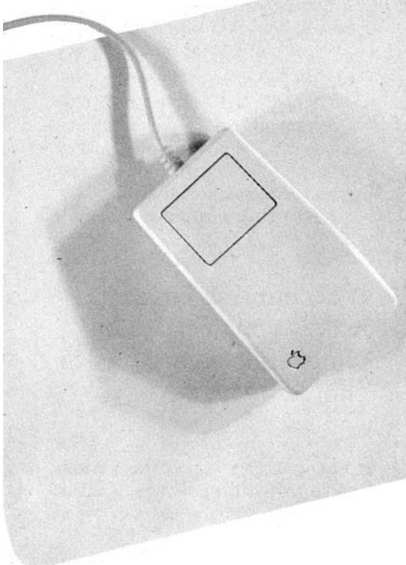
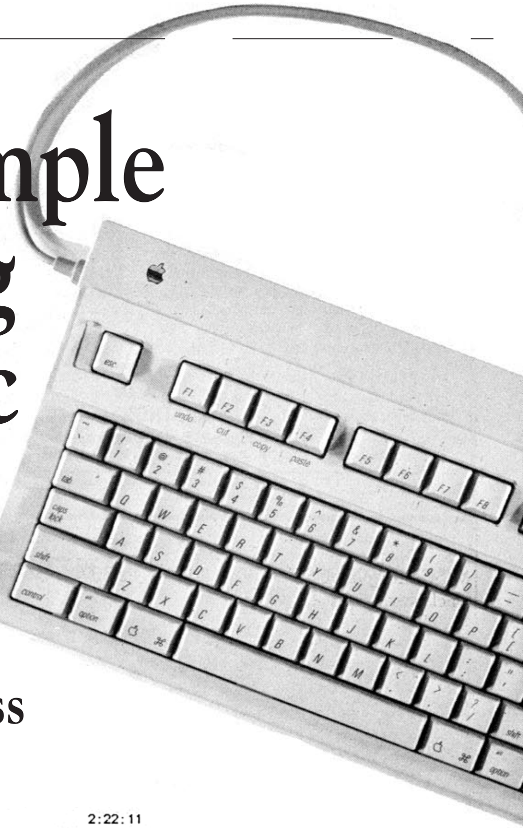
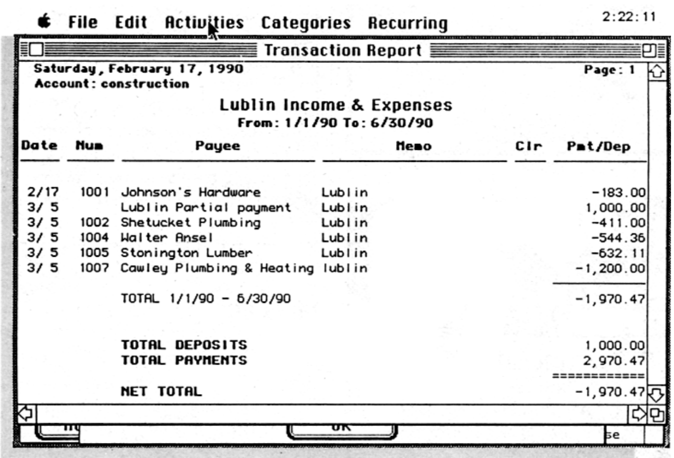




Keep-It-Simple Accounting for the Mac

Choose an accounting program that best fits the way you do business



Saturday, February 17, 1990 — Page: 1
Account: construction

Lublin Income & Expenses
From: 1/1/90 To: 6/30/90

Date	Num	Payee	Memo	Clr	Pmt/Dep
2/17	1001	Johnson's Hardware	Lublin		-183.00
3/ 5		Lublin Partial payment	Lublin		1,000.00
3/ 5	1002	Shetucket Plumbing	Lublin		-411.00
3/ 5	1004	Walter Ansel	Lublin		-544.36
3/ 5	1005	Stonington Lumber	Lublin		-632.11
3/ 5	1007	Cawley Plumbing & Heating	lublin		-1,200.00
		TOTAL 1/1/90 - 6/30/90			-1,970.47
		TOTAL DEPOSITS			1,000.00
		TOTAL PAYMENTS			2,970.47
		NET TOTAL			-1,970.47

Figure 1. *Quicken's memo line lets you assign a name or number to each transaction. At any time, you can call up all of a job's transactions by typing in that memo keyword. Here, the "Lublin" job is called up on the screen.*

by Guy Hermann

As a Macintosh consultant, I'm often asked, "What's the best bookkeeping software?" I wish the answer were easy, but whether a software is right for you depends on the particular requirements of your business.

