COMMERCIAL BRIEFING - NO. 19

# The Missing Half

*Every UK small business has an outsourcing list. Bookkeeping, payroll, HR, IT support, admin. It is a good list. But it describes only the operational layer of the business. The commercial and strategic layer sits entirely outside it. Not because it matters less, but because the gap is harder to see from the inside. This briefing sets out what the complete list looks like and why the missing half is usually the more expensive one to leave unaddressed.*

A Moor & Co commercial briefing June 2026 - Commercial advisory for small business owners

IN SHORT

Ask a room full of small business owners which functions they outsource, and you will get a consistent answer: bookkeeping, maybe payroll, HR when they have a problem, IT when something breaks, and someone to manage the admin. That list is accurate. It reflects the functions most owners recognise they cannot handle themselves and that carry a clear compliance or operational risk if neglected. What it does not reflect is the commercial and strategic layer of the business, where most of the growth opportunity and most of the risk actually lives. Pricing decisions made on instinct. Procurement relationships never renegotiated. Cashflow managed reactively. Sales processes that exist only in the founder's head. Exit value that is half what it could be because nobody planned for it. These are not gaps that show up on a compliance checklist. They show up in the P&L;, in the bank account, and eventually in the valuation. This briefing sets out both lists in full and explains why the second one is the one worth acting on.

---

1.

## The standard list and why it exists

The functions UK SMEs consistently outsource fall into five categories. Each one shares the same characteristic: it is a specialist area with compliance implications, a clear cost of getting wrong, and a body of knowledge that most business owners do not have and cannot easily acquire.

- **Bookkeeping and payroll.** Managing daily financial records, VAT submissions, payroll calculations and HMRC reporting. Errors carry financial penalties and HMRC interest. The tools are accessible but the knowledge to use them correctly takes time to build.
- **HR and employment law.** Drafting contracts, managing grievances, handling dismissals and keeping up with UK employment legislation that changes regularly. The cost of getting this wrong, in tribunal awards and management time, can be significant.
- **IT support and cybersecurity.** System maintenance, helpdesk support and network security. Small businesses are increasingly targeted by cybercriminals precisely because their defences are lighter than larger organisations.
- **Digital marketing.** SEO, paid advertising, social media and content creation each require different skills. Few small business owners have all of them. Most outsource at least part of the function.
- **General administration.** Diary management, email handling, customer onboarding and routine correspondence delegated to a virtual assistant.

This is a sound list. Every function on it is worth outsourcing. But it shares a common characteristic: it describes the operational engine of the business, not the commercial one.

2.

## The two lists side by side

The table below sets out the standard outsourcing list alongside the commercial and strategic layer that typically does not appear on it.

| | | | |
|---|---|---|---|
| Bookkeeping | HMRC penalties, inaccurate records | Pricing strategy | Margin erosion, undercharging |
| Payroll | Errors, RTI failures, NLW compliance | Procurement review | Overpaying suppliers, cost drift |
| HR & employment law | Tribunals, compliance failures | Cashflow strategy | Cash crises, late payment exposure |
| IT support | Downtime, data loss, cyber risk | Sales process | Inconsistent pipeline, revenue risk |
| Digital marketing | Invisible online, poor lead quality | Exit planning | Low valuation, unsaleable business |
| Administration | Wasted owner time, poor response | AI and digital tools | Inefficiency, competitor disadvantage |

3.

# The commercial layer, explained

Each item on the missing list addresses a specific commercial risk that is at least as significant as anything on the standard list.

### PRICING STRATEGY

Most small businesses set their prices once and adjust them reluctantly. Costs rise, the market moves, competitors change their positioning, but the price list stays roughly where it was because changing it feels risky. The result is margin erosion that happens gradually and invisibly. A proper pricing review, done with someone who understands cost structures and market positioning, is one of the fastest routes to improved profitability. It requires no new customers and no additional sales effort.

### PROCUREMENT AND SUPPLIER MANAGEMENT

Most small businesses have supplier relationships that have not been properly renegotiated in years. Prices drift upward. Payment terms are accepted without question. Alternative suppliers are not benchmarked. The British Business Bank and Federation of Small Businesses both identify cost management as one of the primary levers for SME profitability improvement, yet structured procurement review rarely appears on the outsourcing list.

