

Are Your Bookkeeping Practices Costing You?

By Sherryl Dever

The softer the economy, the more pennies count. Make sure you're doing everything you can to develop capital from within. Getting your money's worth from your existing bookkeeper and your bookkeeping practices are great places to start.

Take charge. Spending too much time poring over the books can be a distraction. Remember to focus first on what's most important—new business development. Take the time to create an efficient, money and time-saving system through your bookkeeping efforts. Think, plan and act in ways that support meeting your important goals. Use these pointers to help get you there.

Quantify core competencies. Prior to hiring a new bookkeeper, prepare a clear job description. Write a "reverse resume" on the person you want to fill the job. Include the exact skills and experience you require. Before your existing bookkeeper leaves, have him or her write a detailed report of their job. Always check references and establish a trial period for a new bookkeeper.

Designate space. Create a quiet working space where your bookkeeper won't be interrupted. Never combine bookkeeping with other job functions (such as reception). Bookkeeping requires concentration, and an undistracted bookkeeper is less likely to make errors and will be more productive.

Establish company financial goals. Outline expected procedures to be followed prior to starting any project. Include your bookkeeper in creating financial goals. Their input will help clarify expectations and set priorities.

Establish a report schedule. A report schedule includes the dates for completion of tasks. Be responsible for meeting your deadlines—for example, reconciliation by the 15th of the following month and cash flow projections by the first of every month. Meeting bookkeeping deadlines will keep your business on financial track and allow time to react to essential changes with sound decisions and actions.

Do your homework. Prepare written policies and procedures for the administration of your bookkeeping system. Use these policies and procedures as a marketing tool to help customers to connect with your business. Familiarizing yourself with industry standard methods and anticipating common obstacles will save time and money in the long run.

Outsource for efficiency and cost effectiveness. Use

professional services provided by qualified companies. Experienced bookkeeping agencies, accountants and CPAs can help you select software and set up your systems. Establish a set of questions for your professional team. Meet with your team regularly. Make sure they answer questions to your satisfaction and then incorporate their recommendations into the managing of your finances. With professional guidance, you'll reduce bookkeeping mistakes saving time and money.

Tap great talent. There's an entire industry with the sole purpose to provide financial management information for small business owners. Not performing the right research or not asking for qualified help soon enough can be at the root of a business system set to fail.

Your local chamber of commerce is a good source of information and referrals for qualified support. Industry experts can also be contacted through trade organizations for software recommendations. Your accountant, tax adviser or CPA, can make recommendations to help you make the best choices for your systems. Ask them and use their advice. There are thousands of business and financial books and resources focused on bookkeeping. A quick Internet search for best sellers and top advisers will provide you with many options.

Balance is key. Financial management is the single most important aspect of small business success. Bookkeeping is the linchpin. Our job is to balance the demands of selling and delivering our goods and services with good financial practice.

Utilizing your financial data as a management tool to grow your business is essential. A good system combines standardized practices and policies with individual skills. It's your job to make sure your system provides you the most accurate and timely financial information necessary to make good business decisions. If you don't completely understand the meaning of the information provided, seek assistance.

A failing business system isn't just inefficient; it costs you money and jeopardizes your business. You've heard it before: "Failing to plan is planning to fail."

If you don't take the necessary steps to improve your bookkeeping system, your financial future is at risk.

Sherryl Dever and her professional team are honored to expedite business owners' success, especially in changing times. Celebrating 25 years serving clients. Contact Sherryl for more information or to request your complimentary business analysis at www.thebusinessresource.com or sherryldever@thebusinessresource.com.