

Bookminders opens a new chapter for small biz

by Ray Pina

PITTSBURGH — Bookminders Inc. is charting the rapid growth of its small-business bookkeeping service with a mixture of strategies, including highly automated data processing and a largely stay-at-home workforce.

The homegrown company is on track to generate \$12 million in revenue this year with 40 employees, up from \$900,000 in revenue and 27 employees last year, according to Thomas S. Joseph, the 39-year-old founder and president.

"We've been growing at 40 to 50 percent a year over the past four years," Joseph said. "Our goal is to find a strategic partner to help us expand."

Bookminders appears to be tapping a small business need for simple accounting services. "Our clients tend to be people who would otherwise be employing part- to full-time staff members," said Joseph. "They want a weekly collecting and billing service with automatic weekly updates."

"We are not a CPA firm. We view ourselves as an accounting systems company," said Joseph. "Realistically, we don't even compete with CPA firms. In fact, our largest source of referrals are from CPA firms."

And CPAs may be glad to refer the work to Joseph. "A large portion of our clients are nonprofits, which involves complex bookkeeping, a tracking system that you need to know how to operate, and intricate billing applications," said

Joseph. "I think in an urban market there is a lot of unbillable work. There is also a lot of clean-up work and they feel the realization they could achieve is higher elsewhere."

"Our customers pay anywhere from \$300 to \$3,000 a month," said Joseph, adding that the typical customer is paying about \$1,000 a month.

"They eliminated my controller and a large part of my accounts payable department," said Bookminders' customer, Tom Baron, owner of seven Mexican restaurants throughout the Pittsburgh area. "Now it's down to one person. They're a great time saver."

Dwight Ferguson, one of three shareholders and the office manager for the Pittsburgh-based law firm Hollinshed, Mendelson, Bresnahan & Nixon, said that he doesn't notice if the people who are saving him a bundle are operating from the their living room couch or from behind an office desk.

"We had a bookkeeper that was costing us a lot — as much as \$35,000 a year," said Ferguson. "We're saving about \$15,000 annually on our bookkeeping expenses." And the costs continue to decline as Bookminders amortizes the start-up costs and streamlines the law firm's other systems.

"Keeping our bookkeeper not only cost us a lot," Ferguson said, "the results were unintelligible. We couldn't understand what was going on."

The firm uses Juris, software that manages their day-to-day record keeping, which in turn is remotely processed by Bookminders' copy of the software. The resulting time and expense database is then incorporated into Bookminders' standard system.



Thomas S. Joseph
BOOKMINDERS INC.

"When we need our books we don't want to spend time deciphering numbers," said Ferguson. "They bring us three ring binders which include disk copies. We simply turn the pages and all the data we need is right there — every week."

Joseph initially stumbled onto the Bookminders idea when he tried to help his father's painting business keep track of its books in 1984. With the system he installed, his sister was able to do in a few days, from home, what used to occupy an in-house bookkeeper full-time. And so Bookminders was born.

Bookminders first drew national media attention in The Wall Street Journal for its homebound staff. "The idea of offering people the ability to work from home is still relatively new," said Joseph.

"With such a tight employment market we have no problem finding extremely qualified personnel" who would prefer to work from home, said Joseph. "Our typical employee spends one-third of their time meeting with clients and two-thirds of their time at home working."