

DO I NEED A BOOKKEEPER?

Positive cash flow and proper allocation is an essential element in ensuring your business remains healthy and poised for growth. As Sheldon Cooper would say, here is a “fun fact” – **most small businesses fail because of poor cash management** – not bad investments, poor employees, bad management decisions, or lack of customers. *When it comes to your cash management approach – **be proactive** – take the steps today to ensure you are lying in a bed of roses tomorrow.*



As a result of poor cash management, 82% of small businesses fail on an annual basis – ***DON'T BECOME A STATISTIC!*** Partnering with the right financial professional will ensure that you are working *smart*, not simply hard.

If you are like most entrepreneurs and small business owners, you have that spark inside of you that says you can do it all. You are a self-starter and somehow you find the motivation to get up early and give 110% percent of yourself every day. That attitude which drives you to believe that you can do it all yourself (and why not – look where it has gotten you so far) prevents you from seeking help until you absolutely must have it.

It is also hard to justify paying for the financial help of a CPA or a bookkeeper when there are so many user-friendly software solutions out there. After all who knows your business better than you. However, like most entrepreneurs and small business owners, your passion is not sitting in a lonely dark corner entering your transactions, balancing your books, reconciling your statements, producing your monthly and quarterly financial statement, all the while analyzing your metrics and developing a tax strategy that keeps more of your hard-earned money in your pocket.

At **Aspect Financial Solutions**, we believe that you should be free to do the things you do best – the things that will grow your business to the next level, build a legacy for your family and provide security in your retirement years.

Here are a few points that are worth your consideration:

- Most small business owners work an average of 12 to 16 hours per day simply doing the things needed to keep the business on course. At the end of a busy day, they often wrestle with allocating their time and energy with balancing family and life. Keeping up with the finances is a “back burner” priority. Often the detail of managing the financial aspects of the business is left unattended.
- Most entrepreneurs are not accountants, and their business expertise is not bookkeeping, so accuracy is usually a question. This leads to faulty financial decisions and questionable tax strategies and land some into the deep murky water of the Internal Revenue Service.
- Your time *is* money that you could be using toward growing your business and bringing in revenue to move to the next level. Getting bogged down in day-to-day financial details will not help you do that.

One you arrive at the realization that you may need specialized assistance, the next logical question is “Should I hire a bookkeeper to handle my finances?” Who to hire and when to hire are two of the most important decisions business owners make when considering outside experts to assist with operational functions like accounting and finance?

Do you need a bookkeeper? That can be a complex answer. A few things to consider:

- Stay focused on the “Big Picture” and leave the day-to-day accounting function to a partner you can trust. Partnering with the right firm will allow you to ***invest your most valuable resource – your time – in the most important areas***, while your trusted advisor ensures that your financial documents are produced on time, your taxes are paid accurately, your payroll is accurate, and your accounts payable and receivable are being effectively managed.
- Your trusted advisor will track your company’s income and expenses at the transaction level, ensuring that every cost has been accounted for, entered, and categorized correctly. This level of detail allows for the creation of accurate and meaningful balance sheets, profit and loss statements, and more importantly accurate tax returns. Keeping track of these items on a daily, weekly, or monthly basis will help a business owner to understand the health of their business and to more aggressively discover both positive and negative trends. This information will keep more of your hard-earned money in your pocket.



Your bookkeeper tracks your company’s income and expenses at the individual transaction level and can assure you that every cost has been entered – and more importantly, recorded correctly. Your bookkeeper will also take all those receipts that you love and match them to each transaction to ensure only legitimate transactions are moving through your accounts. Those receipts help paint the picture of your profit and loss. Bookkeepers organize and code your transactions, so business is ready for tax time, and it is stress-free.

Tax Strategy vs. Business Strategy and Tactics

A CPA will discuss the big picture tax strategy, and even a big picture financial strategy with you. They help you understand the benefits of hiring your children or the differences in your tax liabilities when you are a single-member LLC vs. an S Corp. They analyze and interpret data and make recommendations based on market realities and future needs. Again, big strategic 30,000-foot picture.

Outstanding payments from your client base, late payments that could hinder cash flow – these are items your bookkeeper would handle. A bookkeeper will make sure your cash flow remains optimal. If you are a startup, a bookkeeper can assist when it's time to seek another round of funding because you can show positive cash flow you might not have been able to show without that assistance.

On the strategy side, because they are involved in the details, bookkeepers can advise on strategy related to cost-cutting measures, advise on reducing financial obligations, and on maximizing spend; after all, they see the details of your business holistically and can analyze where excessive spending is taking place and how credit can better be utilized long term.

Do I need a Bookkeeper or a CPA?

So, back to the “trick answer”: You likely need both a bookkeeper and CPA, but you definitely need a bookkeeper.

Although you may think you save money by doing everything yourself, the fact is that a professional bookkeeper saves you more time and money, not just in the short-term, but as you look toward the future. Realistically, you also probably want a CPA to help you review your financial reports and help you make long-term decisions on finances and taxes.

As your business grows, your day-to-day financial tracking needs will grow and the details around that will escalate. The time to get the system and process set up correctly with someone who can help it grow with you is now. Your bookkeeper will meet you where you're at and get you set up for success.

Our Advice

Knowledge is power, especially when it comes to the small details. If you do not have a bookkeeper, you're probably not being as strategic as you could be in maximizing profitability. At Aspect Financial Solutions we have an accomplished history of partnering with entrepreneurs, business owners, CEOs, and family-run companies to make sure they meet their goals and objectives. We know it takes a village to manage your business. We are entrepreneurs, too. We get it.

We help founders find freedom by combining financial, HR, and business services with cloud-based technology to get business owners out of the back office and back in front of their customers. For more information on our services, approach, and how we can help you focus on what matters most find us at www.aspectfinancialsolutions.com .