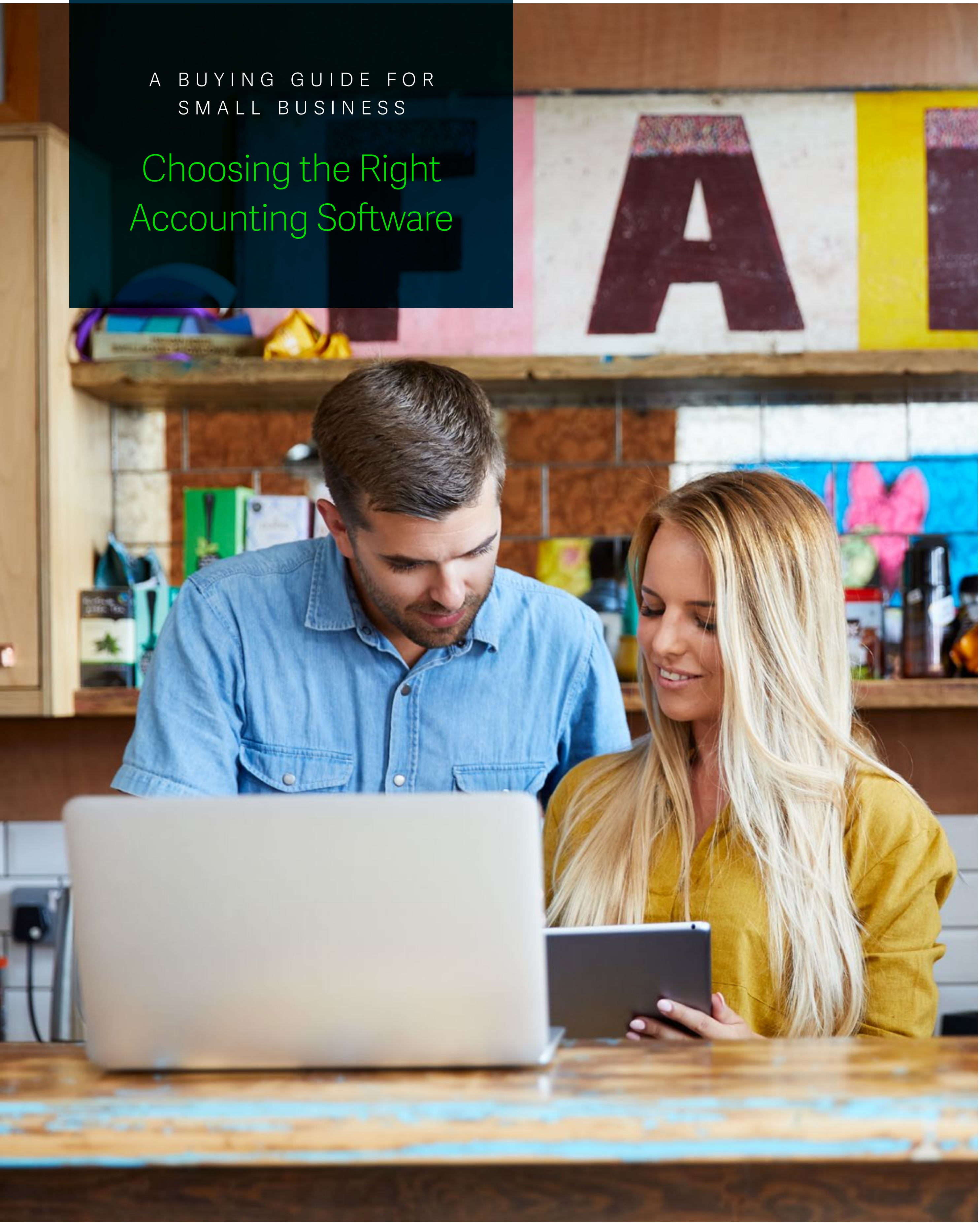
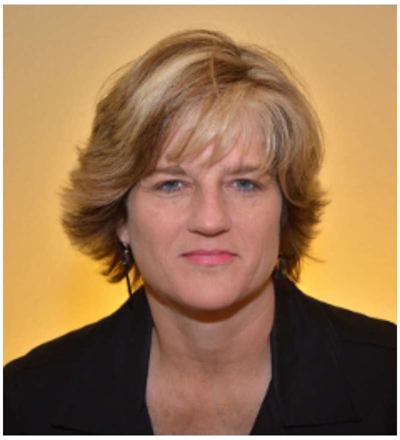
A BUYING GUIDE FOR
SMALL BUSINESS

Choosing the Right Accounting Software



Contents

About the Author



Geni Whitehouse, CPA divides her time between working as a winery consultant at Brotemarkle, Davis & Co in the Napa Valley, working with Mentor Plus to drive the accounting profession forward, and writing, speaking, and tweeting at EvenANerd.com.

