



CHOOSING THE RIGHT ACCOUNTANT

Is my accountant right for my business and me? How important is that question? Well, how important is it that you have the right doctor? Or the right spouse? That's how important your choice of accountant is because your accountant is (or should be) the financial doctor who monitors the health of your business.

"What do you mean by 'right'?" "Isn't one accountant just like the next?" "Shouldn't I just go for the guy who charges the least?" "My cousin's a bookkeeper. Do I really need an accountant?" If you're like most business owners, you have plenty of questions but not many answers that you are sure of. But that's good. You're on the right track because the best place to start is with the right questions. But let's ask the big one first, and then we'll go into the details about evaluating an accountant and about selecting the one that's right for you.

Do I really need an accountant?

"I'm just small potatoes in the business world. Accountants are for the big boys, not for me." If that's what you think, you need to adjust your attitude to fit the reality of your situation. Check out these vital facts:

1. In the government's eyes, the burden is on the independent business owner. With very few exceptions, the reporting required of a five-person operation is similar to what is required of an operation employing five thousand people. The five thousand person operation has a team of accountants to help them deal with tax and reporting requirements. What kind of resources do you have?
2. Unless tax law and reporting systems are your favorite hobbies, you need a tax expert, an accountant, to prepare your return. To the government, your business is simply a series of transactions revolving around taxable income and expense. It takes the expert to sort these out to your government's satisfaction.
3. Monthly, quarterly and annual reports are governed by strict regulations. Failure to do things correctly could cost you some heavy fines. It's best to leave these reports to people who work with them every day. Now on to other questions..."Is There An Easy Way To Choose a Good Accountant?"

The Right Stuff

What do you need in an accountant? The criteria are very straightforward. They have been placed in question form for your convenience. Some of them apply only to prospective accountants, some to accountants with whom you already work. Use them to help you judge objectively whether your accountant is right for you.

1. Does this accountant speak English or "accounting-ese?" He/she must take the time and make the effort to be understandable to you. A good accountant will drop the jargon so he/she can help you run your business better.
2. Is he/she interested in your business? Did this person take the time to review the financial information provided? Did he/she make sure you understood the concepts?
3. Can you develop a rapport with this person? He/she will be a critical element in your financial team; you must be able to work together.
4. Is this the person who will work with you? The person selling you the service may not be the one who will work with you. You need to be comfortable with the person who will be providing the service.
5. On what schedule and under what circumstances will your calls be returned? You cannot expect 24-hour availability, but a response within 24 hours is a reasonable expectation.
6. What is the delivery schedule? It is amazing how many people accept information way past its useful life. Here is a reasonable schedule for delivery after the end of the period: Monthly Profit and Loss statements, within ten days; quarterly information, within 20 days; annual information, within 45-60 days. Remember, in order to run your business properly, get accounting information every 30 days.
7. Are you a good match in size? As with other businesses, accounting companies service the largest clients first because they generate the largest fees. Make sure your accounting company has selected your sized business as their target client.
8. What is this person's (or this firm's) expertise? A degree is important, but look beyond the university education. If the person or firm has a number of years' experience either in your field or with your size business, weigh this along with the university credits.
9. Where does he/she go for second opinions? No one who deals with taxation can claim to know it all. A good accountant will have a formal procedure in place to refer to others more expert in their particular fields.
10. What services will you receive and what will they cost you? Know exactly what will be provided, and how often.
11. What is the basis for the fee? Part of the fee will be based on the time necessary to complete the work. Look for someone who is willing to say that if you furnish your information in a certain format at a certain time, he/she will do the work for a specified amount.

So, what are you looking for? An accountant who:

1. Explains things to you in plain English on a regular basis...
2. Can solve your problems either through his/her own resources or through a back-up support system...

3. Will treat the servicing of your account as a priority and,
4. Will give you good value for the fee. Evaluate the service you receive from your accountant. If you don't have an accountant, or you find you need one more suited to your needs, compare the responses of different accountants.

Warning Bells: What to Watch Out For

Be skeptical of the following types of packages:

1. When someone says he/she will do everything. No one can do everything for you. Worse, everything can be defined as what an accountant thinks you will need, as opposed to what you really need.
2. Be wary of the accountant who wants to build your tax return into his/her price. This may mean that you will be competing with cash returns when it is due.
3. Be wary of someone who will do your tax return "for free." In your own business, how much importance do you place on "free" work? Remember: make the choice that will help you and your business to prosper.

For more resources to Start or Grow Small Business, visit our website at www.womensenterprise.ca or call 1.800.643.7014.