



Accounting made easy

The lack of information available to small business owners is making it difficult to select accounting software to assist with day-to-day operations.

By Karine Benzacar, CMA

Many entrepreneurs still use Excel spreadsheets as their bookkeeping tool of choice. Little do they know what they're missing. These individuals don't realize how much they could benefit from using a dedicated accounting package nor do they know how simple and inexpensive basic accounting packages can be.

According to studies conducted by Intuit, a leading provider of accounting software, 800,000 Canadian businesses are using accounting software, but there are still 1.6 million businesses that are not. "One of the key issues for small business owners is having enough information to make quick and informed financial decisions with confidence," Chris Davey, senior manager, Intuit Canada, says. "Accounting packages like Quickbooks give users the ability to easily track finances in real-time and present critical details in a single dashboard. It also streamlines time consuming tasks like payroll and invoicing. In the end, small business owners make money, save money and can re-direct accounting time toward doing more of what they love."

Sage Software, the other major player in the industry, with its Simply Accounting package, echoes its comments. "Small businesses today have to do more with less, which makes fast and easy-to-use tools key to their success," Jamie Sutherland, vice-president and general manager, Simply Accounting, says. "Simply Accounting is built for both simplicity and speed, managing financial and operational needs and providing a complete scalable accounting solution."

Many accountants are familiar with the large software packages, such as SAP and Oracle, but do not realize just how effective small business packages have become. If accountants can convince their clients to use these packages, they can spend their time on more valuable services, such as business planning and tax advice, services for which they can charge a premium price.

The biggest benefit of a dedicated accounting package is the ease of use and the reduction of errors.



If used properly, accounting software packages can remove hours of frustration associated with manually tracking accounting transactions. Unlike Excel spreadsheets which require users to build in formulas and create reports, all standard features and reports are already preprogrammed.

Some of the benefits of packages include control features to categorize expenses into accounts and ensure that debits equal credits in any transaction (a fundamental feature of accounting). Entrepreneurs can also store important information on customers, vendors, employees, and inventory in these packages. When it comes to preparing invoices or creating cheques, the procedure involves little more than a few keystrokes to update all relevant information. The packages will also highlight when there isn't enough cash in the bank to cover all outstanding cheques. Packages can also take the place of expensive payroll processing providers by automating payroll processing, including calculating and withholding payroll taxes and creating T4s at the end of the year.

Small business owners can therefore perform some of the accounting functions on their own instead of outsourcing the work to accountants. Using an accounting package can save a small business hundreds or



even thousands of dollars in professional accounting fees.

This doesn't mean accountants will go out of business. Quite the contrary, as business owners take on more of these tasks in-house, they turn to their accountants for strategic business advice. "I prefer managing my own bookkeeping because I know day-to-day how I am doing, but I will never call myself an accountant and I still rely heavily on my accountant for financial advice," Lisa Turk, sales operations manager of Jasper Design and a small business owner says.

Buying an accounting package is almost like buying a car — there are a few competing products in the marketplace, the most popular being Intuit's Quickbooks and Sage's Simply Accounting. The top companies jockey for the position of market leader, each year introducing new features which they hope will provide them with a competitive advantage over their rival — until the following year when their competitor copies them and adopts the same functionality.

Both Simply Accounting and Quickbooks have very similar functionalities and differ most in terms of their user interface. Quickbooks presents information very much in layman's terms; it uses terminology such as "customer invoices" and "vendor bills" rather than "accounts receivable" and "accounts payable." This is well-received by most business owners who are not financial people by nature.

Sofia Mintz, CMA, and a public accountant says, "As an accountant, I would prefer to work with software which uses the accounting terminology I'm

familiar with. However, most of my clients won't use software if they can't understand it and a simple user interface makes it easy for my clients to do most of the upfront bookkeeping before I start reviewing their books."

Simply Accounting, on the other hand, has a greater appeal to accountants because it has an option of using accounting terminology in its user interface. Of course, for the small business owner who wants to stay as far from financial terms as possible, Simply Accounting has a layman's interface as well.

Buying an accounting package can be quite inexpensive, beginning at \$49 for the simplest version to over \$3,000 for the multiple-user version with many bells and whistles. Pricing for Simply Accounting and Quickbooks is extremely comparable and the decision most often boils down to which tool is easier to use. Both of the companies allow users to download trial versions from their websites.

Once business owners adopt an accounting package and see this package paying for itself in just a few months, they're unlikely to ever return again to Excel. ■

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