Her mission in life is to make boring subjects interesting and she is seldom at a loss for topics.

She is a regular keynote presenter at CPA and Technology conferences around the country and has been named a Top 100 Influencer by Accounting Today and one of the 25 Most Powerful Women in Accounting by CPA Practice Advisor. She was a member of the TEDxNapaValley organizing committee and was the first speaker at their inaugural event.

She is a co-founder of Solve Services, a remote bookkeeping business for the wine industry and is the author of "How to Make a Boring Subject Interesting: 52 ways even a nerd can be heard" which is available on Amazon.com.

The Search for Insights

The focus in today's world is no longer transaction management. Thanks to readily available small business accounting software, much of the repetitive business of sending and receiving invoices, associating them with the proper accounts, and remitting and collecting payments has been automated. Collecting customer, inventory and sales data is no longer an issue. And yet, many accounting-related challenges remain for small business owners and their teams.

Businesses of all kinds are struggling to make sense of the volume of transactional data they've managed to accumulate. Those in specialized industries requiring inventory management or project costing face unique circumstances. Many spend considerable time remediating operational inefficiencies in inventory management and project budgeting, costing and billing. Others struggle to truly understand their financial standing and illuminate change-of-course initiatives to right their ship.

Rather than a sea of data, small businesses need quick, actionable and easy to understand insights. They can't afford to be reactive. They need systems that shed light on key results and provide leading indicators to help them prepare for the future.

The Challenge

Often, as owners get to this point, they are frustrated. The answers are not easy to uncover. Reports cannot be organized in a way that meets their needs. Features are too basic to meet growing complexities. And lots of critical data exists outside the accounting system.

Is your only option to choose between ease of use and financial, operational and managerial insights? And must you spend a fortune to get what you need? We believe it is possible to meet user requirements and budgetary goals—by looking at the software buying process in a new light, starting with understanding and documenting your business and operational needs.

Clarify Your Requirements

Progress starts at the beginning. Before you purchase any accounting software solution (big or small) you must be clear on your unique business requirements. Consider your goals and vision and how your transactions support them. Without this clarity, your accounting software might come up short in helping you make sense of the numbers behind your business.

What are the unique aspects of your business that set you apart? Make sure that you understand any unique operating procedures as well as the key drivers and metrics of your business success. It is important to identify an accounting application that will make it easy for you to capture the kind of information you need to plan and monitor your success. You want a system that makes it easy for you to store enough detail for meaningful reports without being too cumbersome for users as they enter transactions.

Users

Which members of your team will need direct access to accounting information, and which members might just require periodic information stored in your system? Will they need full access or limited rights to sensitive data? Consider per-user licensing costs as well as options for your team to access the information they need directly from their email – without ever having to open your accounting application. Your system should support granular rights and permissions and multiple options for pushing accounting data to industry standard tools like Microsoft Office 365.

Alerts

While reporting is important, you will also want to find a system that can be configured to monitor your business for key trigger points. You might wish to be notified when a large sale is recorded, or when a certain customer becomes past due, or when inventory items are near their re-order point.

Data Recovery

Make sure your system includes an option to back up data – either locally or on the cloud. No one wants to be faced with missing data in the event of a system failure or cyber incident.

Reporting

How will you want to see your financial statements presented? Make sure your system is flexible enough to meet your needs. You should be able to create reports that are not tied to the chart of accounts. If applicable, look for departmental reporting, project profitability, and inventory analysis, as well as the ability to generate Microsoft Excel reports connected to your accounting application.

Features to Consider

Here are some features to consider as you document your requirements for a small business accounting solution that can shed new light on your business results.

