

FROM THE OFFICES

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The QuickBooks® Client Newsletter



Helping You Grow A Profitable Business with QuickBooks® Software

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Turn Over a New Cliché: Adopt Best Practices

Turn over a new leaf. Make a New Year's Resolution. Make a fresh start. Get your ducks in a row. All familiar clichés, but their message is valid: At this time of year, you probably feel like renewing your commitment to running a more successful, productive business.

There are numerous ways to do this, but you might consider adopting the concept of **best practices** (if you haven't already). Most industries have them, primarily larger businesses. Best practices are a set of operational guidelines that are expected to produce a favorable outcome. Run your business using these techniques or methods, and you're likely to be more successful.

Accounting has best practices. While they're not carved in stone, sticking with some tried-and-true, common-sense procedures will likely lead to increased efficiency. Perhaps adopting some or all of them will make a difference in your business. QuickBooks can help.



We believe in the value of relationships. We view every client relationship like a partnership, and truly believe that our success is a result of your success. We are committed to providing close, personal attention to our clients. We take pride in giving you the assurance that the personal assistance you receive comes from years of advanced training, technical experience and financial acumen. Our continual investment of time and resources in professional continuing education, state-of-the art computer technology and extensive business relationships is indicative of our commitment to excellence.

The Three I's

Let's look at the three stages you'll encounter when you decide to apply best practices to your company.

Identify.

What problems are you trying to solve? Where are your bottlenecks? Are collections a problem? Cash flow? Timely, accurate payroll? Have you seen a reduction in your customer base? Are your bills being paid late? Having trouble keeping up with inventory?

Bring your employees in on this process. They're on the front lines, and will have insight into where your systems are breaking down. They'll be pleased to be asked, and they may have ideas that will evolve into best practices.

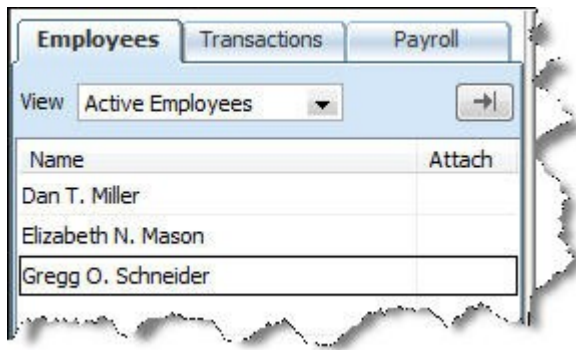


Figure 1. When you're formulating ideas that could evolve into best practices, use your best resource: your employees.

Implement.

Turn your ideas into policies, and formalize them. Make a big deal out of introducing them to all staff related to accounting, and explain the rationale behind them. They're intended to improve your company's financial bottom line, which should translate into a positive outcome for everyone. Don't turn your presentation into a critique of past performance; emphasize the constructive nature of the changes. Put it in writing, too.

Here are some examples of best practices that other businesses have implemented.

- Invoice at the time of service/shipment, instead of once or twice monthly.
- Set a specific time interval to deal with collections, like once a week. If you're running QuickBooks 2011, you can use the **Collections Center**. Previous versions have numerous helpful reports, like **A/R Aging Detail**, **Open Invoices**, and **Collections Report**.

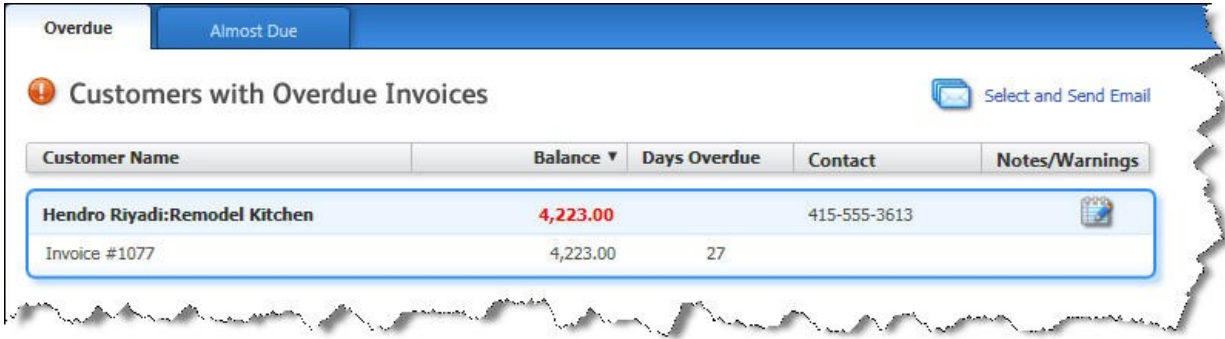


Figure 2. QuickBooks 2011 features the automated **Collections Center**.

- Estimate your income tax obligation *monthly*, not just quarterly. When payments come due, there won't be any major surprises.
- Make sure everyone who works with accounting has a backup person who can fill in. Consider having us do the training.
- If you don't have a merchant account—which QuickBooks supports—get one, and encourage customers to pay in this fashion. Pay your bills the same way wherever possible. Use all of the technology that makes sense for you.
- When it's logistically possible, have employees who incur billable time use a timer. A few minutes lost here and there adds up. QuickBooks has a built-in timer; remote employees can use *Time Tracker*.

The screenshot shows a time tracking application window. At the top right, the text "Not Billed" is displayed in red. Below it is a checked checkbox labeled "Billable". The main form contains several input fields: "Date" with the value "12/15/2014", "Name" with "Elizabeth N. Mason", "Customer: Job" with "Teschner, Anton:Su...", "Service Item" with "Blueprint changes", and "Class" with "Remodel". A "Duration" section features a stopwatch icon, a digital display showing "03:01:18", and three buttons: "Start", "Stop", and "Pause". To the right of the duration is a "Notes" text area. At the bottom of the window are three buttons: "Save & Close", "Save & New", and "Clear".

Figure 3. Have employees time billable activities whenever possible.

- When was the last time you looked at your pricing structure? Are you building in enough profit? Evaluate your selling ratios on a schedule. Run inventory reports regularly.

See? It's not rocket science. It's a matter of emulating the practices of the most successful businesses. You might network with other companies to see how they handle this formalizing of processes. Talk to us, too.

Insure.

Don't leave it at that. Evaluate the effectiveness of the new best practices by scheduling follow-up meetings with employees. What's working, and what isn't? Do you need to tweak your methods?

This step is absolutely critical. You might want to appoint a compliance officer who follows up with individual employees and departments. If your business is small and informal, you could bring in lunch one day a month for follow-up – and for the development of new best practices.

Not just for mega-companies

You may already know something about best practices, but have always assumed that the concept was designed for big business. While it may be more of an imperative for large companies, even a sole proprietor with a bookkeeper can benefit. It's really just a matter of putting the most effective work processes into place and maintaining them. Implementing best practices can be a good first step towards a more successful 2011. Call us if you have any questions.