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Small Business Guide



How To Select A Bookkeeper For Your Coaching Or Consulting Business

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Selecting the right person to do your company's bookkeeping is enormously important for a small business owner. Almost every decision you make in your business relies on being able to access solid, accurate financial information that you can easily interpret and understand.

Getting a knowledgeable bookkeeper you can trust is not only essential to your pocketbook, it's also **essential to your peace of mind as a business owner**. We've put together this brief list to help you choose the best bookkeeper to fit your business needs.



1. Bookkeeping Experience

The gold standard of experience is when bookkeepers are currently **servicing clients with businesses similar to yours**. They will have seen lots of financial statements and they will just “know” when something doesn't look right because they have developed their intuition over time.

For you this means more accurate records, less clean-up at tax time which might result in a reduced tax preparation fee, and a faster worker.

Beware of:

- The bookkeeper whose experience is from doing billing or payables at a dentist office or something completely unrelated to your business. They will be familiar with that industry. They won't be familiar with coaching or consulting businesses. This may or may not translate into them being an effective bookkeeper for other companies in the industry. They may have to ask you to train them on things they haven't seen before.
- The bookkeeper who was actually a receptionist. They likely took on the books to fill some spare time at the front desk. They generally have no accounting training and could really mess up your books.
- Having family do your books for free. Regardless of their expertise, you'll get last priority as a non-paying “client.” Your books will be late and you won't have timely access to the financial info you need to run your business.

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2. Software Experience

It's essential that your new bookkeeper has direct experience with the exact brand and version of software you are currently using. You can judge their expertise by testing them or checking to see if they have earned a credential in the software.

For example, if you are using QuickBooks Online, a bookkeeper that has earned the QuickBooks Online ProAdvisor Certification has demonstrated that they have learned the software enough to pass Intuit's test. Certain certifications provide a bookkeeper with better diagnostic tools and access to a higher level of software support from the vendor.

For you, this means the bookkeeper may be faster using the software as well as when they hit a snag.

3. Communication

A bookkeeper needs to be a great communicator. Sometimes accounting reports are just not all that intuitive. A great bookkeeper will be able to answer your questions and explain where numbers came from on any accounting report.

A great communicator will find the right level of explanation with you so that you don't feel talked down to or over your head. They will be teachers at heart.



4. Accounting Experience

Bookkeepers have varying levels of accounting experience. If the bookkeeper has earned a degree in accounting or taken college courses in accounting, that's a plus. They may have learned accounting through on-the-job experience. And, they may have a credential that requires some level of accounting knowledge, such as:

- A CPA. Of course, this is the gold standard. If a bookkeeper is supervised, contracted, or recommended by a CPA, you're usually good to go.
- CMA or CGMA. Certified Management Accounting is the industry equivalent of the CPA and is offered by the Institute of Management Accounting. CGMA is Certified General Management Accountant and is a new designation from the American Institute of CPAs. Both are prestigious certifications and rigorous to acquire.
- Any form of Professional Bookkeeper designation. There are a few of these, such as PB, CPB, and others outside the U.S.

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A bookkeeper will need a CPA's guidance to make some of the more complex entries (such as depreciation, owners' equity adjustments, etc).

If you feel comfortable, test the accounting knowledge of your future bookkeeper with a few simple accounting questions.

5. Scope of Services

Your coaching or consulting business will have various accounting needs. Not all bookkeepers can do everything you require.

Also, different bookkeepers have different specialties and preferences when it comes to industry experience and service offerings.

List the major tasks that you need the bookkeeper to do, such as:

Sole-proprietor needs:

- Cash and credit card reconciliations
- Sales and merchant account reconciliation
- Reporting
- 1099 Reporting for contractors
- Administrative tasks
- When the business is small, note that invoicing and bill payments are usually done by the sole-proprietor

Larger businesses with more contractors/employees could also need:

- Invoicing and accounts receivable
- Purchasing, inventory, and/or accounts payable
- Job costing
- Payroll and payroll tax reporting
- Sales tax compliance and reporting

Then, check with the bookkeeper to see which tasks they do. If they don't do everything you need, you still may be able to use them. In fact, it's almost always better to have multiple people do your accounting so you can benefit from fraud prevention and segregation of duties. They may have referral sources that can do what they don't.



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6. Technology Experience

Beyond knowing the accounting software, bookkeepers need to be fluent in daily software like Excel® (most important!), Windows®, email, file handling, remote connectivity, secure file storage, and the like.

There are bookkeepers who are very technology-savvy. You'll be lucky if you get one of these! They will help you with time-saving tips like workflow improvements and technology shortcuts. These bookkeepers are worth much more than a less technical person because they are faster and significantly more efficient. They are not afraid to look for new solutions to save you time and money.

7. Client Experience



As an entrepreneur, you know the difference between a self-employed person and an employee. Bookkeepers who are serving multiple clients and running their own business have a huge advantage over bookkeepers who are hired as employees.

A bookkeeper with client experience understands client service, how to schedule work to meet a deadline, and how to provide you with what you need to run your business. Plus, there are no vacations, sick time, holiday, health insurance, or other benefits that you have to pay them. You don't have to supervise them or show them how to do things.

A more-qualified bookkeeper with multiple clients often has each client on different software. They are highly organized in keeping track of everything they do for you. You benefit from their higher efficiency and skill level.

8. Billing Methods

Bookkeepers may charge hourly, a flat monthly rate, or a combination of the two methods.

When various bookkeepers charges hourly, please do not base your decision by comparing hourly rates. One bookkeeper charging \$75/hr may be 3x as fast as one charging \$50/hr. If you choose the \$50/hr bookkeeper because of the lower rate, you'll be shocked at the bill if they are 3x as slow.

It's up to you to decide what's best for your business based upon your needs and available cash.

9. Payment Methods and Terms

Ask each bookkeeper how you can pay and what the terms are for payment. Some bookkeepers take credit cards or PayPal payments. Others will draft your checking account so both of you can be paperless.

10. Continuing Education

A great bookkeeper is one that will attend classes and conferences to learn about faster ways of doing accounting. They can then apply what they've learned to their clients' situation to save them time and money on their bookkeeping services or to provide them with new ways of looking at their financial information.

The modern accountant is not afraid of change (as long as it's for the good)!

11. Responsiveness and Availability

The availability of the bookkeeper is certainly a factor in deciding who to choose. Most bookkeepers will have several options to choose from when it comes to servicing your account. The frequency can vary from annually to daily, with everything in between. The most common package is monthly bookkeeping. Usually there will be a standing appointment, and if you have special needs in between visits, most bookkeepers can accommodate you through email and remote access.

Most bookkeepers are extremely diligent returning calls and emails. However, the response time will vary depending on the time of year. January is typically a bookkeeper's busiest month, with W-2s, 1099s and year-end requirements. April, July, and October are busy for bookkeepers with quarterly requirements, and January through April in the U.S. and Canada are also busy times for bookkeepers who also do taxes or help other accountants with the preparation of the books for tax figures needed.

11 Questions

Here is an 11-question summary from the points we just outlined above. Use these in your interviews with bookkeepers.

1. Do you have clients that are similar to my business?
2. My accounting software is _____. Do you have a certification or experience in that software?
3. How patient are you if I need something explained on a report or in the accounting software?
4. Do you have education, certification, or experience with accounting?
5. What services do you offer?
6. How proficient are you with Excel and technology in general?
7. How long have you been doing bookkeeping for multiple clients?
8. How do you charge?
9. What payment options do you take?
10. What do you do to stay up to date in accounting and technology?
11. How fast can you respond if I have a bookkeeping emergency?