

Healthy Accounting System Checklist

Accounting is the language of business. Your numbers tell the story of how you are doing in business and your numbers are only as good as the way you manage them.

BANK AND ACCOUNTING PROGRAM

Separate your financial business life from your personal life and make all your purchases electronically. That way you know you will never miss claiming all of your expenses.

- Separate business bank account
- Separate business credit card
- Accounting program such as Quickbooks
- Download bank and credit card transactions into your accounting program

FINANCIAL INFORMATION

Your financial statements are the culmination of all the work you do to give you accurate numbers. Choose 1 or 2 business practices to work on at any time. The real gold is in watching for changes in the numbers that show you the impact you are having.

- Income and expense accounts that give you useable information
- Review financial statements every month
- 1 or 2 business practices to work on and the 2-3 numbers to help you track them

MAKING MONEY

You make a profit when you sell your product or service for more than it costs you. You have fixed costs - the costs you have whether or not you sell a single item, ie. rent or marketing etc. You have variable costs that are tied directly to a sale ie. the cost to buy or make your goods, commissions, etc. Your price must cover all your expenses and be in line with your brand. Please do not use the lowest price strategy. There is always someone else willing to price lower than you.

- Clear idea of fixed monthly expenses
- Clear idea of the cost to deliver your work
- Clear idea of the amount of work needed to cover fixed expenses and the cost of delivering that work
- Pricing strategy in line with your brand
- Confidence in your pricing in line with your pricing strategy

GETTING PAID

Getting paid is as much a part of your work as doing the work. Try to get paid before you start, or when you deliver. You get to set the terms but you must make those terms clear before delivery.

- Clear idea of who owes you and how much
- Time and work tracking
- Invoices go out as soon as the work is done
- Multiple ways for customers to pay you
- Easy matching of bank deposits to invoices paid

COVERING EXPENSES

A profitable business can die without cash flow management. Make sure the money is there when you need it.

- Clear idea of how much you owe and to whom
- Cash Flow management system
- Clear idea of money coming in and out over the next month