While the basic requirements for construction accounting are fairly simple — job costing, payroll, accounts receivable, accounts payable, and general ledger — I find that people also want the program to work the way they work, be easy to use, and very flexible.

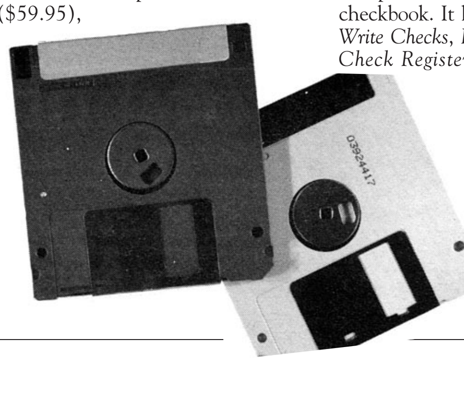
Yet after I find a software that, in theory, is the perfect program for a particular client, I've been told "It's too expensive," "I don't understand it," or "I need to have subtotals after six weeks, not three…" Let's face it, if the program doesn't feel comfortable, you won't use it. In fact, industry surveys show that 60% of accounting programs purchased are never even used.

Let's look at three easy-to-use, low-cost, reliable Macintosh accounting programs that offer simple job costing, payroll, and other bookkeeping functions. These programs have been well reviewed by the major Macintosh publications and are acceptable to the big accounting firms. We'll focus on how well they will fit the way you do business.

These programs are not for large companies. If you employ 20 or more and do over $2 million in gross sales, you'll need to look elsewhere. Also, like it or not, many of these programs still require that you learn something about accounting. But with patience, they will reward you with more accurate reports and cut down on the time you spend scratching your head.

Quicken

Quicken is the best selling financial program for the Macintosh for good reasons: it's cheap ($59.95), easy to use, flexible, and accurate. Quicken (66 Willow Place, Menlo Park, CA 94026; 800/624-8742) has gained a sizable small-business following as people discover how easy it makes income and expense bookkeeping.



What it will do. Quicken is a single-entry bookkeeping program designed to replace a check ledger or one-write checkbook. It has three basic screens: *Write Checks*, *Enter Transactions*, and *Check Register*. The check writing screen looks like a check. You type in the information on the check and Quicken will print the check and record the transaction in your register automatically. To enter a deposit, you bring up the *Enter Transactions* screen which looks like a deposit slip. The *Check Register* shows checks and transactions in a list form with a running balance. Scroll through the list and click on any item to see the details.

Quicken is useful to contractors because it has both *category* and *memo* lines for each transaction. The category line can be used to assign a tax return classification or an account number or name. The entry can be anything you want; it does not have to be part of a numbering system. If you bought a new saw, you might write "tools" in the category line.

The memo line can be used, for instance, to enter the name of a job (see Figure 1). Unfortunately, in the current version, you can only enter one memo for each transaction. If you have a lumber bill and need to divide it between several jobs, you will have to enter a separate transaction for each job. This should change with version 2.0.

Once transactions are entered, reports are created with Quicken's report writing screen. With a series of keystrokes and clicks you choose the dates and the way you want to subtotal your transactions. If you want to find out the total income and costs for a particular job, type in the name of the job and Quicken will instantly give you a list of transactions for that job with a cumulative total. By using category names and subtotals creatively, you can quickly see when and where the money has gone. The number of transactions, jobs, etc., is only limited by disk space — a limit few are likely to exceed, unless you are running a very big business on a 400K disk drive. Also Quicken can memorize frequently used transactions and bring them up with a *memorized transactions* feature.

