

Are Your Bookkeeping Practices Costing You?

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Let's face it, no matter what the economy, money matters and the softer the economy, the more pennies count. Make sure you're getting your money's worth from your existing bookkeeping practices and bookkeeper, Even if your bookkeeper is you, follow these simple steps to save time, money, improve cash flow, and reduce the cost of lost and opportunity in your business. Take charge and reduce the negative impact less effective practices produce. Focus on what's important-- business development, not recreating history. Systematize and follow through to meet your goal of an efficient money and time saving bookkeeping system.

If you want to keep more money, save time and money in your bookkeeping efforts, you'll first want to think, plan, and act in ways that support those goals. Use these pointers below to your advantage.

Quantify Core Competencies: Prepare a reverse resume on the exact skills and experience needed to assume the position, prior to hiring someone to help. Make sure references check and be sure to establish a trial period through which certain competencies must be demonstrated. The result will be clearly definable job performance standard to measure against. In case things don't work, you reduce lead

time on recruiting or drag the process out costing money that could have been left in your bank account.

Designate Space; Always make sure your bookkeeper has a quiet uninterrupted space in which to work. Never combine receptionist and bookkeeping as job functions. This may seem obvious, but this move alone can reduce errors, improve productivity and reduce time performing tasks.

Establish Company Financial Goals and clearly outline expected procedures to be followed, prior to starting the project of bookkeeping and performing work. Including your bookkeeper in the setting of the written goals helps streamline and clarify expectations as well as emphasizing owner and company priorities.

Establish Report Schedule; with deadline dates for completion of tasks. Hold yourself or your help accountable for meeting deadlines and levels of accuracy required for the best results. Example; reconciliation by the fifteenth of the following month, cash flow projections by the first of every month, etc.. This will keep your business on financial track, allowing timely anticipation of necessary changes in course, before it's too late to do anything about it.

Do Your Home Work; Prepare written policies and procedures for the administration of your system and use them to help customers connect with your business as a marketing tool. Collecting industry standard methods and common obstacles to prepare for, helps save time and money. This way you can avoid costly catch up or recreation sessions.

Out Source for Efficiency & Cost Effectiveness When Possible; Use professional services provided by qualified companies. Experienced bookkeeping agencies, accountants and CPAs to help you select software and set up your systems. Meet with them regularly, establish a set of questions for them, make sure they answer them to your satisfaction and incorporate their recommendations in the managing of your finances. This way, you've done due diligence and served your company in the most professional way possible. You save time and money by not making some of the time consuming, costly mistakes others commonly do, without professional guidance.

Good sources of information and resources can be found by contacting local chambers of commerce for referrals to qualified support. Industry experts can be contacted through trade organizations for software recommendations. Business and financial publications video and audio tapes abound with tens of thousands of business book titles focusing on financial and bookkeeping alone. A quick internet search or on Amazon for best sellers in this subject will provide you with many options. Of course your accountant, tax advisor or C.P.A. can make recommendations to help you make the best choices for your systems--but you need to ask them--and use them if you're going to go to the trouble of collecting or paying for their advice.

Set Clear Standards. The small business explosion of the late twentieth-century spawned whole industries, the sole purpose of which is providing the right information to the right people. Yet, in the overwhelm of a demanding small business operation, we seem not necessarily to have the time or inclination to research required standards for the single most important aspect of our small businesses--financial management. The decision to skip performing the right research or not asking for qualified help soon enough, can be at the root of a less effective or a system and is a set up for failure.

In short, a failing system is one that costs you money or time, or one that doesn't provide you with the timely financial information to make good business decisions. It may seem trite, but failing to plan is planning to fail. Our bookkeeping practices play an important part in what makes up the steps to financial freedom. If we don't take the necessary steps to change, our financial future is at risk. Take the time to plan it better right now.

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