



Business Financial Advisors

Accounting software

Accounting software is supposed to be **like an egg slicer** – a tool that makes it easier to do something you have to do anyway.

But accounting software isn't like Microsoft Word or Excel – where all you have to do is open a document and start entering information.

Accounting software requires you to set it up before you can start using it. And it's not like you have to set up 2 or 3 things first – you have to answer dozens of questions, then execute your answers the way the accounting software requires – then you can start using it.

Some of the questions you'll have to answer:

- >> Which accounting software will you use? QuickBooks, FreshBooks, Xero, other?
- >> What accounts do you need to include in your chart of accounts?
- >> Are you going to use accounting software to track:
 - >> Employees' time?
 - >> Sales tax?
 - >> Inventory?
 - >> Fixed assets?
- >> Will you use the accounting software to do payroll?
- >> Are you going to reimburse employees for expenses and/or mileage?
- >> Are you going to pass through expenses you pay to your customers?

- >> Will you download your bank transactions to the software?
- >> How do you want to set up your company's invoice?
- >> Has anyone, including yourself, loaned money to the company?
- >> Does the company have partners/shareholders?

And there are more questions to answer – sometimes many more – before you can even start to use the accounting software.

Do you want to do this yourself? After all, the software tells you it's easy to set up. My guess is that you'll try – but soon realize you really need to know more than you can quickly learn by following the software's instructions, and start thinking about getting someone who has done this before.

Your tax advisor? Your tax advisor is going to ask you all the same questions you already don't have answers for – but, assuming they have experience setting up the accounting software you've decided to use, they'll help you answer these and any other questions you need to answer. One problem with using your tax advisor is that this can get really expensive.

A bookkeeper? How many times has this bookkeeper set up the accounting software you've decided to use? – for companies in your industry?

In reality, accounting software is a monster to set up.

Accounting software is not like an egg slicer.