



A KNOXFIELD GROUP WHITEPAPER

# The True Cost of a DIY Back Office

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*What running your own back office really costs small-business owners — and what to do about it*

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## Why this matters

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Most small-business owners don't set out to become their company's bookkeeper, payroll clerk, and collections department. It happens by default. The business grows, the admin grows with it, and the owner — the one person whose time is most valuable — ends up absorbing the work nobody else is doing.

It feels free, because there's no invoice for it. But a do-it-yourself back office is one of the most expensive choices a small business quietly makes. This report breaks down the real cost in three currencies — time, money, and growth — gives you a simple way to estimate your own number, and lays out what to hand off first.

## The three hidden costs of a DIY back office

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### 1. Time

In a 2023 survey of 251 U.S. entrepreneurs, administrative work consumed **36% of the average owner's work week** — and that week averaged 45.5 hours (Time etc. / Censuswide). That's roughly **16 hours a week**, every week, on tasks that keep the lights on but don't generate a dollar.

What fills those hours is telling: 44% of owners create invoices themselves, 43% do data entry, and 27% spend time chasing payments. None of it is wasted, exactly — it all has to happen. But it's work that almost anyone could do, being done by the one person who shouldn't.

And it rarely fits in the workday. Back-office tasks get pushed to nights and weekends, which is why so many owners feel perpetually behind.

### 2. Money

The instinct is to hire someone. But the in-house route costs more than the salary line suggests.

The median U.S. wage for a bookkeeping, accounting, or auditing clerk was **\$49,210 a year as of May 2024** (U.S. Bureau of Labor Statistics). On top of base pay, add payroll taxes, benefits, paid time off, software, training, and the time it takes to recruit and manage the role. The all-in cost of an

in-house hire lands well above the salary — a heavy fixed commitment for a business that may not need a full-time finance person yet.

Outsourcing changes the structure of the cost. Instead of a salaried employee and the overhead around them, you pay a predictable monthly fee for the specific functions you need, and you scale it up or down as the business changes — typically for a fraction of the all-in cost of an employee, without the hiring and management burden.

### 3. Growth

This is the cost that never appears on a statement, and it's the largest.

The same study that measured the time drain found that owners who delegate well grow far faster. **"Expert" delegators reported mean revenue growth of 143%, versus 80%** for everyone else, and 82% of them saw growth at all, compared with 66% of the rest (Time etc. / Censuswide, 2023).

The mechanism is simple: the person best positioned to grow the business is the owner. Every hour that owner spends on data entry is an hour not spent on clients, sales, pricing, or strategy. A DIY back office doesn't just cost time and money — it quietly caps the ceiling on the whole business.

## A simple self-audit: what is your back office costing you?

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You don't need a spreadsheet model. Three quick estimates get you close.

**1. Your time cost.** Estimate the hours you (and your team) spend each week on back-office work — bookkeeping, invoicing, bill pay, payroll, chasing payments, pulling numbers together. Multiply by 52, then by what an hour of your time is worth.

*Illustrative example:* 12 hours a week × 52 weeks = 624 hours a year. If an hour of your time is worth \$100, that's about **\$62,000 a year** of owner time going to the back office. (Illustrative only — your hours and your hourly value will differ.)

**2. Your direct cost.** Add up what you already spend: accounting software, any part-time help, and the realistic

value of the owner time above.

**3. Your hidden cost.** Harder to pin down, but real: invoices that go out late (and the cash that arrives late as a result), errors or missed filings, and decisions made on numbers that are weeks out of date.

## What to hand off first

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You don't have to outsource everything at once. A sensible order:

1. **Bookkeeping & monthly close** — the foundation everything else depends on.
2. **Invoicing & receivables follow-up** — gets cash in the door faster.

Add those up and compare them to the cost of doing it a better way. For most owners, the DIY number is far larger than they expected — because the biggest line item, their own time, never shows up on a bill.

3. **Bill pay / accounts payable** — fewer late fees, cleaner vendor relationships.
4. **Payroll coordination** — consistent, on time, connected to the numbers.
5. **Compliance calendar & owner-ready reporting** — fewer surprises, and you finally know where you stand each month.

## What to keep — and what to delegate

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Outsourcing the back office isn't about giving up control. It's about putting your time where only you can add value.

- **Keep:** the vision, client relationships, pricing, hiring, and the big decisions.

- **Delegate:** the recurring execution — the work that has to happen every week but doesn't require the owner to do it.

## How to choose a back-office partner

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Not all help is equal. Look for a partner that offers:

- **Execution, not just advice.** Someone who owns the work and gets it done — not another report telling you what to fix.
- **Clear deliverables and a defined cadence.** You should know exactly what you get and when.

- **Security and controls.** This is your financial data; insist on real safeguards.
- **Owner-ready reporting.** Numbers you can actually make decisions on, every month.
- **Room to scale.** A partner that grows with you instead of breaking at the next stage.
- **One accountable point of contact** — not a patchwork of disconnected vendors.

## The Knoxfield approach

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The Knoxfield Group runs the back office for small-business owners — bookkeeping, invoicing, payroll, and compliance — as one managed function, with owner-ready reporting on

top. The goal is simple: take the recurring work off your desk, give you CFO-grade clarity without the executive overhead, and hand you back the time and focus to grow the business.

## Take the first step

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The cheapest way to find out what your back office is costing you is to ask. A free Back-Office Review walks through where your time is going, what's worth handing off first, and what a cleaner setup would look like for your business.

**Book a free Back-Office Review:**  
<https://calendar.app.google/nbLDN8ZC9Cjbqyc1A>

*Sources: Time etc. / Censuswide survey of 251 U.S. entrepreneurs (September 2023); U.S. Bureau of Labor*

*Statistics, Occupational Outlook Handbook — Bookkeeping, Accounting, and Auditing Clerks, median annual wage*

*(May 2024). This report is for general educational purposes and is not financial, tax, or legal advice.*