Why it's so attractive. Quicken is simple and fast. Check writing, printing, and month-end recon-ciliation are all much less tedious than with manual methods. Also, Quicken is flexible. You can get a report for any period of time — even over multiple years. You don't need to enter in opening balances. You never have to close a month or a year. And you may even be able to use Quicken without opening the manual.

What to look out for. Quicken's flexibility is also its biggest problem. Because Quicken is a "single-entry" bookkeeping program, it doesn't conform to the accepted standard of "double-entry" accounting. In its current version, Quicken only tracks income and expenses. Quicken lacks a true general ledger; your accountant may have a problem with this.

Who it's for. If you are still running your business out of a checkbook and accounting jargon makes your head ache, Quicken is a good choice. If you have a good accountant and simply want a flexible program to track income and expenses, Quicken will make your bookkeeping easier without much pain. If you have been using a spreadsheet program, Quicken is a good next step.

Technical support. You'll find unlimited toll-call technical support. The tech support people are competent problem solvers, but they won't offer creative ways to use the program.

Requires. 512K Macintosh or later. One or more floppy disk drives or hard disk.

M.Y.O.B.

M.Y.O.B. (Mind Your Own Business) is a newcomer to the market. It retails for $249, but you can find it through mailorder houses for around $145. Unlike Quicken, M.Y.O.B. (Teleware, Inc., The Rotunda, 22 Hill Road, Parsippany, NJ 07054; 800/322-6962 or 201/334-1154) is a complete accounting program with a general ledger, accounts payable and receivable, and simple job costing.

What it will do. M.Y.O.B. is a true double-entry accounting program. At its heart is a general ledger with automatically linked accounts payable and receivable. In addition to hard-core accounting, M.Y.O.B. has lots of features that the small contractor can use to do his own bookkeeping.

M.Y.O.B. will write and print checks, create customer statements, track overdue bills or payments, keep an inventory or parts list for estimating, and generate more than 60 different reports. As with most Mac programs, you can access the various functions in three different ways: from menus, by mouse, or by typed commands.

When you start M.Y.O.B, a "command center" lists the main functional areas. The program defaults to *Administration*. From here, you can choose to look at the *Business Calendar*, *To Do List*, or *Jobs List*.

If accounting jargon makes your head ache, Quicken is a good choice

The *To Do List* shows who owes you money and to whom you owe money. "Double clicking" (a term used to describe how you activate functions on the screen with a "mouse") will bring up past-due items. Clicking on a customer's name reveals that customer's "card" with phone number and address. The *Jobs List* will tell you the job name, total revenue, expense, and net profit or loss. You can search by job to find more specific information. Choose *Profit & Loss [Jobs]* from the reports menu in *Administration* (or from the handy reports index) and you'll get a detailed summary of a particular job.

Why I like it. Functionally, M.Y.O.B. offers the same standard accounting functions as the more expensive *Simply Accounting*, reviewed below, and it makes much better use of the Macintosh's graphic capabilities. Each section of the program has a visual "map" to guide you through. You can move from one ledger to another or from detail to summary ledgers just by double clicking or clicking on an arrow. It has a good "Help" function. Also, the manual has a practical "When Things go Wrong With..." section.

As with most inexpensive accounting programs, the profit-and-loss statement (P&L) for each job is only available for the current fiscal year (though there is a way to work around this). M.Y.O.B. won't generate a spiffy P&L for the job, but it will produce a "Job Inquiry" report that lists all the transactions and ending balance for any period of time spanning any number of years. You can then send this report to a spreadsheet file to dress it up.

What to look out for. Although M.Y.O.B. has lots of features, it doesn't have a true payroll program. You can use the check writing feature (see Figure 2) to write, record, and analyze payroll expenses, but you will still have to figure amounts for each job, calculate deductions, and do IRS reports manually. If you have several employees, you may choose to track payroll expenses by job phase through the general ledger, or to use a payroll service.

