

RISBJ

rhode island small business journal

An
Effective
Business Strategy



WORKING
TO REPAIR THE COMMUNITY

6
BARRIERS
TO STARTING A SMALL BUSINESS

+ **ACCOUNTING**
ARE YOU GETTING YOUR MONEY'S WORTH?

DO YOU HAVE AN ENERGIZED WORKFORCE?

Accounting: Are you Getting your Money's Worth?

"Accounting errors can be damaging – even fatal – to [small] businesses," says Forbes. According to a study, the Association of Certified Fraud Examiners found that bad accounting occurs at more than 30% of small businesses, for a median loss of \$150,000, stemming from lack of expertise and infrastructure. As with protecting your business from other risks, adopting best accounting practices early saves companies time and money which can be used to grow the business. The potential losses from a missed investment in accounting often exceeds the cost of the accounting itself.

What should you expect from your professional accounting experts? Are you getting meaningful, timely financial information, at reasonable prices? You can be with the right experts and suite of technologies. The opportunities common to most businesses include, but are not limited to: payables automation, payroll automation, billings automation, and centralized accounting.

Automated payables processing

There are several applications available to automate payables and expense reports. This can be as easy as taking pictures of expense reports, receipts and invoices, and having your accountants do the rest. Business owners can set up rules for different vendors, helping them protect themselves. Bills can be specifically routed for certain aspects of the business automatically, for a clear picture of the business in detail, the business at large, and new opportunities.

Automated payroll & payroll-related tax forms

Certain technologies can be setup to pay all employees automatically, link payroll data with centralized accounting, and output all needed tax forms as a simple, one-stop shop. There are options which cost much less than the most recognized names in payroll, which provide all necessary outputs for most businesses. Your accountants can help you with associated year-end tax compliance using this data, and any other needed specialized services.

Automated billings and moving away from paper invoicing

A simple Google search reveals that the average cost of sending a paper bill is between \$2 and \$8, depending on the company. Many companies are saving that time and expense by automating billings electronically, with easy one-click options for payment. Furthermore, the billing, payment processing, etc. can all be integrated with the rest of the accounting suite, like payables, for a clear picture of the business.

Centralized accounting

If desired and agreed upon, business owners should expect their accountants to provide them with monthly reports regarding where the company stands as a whole, operations by month, and cash burn by month. This same information can be used to make key decisions about the business, as well as to borrow or raise money. Furthermore, for any company considering an exit strategy, financial information like this is generally critical to potential buyers.

Did you know that accounting packages and support can cost small fractions of what you might think? Investing in the right hire is integral to all businesses. In an increasingly digital world, does that person still have to be a full-time employee? Or might it be more practical to find part-time experts who specialize in personally helping dozens or even hundreds of companies like yours, while sharing best practices?

By engaging third-party accountants early, in a very short time you can have easily understandable financial information ready for potential investors. And, many snafus in the finer legal print of contracts can be found to avoid unforeseen and potentially expensive consequences.

Marcum LLP is a national accounting and advisory firm with offices in major business markets throughout the U.S., as well as Grand Cayman, China, and Ireland. For more information, visit www.marcumllp.com.

Michael T. Ung, CPA, MSA
Manager, Assurance Services
Marcum LLP
Providence, RI, office
401.457.6738
Michael.Ung@marcumllp.com



“

For those companies with a winning mindset, consider finding accounting solutions early, in order to provide meaningful information for creating strategic plans and bringing them to fruition.”