
5. PMS Integration Fees	
6. Recruitment Costs	
7. Cost of Owner/GM Time	

Vs. Average Outsourced Accounting Costs **$42,000-60,000**

The Benefits of Outsourced Accounting

How do your in-house numbers compare to the industry average of outsourced services? In addition to the potential cost savings, there are several other benefits to M3's outsourced accounting services that hotel owners should keep in mind:

- Access to CPAs, MBAs, and industry veterans with direct hospitality experience and knowledge.
- Cost-efficient plans that reduce overhead costs and eliminate the need for fully in-house accounting.
- Scalable solutions that adapt to your hotel's changing needs.

Many operators are hesitant to outsource accounting due to a fear of disruption. In the next section, we'll lay out the typical transition process, phase-by-phase.

Outsourced Accounting: How Long Does the Average Transition Take?

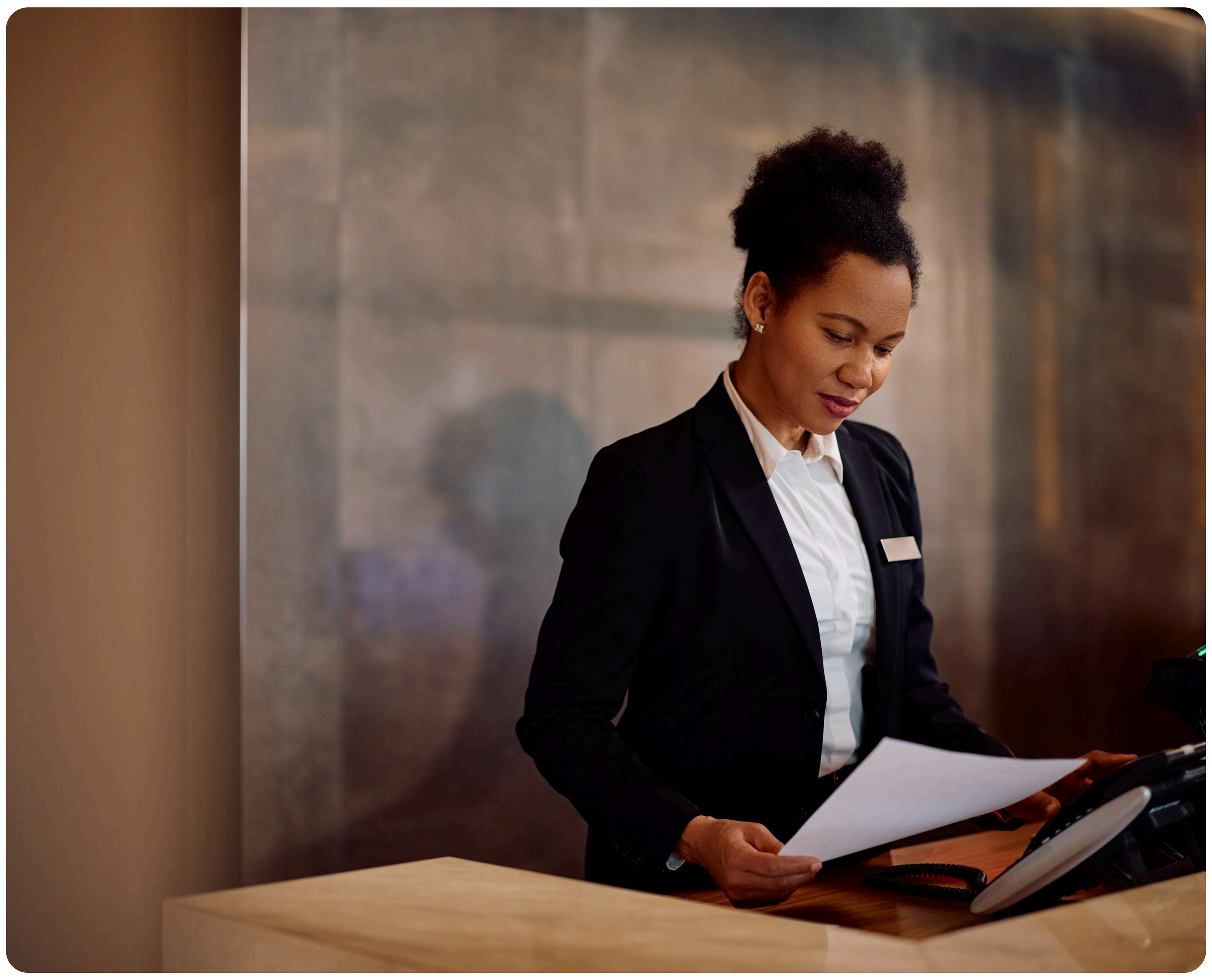
The total timeline can last between 14 and 26 weeks. This is dependent on the size of your portfolio. The more properties you have, the more weeks may be required to shift from in-house to outsourced accounting. Here are the five phases you'll need to prepare for:

Phase 01 Assessment & Scoping

This covers the audit of your current in-house process, mapping of your data and systems, and the definition of your scope.

Phase 02 Data Migration

In this phase, the M3 team will transfer your Chart of Accounts, migrate historical financial data, and set up system integrations.



Phase 03 Go-Live

This covers the audit of your current in-house process, mapping of your data and systems, and the definition of your scope.

Phase 04 Stabilization

In this phase, the M3 team will transfer your Chart of Accounts, migrate historical financial data, and set up system integrations.

The Factors That Slow Transitions Down

While between 14 and 26 weeks is to be expected, the following challenges can present hotel owners with major roadblocks as they outsource their services.

01

Slow Access to Historical Data

Phases 2 and 3 require efficient access to historical data to run smoothly. Be sure your desired data is ready to go before beginning the transition.

02

PMS Systems With Poor Export Capabilities

If your current PMS, POS, or accounting systems are slow to export, phases 2, 3, and 4 could all be delayed.

03

Disorganized Chart of Accounts

Without organized data, phases 1 and 2 could require additional time to complete. Hotel owners should ensure their chart of accounts is in good standing before outsourcing.

Ready to Outsource? Now Find the Right Partner

In the next section, you'll score the providers you're considering against the seven criteria that actually determine whether an outsourcing partnership works at the 12-month mark.

Score Your Outsourced Accounting Providers

Price is not the make-or-break variable when it comes to adding outsourced services. Use this scorecard to evaluate each provider you're considering. Score all seven criteria from 1 to 5, with 5 being the strongest, then average for a composite score.

What to Consider	Score (1-5)
1. Hospitality Accounting Expertise	
2. USALI Compliance	
3. Current Tech Stack	
4. Reporting Cadence	
5. Transition Support	
6. Portfolio Scalability	
7. Communication Structure	

What a Provider's Score Tells You

Average each provider's seven scores into a single composite. Here's how to read it:

4.0 - 5.0	Strong fit. This provider is well-matched to your portfolio. Proceed to a contract discussion.
3.0 - 3.9	Viable. Worth considering, but probe the low-scoring criteria before committing — those gaps are where partnerships strain.
Below 3.0	Not recommended. The risk of a poor fit outweighs any price advantage. Keep looking.

Want to Discuss Your Results?

You've crunched the numbers. You know your hotel's readiness for outsourced services. Now you need the right partner. M3 can help you build a tailored plan.

What an M3 Partnership Means for You

01

Project-based consulting to support your team with specific accounting initiatives.

02

Fully outsourced accounting, if needed, to let your team focus fully on your guests.

03

Controller services to support with oversight, financial audits, and more day-to-day functions.

Schedule a Consultation →