M.Y.O.B. is deceptively easy to use. You can start right in punching numbers, but be careful if you do. The program's controls and error checking are very good, but it is not as strict on accounting principles. For instance, users can enter out-of-date transactions — albeit with a warning from M.Y.O.B. At times, the manual even encourages users to violate accounting practice. But since M.Y.O.B. is primarily designed for someone doing his own books, the suggested shortcuts actually make the program easier to use for people who just want to track income and expenses. I appreciate M.Y.O.B. because it works the way most people actually do business.

Who it's for. If you are doing your own books now and want a fully featured construction accounting program at a reasonable price, give M.Y.O.B. a try. Because it makes good use of the Mac's graphic interface, M.Y.O.B. offers a simple, flexible way to get into double-entry accounting. M.Y.O.B. is also good for learning how accounting programs work. This is helpful if you are thinking about getting a more elaborate and expensive system.

Technical Support. M.Y.O.B. provides 30 days of free technical support. After that, support is $79 per year, and that includes one complete update of the program. While I prefer free support, $79 is not unreasonable for a program this sophisticated. The yearly update of the program alone is worth $50.

Requires. Macintosh with 1MB RAM and hard disk with 2MB of free space. System 6.0 or later.

Simply Accounting

Simply Accounting was originally written specifically for construction accounting on IBM-compatible computers. It was completely rewritten for the Macintosh and doesn't feel like a PC program, but it retains most of the features and functions of its PC predecessor. Simply Accounting (Computer Associates International, 1240 McKay Drive, San Jose, CA 95131; 800/533-2070 to locate a dealer) includes accounts payable and receivable, payroll, inventory, job costing, an integrated general ledger, and associated reports. All entries update the other ledgers immediately.

What it will do. Simply Accounting is very similar to M.Y.O.B. It includes all of the basics of a full double-entry accounting system and adds a real payroll module (see Figure 3), though to track job costs more accurately, you might want to set it up without the payroll. Like M.Y.O.B., Simply Accounting is completely integrated and all data for the full fiscal year is available at any time. Accountants and bookkeepers like it because everything about the program is straightforward.

The reporting is simple but effective.

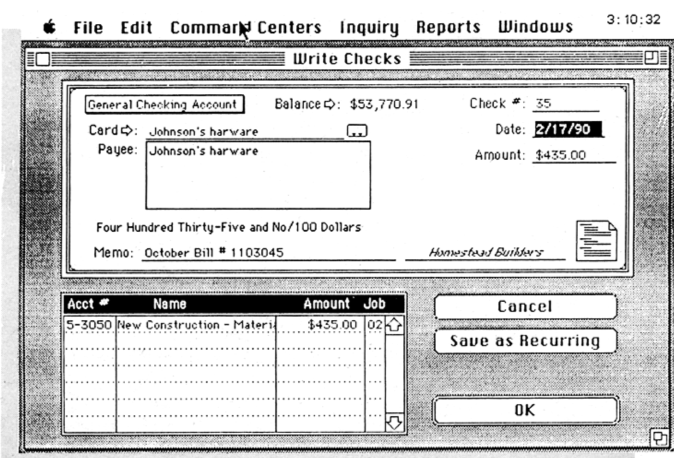


Figure 2. *M.Y.O.B. has a check writing feature, shown above, that will write and print checks, but not handle other payroll functions. If you have several employees, payroll expenses can be tracked on the general ledger.*

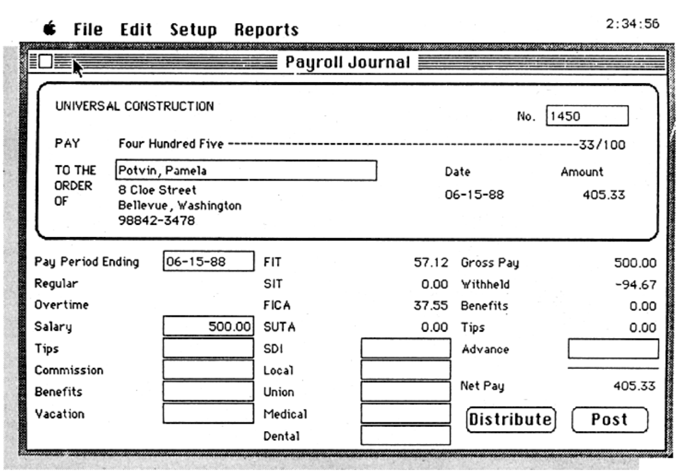


Figure 3. *Simply Accounting's payroll journal has a real payroll module, shown above, that allows you to enter payroll figures and calculate deductions.*

Getting Set Up

Setting up an accounting system demands thoughtful planning and careful work. First, aim to do your conversion to the new system in your slow season. And then plan to take several months to learn the program before you actually use it with your company's data.