Area of business	Features to Consider	Questions for Business Owner
Financial Reporting	Chart of Accounts structure • # of Segments • Support for masked characters	How many ways do you need to analyze results? Will the chart support different views of information (in both rows and columns)?
	Basis of accounting supported: • Cash • Accrual	You should plan to enter invoices when received for accurate financial management (even if on the cash basis.) If you have inventory how do you want costs handled for unpaid invoices?
	Financial statement flexibility • Ability to customize rows on reports • Separate Reporting from Chart of Accounts order	What subtotals do you need to review within your reports?
	• Departmental Income Statements (P&L) • Departmental Balance Sheets	Will you need to review results across departments, profit centers, locations?
	Budgeting • Prior Year pre-load • Export • Import	How do you evaluate your business success – daily, weekly, monthly?
	Alerts and triggers	What error conditions do you want to monitor in real-time? What successes do you want to celebrate immediately?
	Ability to create custom reports and KPIs	Do you report against data held in other systems like warehouses, point of sale solutions, or ecommerce systems?
	Financial planning	Work with a financial or investment advisor who can help you make the most of your retirement investments based on your goals and time to retirement.
	Excel reporting – live connection	What Excel reports do you use regularly? Are they re-created each month?
Customers and Accounts Receivable	Proposals and Quotes Sales Orders Invoices Payments	How many steps does your sales process involve? Do you need a sales order or picking ticket to send with the items?
	Customer Payment Options	What forms of payments do you accept?
	Invoice format and customization	What does your standard format look like?
	Ability to tailor screen layout	What special fields do you need to add? What fields can you hide from view?
	Price lists	Do you have different price lists for different sales channels?
	Electronic invoices	How do you send your customer invoices?
	Payment options	What payment options are supported?
	Mobile phone access to invoicing	Can you generate invoices from your phone?

Area of business	Features to Consider	Questions for Business Owner
Vendors and Accounts Payable	Purchase Orders	Can they be generated, tracked and converted to invoices once goods are received?
	Default accounts for each vendor	Can you create default expense accounts associated with each vendor?
Products and Services and Inventory Management	Inventory costing methods supported: • FIFO • LIFO • Average Costing • Serialized Inventory	Many systems only offer a single method for inventory costing? What method are you using?
	Unit Tracking – stocking units	Can you define standard stocking units in your system?
	Ability to create kits and bundles	Can you combine inventory items to create groups, units, bundles, or promotional offerings (without having to transfer products individually)?
	Reorder points	Can you create actions based on low stock in inventory?
	Dual ID #s: Seller versus supplier	
Project and Job Costing	Job estimates	What Excel reports do you use regularly? Are they re-created each month?
	Detailed reporting, tracking by Job, Phase, and Cost Code	How many steps does your sales process involve? Do you need a sales order or picking ticket to send with the items?
Budgeting	Customer Payment Options	What forms of payments do you accept?

Rights and Permissions	Access levels
	• Full
	• Restricted
	  • Read Only
	  • Add new records
	  • Edit	

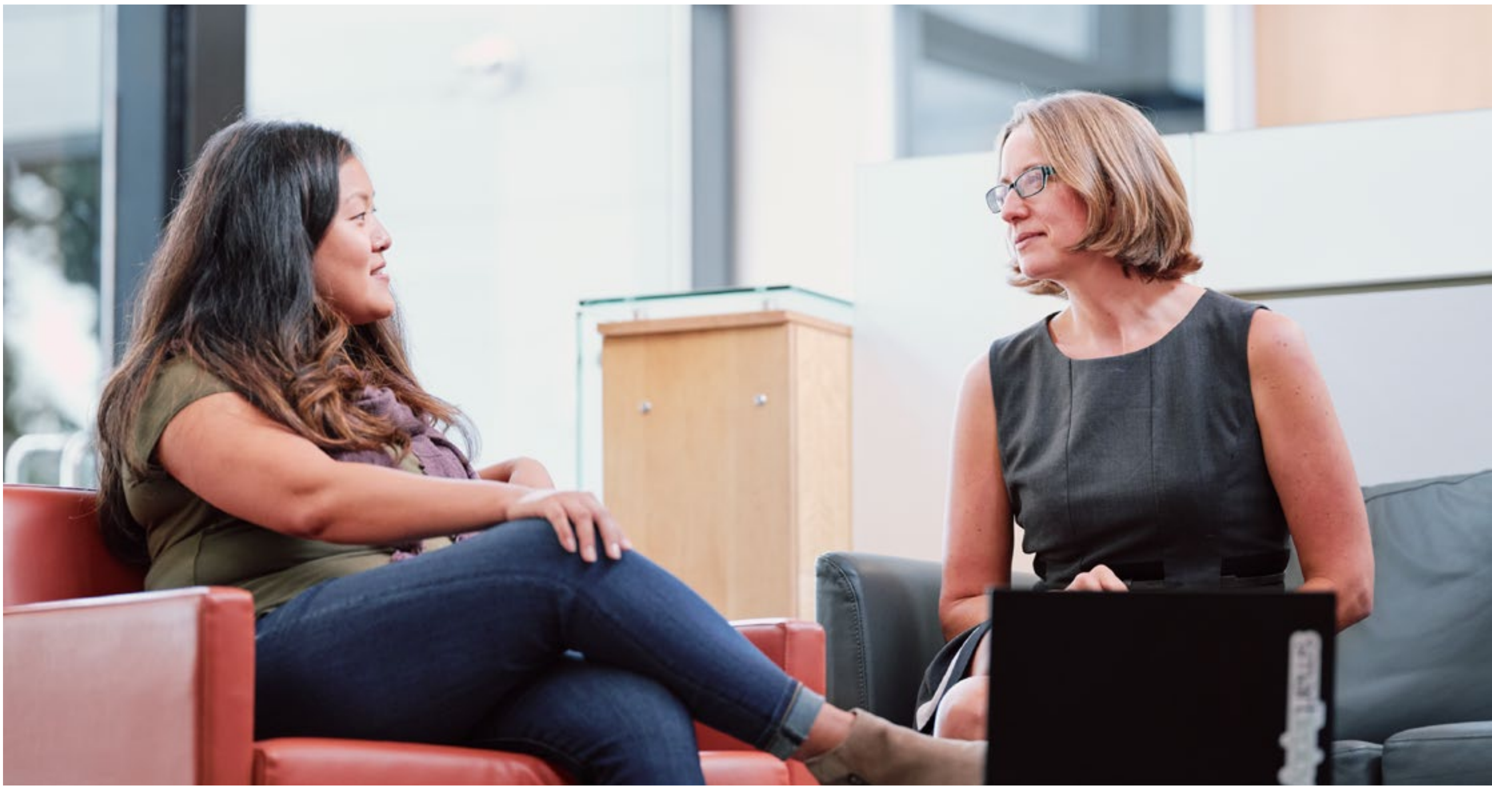
Period Controls	Ability to lock down closed accounting periods	You need to be able to review user changes made to your system.
	Audit trail	Is it easy to find tasks, detailed help screens and tutorials? Are wizards available for repetitive tasks?
Ease of Use	Logical flow of information	Is it easy to find tasks, detailed help screens and tutorials? Are wizards available for repetitive tasks?
Mobile Access	Invoicing from mobile phone	Can your team make sales from the road?
	Integrated receipt management	Can users capture receipts and send them to your accounting application in one simple step?
Integration with other tools	What office products do you use?	Your accounting application should offer tight integration with spreadsheet and email applications at a minimum.

