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How to Choose a Small Business Accountant

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A strong accountant can help your business grow and your bottom line balloon.

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Small business owners are known for their bootstrapping personalities. Famously hands-on, they're stubborn do-it-yourselfers to the core. When it comes to accounting, though, most small businesses would do well to hand over the reins to a professional number cruncher.

"I suggest that small business owners concentrate on what they do best—and only what they do best—and delegate everything else," says Matthew Tuttle, CFP, president of Stamford, Conn.-based Tuttle Wealth Management. "If the small business owner's trying to do everything, well, there's not enough hours in the day to do that."



Because hiring a small business accountant is one of the most important decisions an entrepreneur can make, finding a good one—one that can truly help your company grow, strategize and succeed—is essential, according to Tuttle. "Whatever it is that you do," he says, "when there's a financial aspect to it, [your accountant] should be able to help."

Partner for Success

Dallas-based CPA Keith Hall, a national tax advisor for the [National Association for the Self-Employed](#), likens accounting to score keeping; a business's numbers, he says, can tell investors and stakeholders exactly how the business is playing its game. "Accounting is simply the language of business," he says. "It provides a certain way of recording the specifics of transactions so that other interested parties such as the [IRS](#), bankers and investors can tell what is going on with the business by looking at the numbers."

A good accountant does more than look at numbers, though. The best, according to Melvern, Pa.-based CPA Melissa Hawes, can use those numbers to help steer a business toward success.

"They know their business best," Hawes says of small business owners. "However, they're not necessarily an accountant or a financial advisor themselves. If they want their business to go forward, they really need to have a professional to work with them as a partner."

More than a single partner, Tuttle says businesses need an entire coaching staff. Along with a financial advisor, an insurance agent and an attorney, he says an accountant is part of a vital team of counselors on which every business owner should rely.

How to Choose

Deciding on an accountant is no easy task. It's perhaps best, then, to begin the process of choosing by deciding not whom you need, but rather what you need done. A strong small business accountant can:

- Recommend an accounting software system, and be able to train you to use it.
- Do your bookkeeping for you.
- Manage your cash flow and your budget.
- Prepare financial statements for you, either on a monthly or a quarterly basis.
- Process your payroll for you.
- Complete your business—and personal—tax returns.
- Help you prioritize major business purchases from a tax planning and deductibility perspective.
- Make sure your company is in compliance with the local, state and federal financial regulations that govern small business.
- Help you set financial goals and make financial projections for business planning and financing purposes.
- Help you plan for your and your employees' retirement.
- Advise you on the best corporate structure for your business.
- Make a list of all the accounting tasks you need done, then decide which you'd most like to outsource. While it may be tempting to do certain things yourself, remember that what will take you hours will take an accountant minutes, and that every moment you spend doing arithmetic is a moment you spend away from building your business.

Once you've decided what you need done, consider what type of accountant you should hire. If you work in a niche industry, for instance, such as construction or foodservice, you might want to hire an accountant that specializes in serving clients in your field. At the very least, though, look for someone who serves other small business clients.

"Small business experience is really important," Hawes says. "Accountants that work with small businesses, typically they're small businesses themselves, so they understand what a small business is and what it takes to run a small business." Stay away from larger firms, she adds, who typically have bigger fish to fry and therefore won't give you the attention you deserve or the service you need.

Where to Look

The best way to find an accountant, experts agree, is to ask someone about theirs. "The best advice is to get some referrals from people that you know," Hall says. "Ask your friends, co-workers, even your clients. If you can find someone you know who already has a professional that they trust and have good experience with, you will be way ahead of the game."

Other places to look are your local chamber of commerce, your state's [CPA association](#) or the [National Association of Small Business Accountants](#).

No matter where they look, though, Hall encourages folks to speak to a number of different professionals. Make a list of CPAs with the experience and background you're looking for, then interview them to find one that has a personality that's compatible with yours. Ask about the size of their firm, their existing client base, what their fee structure is and whether they can accommodate you as you grow.

"If you're going to hire an accountant," Hawes says, "ask for references so that you can contact individuals and say, 'Are you happy with your accountant?'"

One final piece of advice from Hall will ensure that you're happy with yours: "Remember, you are not alone," he says. "It's your business. Stay in control. But the more expertise you can call upon the better."

Links referenced within this article

National Association for the Self-Employed

<http://www.nase.org>

IRS

<http://www.irs.gov>

CPA association

<http://www.aicpa.org/Legislative+Activities+and+State+Licensing+Issues/State+News+and+Info/States/stmap.htm>

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