When setting up, be aware of two critical areas: the structure of your chart of accounts and the accuracy of your account balances. Missing a step here can be critical.

Because your chart of accounts generally must conform to the requirements of the program, this is where new users have the most problems. When you are keeping the books by hand, you can add a new account or category simply by writing it down. If you use a one-write system, the account name is always right at the top of the column. But in most computerized systems, all your reports are actually structured by your chart of accounts. Errors here will throw off the totals in all your reports. The safest course is to stick with one of the sample charts provided with the program and modify it only after studying the instructions carefully.

The second critical area is to have accurate balances for all of your customers, vendors, jobs, and accounts as of the date you plan to convert to your new computer system. If you don't keep all these figures up to date, your accountant can probably provide them. But if you have a lot of detail to track, this can be a big job. Getting these figures right is less critical than the chart of accounts because you can make corrections later. It is best to spend the time to get them right to begin with.

Once you've completed set-up, it's good to have your accountant, or a consultant, sit down with you to verify that it has been done correctly, before you begin to use the system.

If all of this sounds like too much trouble and frustration, stick to a spreadsheet, or use Quicken — you'll still be ahead of the guys with ledger sheets and calculators.

— G.H.

About 30 standard reports are available, including the balance sheet, income statement, trial balance, and various aging reports. Job cost reports are handled through the projects report which allows you to select one specific job, a range of jobs, or all jobs. You can also select dates and general ledger account numbers. There is nothing fancy about the reporting, but it is all most businesses will need.

What I like about it. This is a solid program supported by one of the biggest software companies around. The error checking on setup is rigorous and ensures that you have done your homework before it allows you to proceed to the next step of entering transactions. The accounting controls are also good. Once an entry is posted, you cannot edit or delete it, only reverse it. This makes for a good audit trail. A nice feature, which will keep you from posting too many erroneous entries, is the *Display Journal Entry* menu selection that shows you which accounts are about to be debited and credited by your transaction.

One of the best things about Simply Accounting is that it has a *great* tutorial that is based on a sample construction company. I also like its ability to distribute payroll amounts directly to multiple projects and calculate amounts directly for IRS reports.

What to look out for. Simply Accounting's manual claims that "Those who know nothing about accounting or bookkeeping will, after reading this manual, be able to begin using the program for their own business's bookkeeping and financial statement preparation." Simply Accounting simplifies accounting and bookkeeping procedures, but if you are new to accounting, it's better to learn with a less rigorous program.

Despite having an integrated inventory module, you can't use Simply Accounting for simple estimating because there is no provision for pending or unbillable invoices: As soon as you enter an invoice, it is posted to the general ledger and becomes an asset. If every one of your estimates turned into a job, that would be fine, but unfortunately it doesn't work that way for most of us.

Who it's for. Simply Accounting is good for a small- to medium-sized business with a part-time bookkeeper where accounting controls are more important than snazzy Macintosh bells and whistles.

Technical support. After registering the program, you get two free calls to technical support. You will have to leave a message and wait for a call back; they say they will call on their nickel within an hour. If you are calling with a question that cannot be answered by looking in the manual, the technician will not subtract your call from your allotment. Additional support is available on a subscription basis. For $125 you get four calls per year on a call-back basis; you also get any upgrades and biennial updates to payroll tax tables.

Requires. Macintosh with 1MB RAM and 800K floppy disk drive. Second drive recommended. ■

Guy Hermann heads a Macintosh computer consulting company called Clear Thinking, in Mystic, Conn.