

The Bookkeeper's Top 10 tips for new Businesses

Starting a new business can be both an exciting and challenging time, even for the experienced businessperson. There are so many things to get in order, such as marketing, premises, staffing, equipment, etc. Getting all aspects of your business off on the right footing is ultra-important, and your record-keeping is no exception. This is where a good bookkeeper comes in. Invest some time in sourcing a good bookkeeper and tick off our top 10 tips to get your business off to a good start!

1. Get the right software

Gone are the days when you picked a brand of software and made your business systems fit its parameters. There have been significant advancements in accounting software and many of the new features are yielding significant efficiencies and labour-saving advantages to small businesses. Speak to a bookkeeper and assess the functional and informational needs of your business and pick the software that best fits your business needs.

2. Understand your software

Having selected the right software, you (and any appropriate staff) should understand how to operate the software and how to extract information from it to better run your business.

3. Configure your software properly

Your software should be configured so that it delivers you the information you need to make the right business decisions. It also needs to be properly configured to report to statutory authorities such as the Tax Office. This all starts with ensuring that your general ledger is appropriately customised to your business.

4. Build reporting disciplines

Great software is important but more important is the information that flows from it. Historic information about your business enables you to make the best decisions possible about the direction of your business. Decide on the type, timing and frequency of reporting, and on the roles undertaken by various individuals in producing reports. Many businesses underperform or even fail simply because they did not use, or did not know how to use, the information that was right at their fingertips.

5. Build a strong accounting team

Ensure that your bookkeeper, accountant and any internal administrative staff have a close working relationship. This will ensure that each person has a clear understanding of their role, which will avoid duplication and issues falling between the cracks. Building a strong accounting team will improve the effectiveness of the reporting function and the quality of the information at your disposal.

6. Confine each person's role

The best leveraging of yours and your employees' time is to confine each person's role to the highest and best use of their time. In particular, as a business owner, you should not do tasks that limit your ability to operate at a higher level, as it will be to the detriment of your business's profitability. Look at the bookkeeping function in this light and decide what tasks your bookkeeper should do to provide you and your employees with the greatest leverage of their time.

7. Focus on cash flow

One of the most common reasons that a small business fails (especially in its early days) is cash flow. Failing to plan and manage cash flow will deprive your business of the lifeblood it needs to survive and thrive. Managing the billing cycle and collections will ensure you keep cash flow up. Prompt billing and receivables management are simple functions but, let them slide and you will run out of money. Forward cash flow planning is important in the early days in particular, so that you can preserve cash flow and meet obligations as and when they fall due.

8. Build good systems

Systems and processes drive efficiency in business, so look carefully at your record-keeping function and build robust systems around record-keeping procedures, source record filing, and reporting. Document the system and assign responsibilities to the appropriate persons, including employees, bookkeeper and accountant.

9. Understand Tax Office reporting obligations

Many businesses fail or get themselves into trouble early because they fail to understand their record-keeping obligations for income tax and GST purposes. The ability to understand what you owe the Tax Office and when is crucial. If you understand what your obligations are, you should be able to avoid any nasty surprises and comfortably handle any level of enquiry from the Tax Office.

10. Manage employee obligations

Australia is one of the more difficult places in the world to be a small business employer. There are a myriad of government and other authorities to deal with including the Fair Work Commission, Tax Office, Offices of State Revenue and Workers Compensation, each with their own set of rules and administration practices. Consider whether you want to face this workload alone or whether you should seek outsourced assistance from a bookkeeper.