### CASHFLOW STRATEGY

A bookkeeper records what happened to your cash. A commercial advisor tells you what is going to happen to it in the next 30 to 90 days and what to do about it before a problem arrives. The difference between reactive and proactive cashflow management is often the difference between a business that survives a difficult quarter and one that does not.

### SALES PROCESS

In most owner-managed businesses, the sales process exists primarily in the founder's head. They know which customers to pursue, how to have the conversation, what to offer at what price, and how to close. That knowledge is valuable. It is also fragile. If the founder is ill, overstretched or preparing to exit, the revenue pipeline is at risk. A documented, transferable sales process is both a growth tool and a risk reduction measure.

### EXIT PLANNING

The things that make a business worth buying, including recurring revenue, clear processes, visible financial performance and low owner dependency, take years to build. Most owners begin thinking about their exit far too late to influence the valuation meaningfully. Exit planning is not just for businesses that are about to sell. It is for any business that wants to be worth something if the owner ever wants to step back.

### AI AND DIGITAL INFRASTRUCTURE

Not marketing. The tools, automations and systems that make the business run more efficiently. Identifying which manual processes can be automated, building or configuring tools that work with the specific data and decisions of the business, and measuring the time and cost saved. This is the newest gap on the missing list and currently the least well served by the standard outsourcing market.

4.

## Why the missing list stays missing

The standard outsourcing list exists because the need is obvious and the failure mode is visible. If payroll is wrong, people do not get paid correctly. If HR is mishandled, a tribunal follows. If IT fails, the business stops. The consequences are immediate and undeniable.

The commercial layer fails more quietly. Margins erode over months, not overnight. The cash gap widens gradually. The business becomes harder to sell over years, not days. Because the damage accumulates slowly, it rarely triggers the same urgency. By the time it is obvious, it has already been expensive for some time.

There is also a recognition problem. Most business owners know they need payroll support because payroll is a defined task with a defined output. They are less likely to recognise that they need commercial support because commercial problems present as business conditions rather than tasks. Revenue is flat. Margins are tighter than they should be. The business feels harder to run than it used to. These symptoms do not obviously point to a missing function. They feel like the weather.

5.

## What to do about it

The complete outsourcing list for a UK SME covers both layers. The operational layer protects the business from compliance failure. The commercial layer protects it from commercial failure. Both matter.

The right starting point is a commercial review: an honest assessment of where the business stands on pricing, procurement, cashflow visibility, sales process and exit readiness. That review reveals which gaps are the most expensive ones to leave open.

For most businesses, the answer is not to outsource everything on the missing list at once. It is to prioritise the gap that is costing the most right now and address that first.

- If margin is thinner than it should be, start with pricing and cost review.
- If cash is unpredictable, start with cashflow visibility and payment terms.
- If the business depends entirely on you, start with process documentation and dependency reduction.
- If you are thinking about exit in the next five years, start now.

---

ABOUT MOOR & CO & 3DMAI

### We cover the missing half.

Moor & Co provides senior commercial expertise working with small businesses across North Staffordshire and South Cheshire. Strategy, pricing, procurement, sales process, exit planning and digital and AI tools. Available short term, long term or project by project.

The intelligence platform behind the practice is **3DMAI**, built specifically for UK SMEs. Margin analysis, cashflow forecasting, pricing scenarios and supplier comparison, running on your actual numbers.

| | |
|---|---|
| **Free discovery call** moorandco.co.uk | **Free commercial tools** 3dmai.co.uk |

## SOURCES

1. Federation of Small Businesses: Small Business Survey 2024. Business challenges, costs and outsourcing behaviour among UK SMEs.

2. British Business Bank: Business Guidance on SME Cost Management and Productivity, 2025.

3. HM Revenue and Customs: Employer guidance on payroll, RTI and National Minimum Wage compliance obligations.

4. Office for National Statistics: Business Insights and Conditions Survey (BICS) 2025.