



Unlock the Power of Quickbooks®

Many Small Business Owners decide to do their own accounting using the very popular QuickBooks (QB) software produced by Intuit Corporation.

I have taught QB users since 1997, and designed the Basic and Advanced QB courses taught by Central Piedmont Community College in Charlotte, and one course for York Technical Community College.

All in all, I have taught some 70 courses, and have used QB to manage my own practice for over 8 years, so it seems appropriate to share some insights and advice gained.

First, the claims made about QB's ease of use are absolutely true. It's very easy to write and print a check, for instance.

That said, it's also very easy to create a series of financial records that do not in any way reflect the financial realities of the business. The old saying goes, "a computer just helps you get into trouble faster".

I remember teaching a CPA who left one of the country's large consulting firms to start his own practice. Halfway through the course, he began to comprehend the power of this very good software and said, "In 1985 I was installing similar software for medium-size companies. We would take 6 months and charge \$250,000".

"This QB software costs less than \$200, and has more capability than that system had!"

He's absolutely right. QB can change the way you manage your business forever. It can give you insights and control you never dreamed were possible.

But there are problems—big ones.

The biggest problem is that most business owners have neither the training nor the time to manage their data accurately, much less evaluate the accuracy of the reports, or to make effective use of those reports.

Think about it: accountants spend years learning the theory and practice of the debits and credits and how to properly use an accounting system. It's unrealistic to expect someone to pick up all these aspects from scratch.

One CPA friend of mine describes QB as "a loaded gun in the hands of a five-year-old." Many, many people in the accounting profession feel similarly.

It's not that QB is not any good. It's that for many people, QB is too good!

My own experience is mixed: I have worked with many whose annual sales range from \$250,000 to \$3,000,000 that are quite capable users of QB.

And I have seen many more companies in which QB hurts them more than it helps.

But QB is here to stay, and properly used, it can be a critical element of any Business Owner's strategy.

Here are eight practical tips to use in your business.

- **If your business grosses \$100,000 or more, plan to use a comprehensive computerized accounting package.** We live in the 21st Century, and we need to use the tools our technology provides. QB is one of the best.
- **Don't think of QB as bookkeeping, or even accounting.** Think of it as a Management Control System—the backbone of your business.
- **Buy simple and inexpensive.** Intuit produces a wealth of sophisticated accounting versions. You don't need them, particularly starting out. The capabilities of the basic packages are astonishing, and exceed the needs of most small businesses anyway.
- **Learn how to use this most powerful of business management tools.** You'd take lessons to fly a plane or a battle tank, wouldn't you? In terms of your business, QB is even more powerful.
- **Plan to enter information daily, or at least several times per week.** The biggest mistake many people make is to let this task go "until they have time", which of course never comes. You can guess what happens 6 months later.
- **Learn to reconcile.** Not reconciling a personal checking account is one thing. Not reconciling a business checking account could cost you your business. Plus, reconciling is the best way to learn QB, because you see your mistakes, and learn how to trouble-shoot them.
- **Establish the basic system first, and don't even think about the more advanced features.** Advanced features mean Payroll, Inventory, and Profit and Loss by Job. None of these features are all that difficult once your backbone system has been established. Learning to run is not too difficult. Learning to walk is the hard one. So, too, with your Management Control System.
- **And finally, never lose sight of QB's basic function:** It's a machine that makes reports. People get caught up in the data entry and never realize the whole point of the exercise is to get information out, not put data in!