



# How to Select an Accountant

Small Business Guide



Selecting the right person to assist your company with accounting is enormously important for a small business owner. Every small business owner needs a trusted financial advisor to help them carry out their CFO (Chief Financial Officer) duties until their business is big enough to hire a full time CFO.

In fact, many of the reasons that a small business fails relate back to financial issues: cash flow issues, lack of financial expertise, high costs or overspending, pricing or volume problems, or even expanding too fast.

Finding a knowledgeable accountant you can trust is not only essential to your pocketbook, it's also essential to your peace of mind as a business owner. We've put together this brief list to help you choose the best accountant to fit your business needs.

### 1. Small Business Experience

Make sure the accountant you choose has small business experience. There is a world of difference in accounting for large and small companies. The most valuable experience an accountant can have is if they are currently performing the services that you need for satisfied clients that are running similar businesses as yours. Accountants will have seen lots of financial statements like yours and can help you with benchmarking, cost reduction, revenue planning, and cash flow forecasting.

### 2. Industry Experience

Most small business owners prefer to find an accountant with experience in their industry. Some accountants specialize in three or four "verticals," such as professional services, construction, manufacturing, and/or retail. Carving out a niche vertical or industry allows an accountant to go deep in the particular details and idiosyncrasies of that industry.

### 3. Accounting Education and Credentials

The gold standard for an accountant is the CPA, and there are some services that only a licensed CPA can provide, such as audit and assurance work. Other credentials that are excellent include:

- 4-year accounting degree
- MBA
- CMA or CGMA. Certified Management Accountant is the industry equivalent of the CPA and is offered by the Institute of Management Accounting. CGMA is Certified General Management Accountant and is a new designation from the American Institute of CPAs. Both are prestigious certifications and rigorous to acquire.



### 4. Communication

An accountant needs to be a great communicator. Sometimes financial reports are just not all that intuitive. A great accountant will be able to answer your questions and explain where numbers came from on any report.

A great communicator will find the right level of explanation with you so that you don't feel talked down to or over your head. They will be teachers at heart.

## 5. Scope of Services

Most accountants that run a full-service accounting firm do everything a small business needs to get done within their accounting function. But there are occasionally variations.

- Bookkeeping and payroll
- Management reports for internal use
- Controller services
- Benchmarking, cash flow help, or other non-compliance, value-added services
- Financial reports for external use
- Federal and state tax compliance
- Tax planning and representation
- Sales tax compliance
- Accounting systems installation, troubleshooting, customization, and upgrades
- Workflow efficiency
- Other reporting requirements

If your accountant does not do everything you need, they may have referral sources that they work closely with that can fill any gaps for you.

## 6. Responsiveness and Availability

The year-round availability of the accountant is certainly a factor in deciding who to choose. The frequency of services will be determined by the scope of services you select as well as your budget.

Most accountants are diligent about returning calls and emails. However, the response time will vary depending on the time of year. If the accountant offers U.S. tax return preparation services, February through mid-April are very busy months for them. Some tax accountants are also very busy in September through mid-October, which is the final deadline to file.

## 7. Software Experience

It's essential that your new accountant has direct experience with the exact brand and version of software you are currently using. You can judge their expertise by testing them or checking to see if they have earned a credential in the software.

For example, if you are using QuickBooks Online, an accountant that has earned the QuickBooks Online ProAdvisor Certification has demonstrated that they have learned the software enough to pass Intuit's test. Certain certifications provide an accountant with better diagnostic tools and access to a higher level of software support from the vendor.

For you, this means the accountant may be faster using the software as well as when they hit a snag.



## 8. Technology Experience

Beyond knowing the accounting software, accountants must be fluent in daily software like Excel® (most important!), Windows®, email, file handling, remote connectivity, and the like.

There are accountants who are very technology-savvy. You'll be lucky if you get one of these! They will help you with time-saving tips like workflow improvements and technology shortcuts. These accountants are worth much more than a less technical person because they are faster and significantly more efficient. They are not afraid to look for new solutions to save you time and money.

## 9. Client Experience.

An accountant with multiple clients often has each client on different software, different versions, and different hardware. They are highly organized and disciplined to keep track of everything they do for you. That requires a higher level of skill as well as efficiency, and you get the benefit of that higher skill in a far more qualified person.

## 10. Billing Methods.

Some accountants will charge by the hour, and others will charge a flat rate for monthly services. Still others will use a combination of the two methods.

If an accountant charges by the hour and you are gathering pricing information from multiple bookkeepers, please do not base your decision by comparing hourly rates. One accountant charging \$175 per hour might offer recommendations that save you \$50,000 per year. Another accountant charging \$125 per hour might only find \$10,000 in savings per year.

It's up to you to decide what's best for your business.



## 11. Payment Methods and Terms

Ask each accountant that you are considering how you can pay and what the terms are for payment. Some accountants take credit cards or PayPal payments. Others will draft your checking account so both of you can be paperless.

## 12. Continuing Education

A great accountant is one that will attend classes and conferences to learn about new tax regulations, new technology, and the latest in business consulting. They can then apply what they've learned to their clients' situation to help them save money and increase their bottom line.

The modern accountant will not be afraid of change as long as it's for the good!

## 12 Questions

Here is a 12-question summary from the points we just outlined above. Use these in your interviews with accountants.

1. Do you have small business clients that are similar to my business?
2. Do you specialize or have experience in my industry?
3. What accounting licenses or education do you hold?
4. How patient are you if I need something explained on a report or in the accounting software?
5. What services do you offer?
6. How fast can you respond if I have an accounting emergency?
7. My accounting software is \_\_\_\_\_. Do you have a certification or experience in that software?
8. How proficient are you with Excel and technology in general?
9. How long have you been doing bookkeeping for multiple clients?
10. How do you charge?
11. What payment options do you take?
12. What do you do to stay up to date in accounting and technology?

## We Can Help With Your Accounting

We'd love to find out more about your business and your accounting needs. Please contact us so that we can set up a time to get to know each other better.

**Please contact the person who gave you this report.**