

## Why Start-ups Fail to Start with the Right Infrastructure



We love working with entrepreneurs. What makes a good Pacific Crest Group client is the ability to be aggressive, forward-looking, and assess risks in light of potential rewards. If you understand the value of systematizing back office processes so you can focus on your core business, then we can help you. The smart business owners know they don't have to do everything themselves, but can rely on outside experts to take a lot of the routine tasks off their shoulders.

Which is why it is so surprising that so many entrepreneurs get bogged down by back office processes. When an entrepreneur gets funding for his idea and gets the company off the ground, his first mistakes are usually in dealing with the minutiae of running the business itself. Either they spend too much time and energy trying to create back office processes that aren't effective or, worse, they ignore them altogether. That's why they need [outsourced accounting](#).

It's amazing how many start-ups we work with that have not taken the time to set up proper payroll or bookkeeping procedures, and struggle with routine hiring and personnel issues. We have come in to clients who don't have the proper paperwork in place to deal with their payroll, or who fail to report properly to the Employment Development Department. We even have some clients who think they don't have to file tax returns because they aren't making a profit.

Failing to set up your proper bookkeeping or human resources protocols at the outset only creates a mess you have to dig out from later. Consider what happens if you rely on venture funding or even private backers. At some point they will want to examine the books to see how you are doing. Or you will need a second round of funding which means you will have to reveal your financials as part of your business plan. If you haven't implemented proper accounting procedures, you can't share your financials in any way that will promote growth. More importantly, you can't extract intelligence from your books to see if you are on track.

Hiring an interim bookkeeper, [interim controller](#), or even an [interim CFO](#) can go a long way toward getting you off to the right start. A smart financial executive or even a talented bookkeeper can make sure you have your records in order, are filing the proper paperwork with the proper agencies on time, and help you set up business-critical processes so you don't get off on the wrong foot.

**Pacific Crest Group**

Back Office Solutions for Bay Area Businesses

<http://www.pcg-services.com>

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So if you are starting a new company or have just launched a company, don't neglect the back office details. But that doesn't mean you have to sweat the small stuff; you can get someone else to deal with it for you. Just make sure they know what they are doing and document everything so you can transfer responsibilities as your company grows.