Product Comparison:
Sage 50cloud and QuickBooks Desktop

Now that you've considered your needs, you're ready to look at features of different solutions. You want the right level of illumination that suits your business and your budget. Here is an outline of 2 leading desktop-based solutions.

Feature	Sage 50cloud Premium Accounting	QuickBooks Desktop Premier Plus
Standard Features		
Multiple users	Up to 5 (priced per user)	Up to 5 (priced per user)
Track income & expenses	✔	✔
Invoice & accept payments	✔	✔
Reporting	✔	✔
Manage bills	✔	✔
Create and send estimates/proposals	✔	✔
Memorize transactions	✔	✔
Sync bank transactions for reconciliation	✔	✔
Track sales & sales tax	✔	✔
Track 1099 vendors (A/P)	✔	✔
Cloud backup[1]	✔	✔
Payroll Tax Tables	✔	✔
Capture and organize receipts[1]	✔	✔
Premium Features		
Remote access	Advanced (laptop install included)	Limited (requires hosting provider)
Accounting Controls	Advanced (advanced period controls, user rights, audit trails)	Limited
Schedule invoices	Advanced (recurring and memorized invoices)	Limited
Profitability tracking	Advanced (job, phase, cost code, department)	Limited
Reporting segmentation	Advanced (P&L, Balance Sheet)	Limited (P&L only)
Customizable financial reporting	Advanced (Excel-based reporting)	Limited
Inventory tracking	Advanced (FIFO, LIFO, Average, Serialized)	Limited (FIFO only)
Industry-specific Chart of Accounts	✔ (construction, manufacturing, distribution)	
Microsoft Office 365 integration[1]	✔	

[1]Sage 50cloud features require Office 365 subscription/integration



Total Cost of Ownership

Products are priced differently depending on a number of different factors. You may pay annually or monthly, depending on the deployment options you choose. Some products include additional functions and others rely on external apps. Be sure to consider per user costs as well as additional addons required to meet your complete list of business requirements.

Make sure you understand the full cost of the application you consider including:

- Remote Backups
- Customizable Reporting
- Payroll and Updates
- Forms
- Per User Licenses
- Integration with office tools
- Support

From Darkness to Light

With a careful plan and full awareness of your unique business and operational requirements, you can approach your search for software with confidence. You can take time to examine your options, match your needs, and then compare the value of the solution to its price. Make sure to compare different pricing methods, as well as the cost of any additional product add-ons required to meet your needs. The right small business solution will offer you a wealth of features and functions that can be used to provide the kinds of critical insights you need to make better decisions in your business.