

BY MELANIE HODGDON

The Reluctant Bean Counter

One of my clients memorably told me that he was “living in” his QuickBooks files. He further remarked that he had never seen himself as “a financial guy” but had come to recognize that tracking and analyzing information was the highest function he could perform for his company. He laughed when I suggested that the title of the book he could write about his growth as a professional should be called “The Reluctant Bean Counter.” So just how did he get here?

Together with his brother, this guy runs a successful remodeling company. He long ago abdicated responsibility for running reports to a team of bookkeeping professionals. They would dutifully send a mound of reports monthly to my client, who admitted that he simply filed them without even looking at them. Why? Because the reports lacked meaning and failed to answer the kinds of management questions essential to running his company. From the viewpoint of those very qualified bookkeepers, they were providing reports useful to a general business owner. However, lacking experience with the nuances of reporting for remodeling contractors, they missed reporting on what my client needed to see.

DOWNWARD SPIRAL

I often encounter excellent bookkeeping practices that still fail to answer the questions most important to remodelers. This can be a chicken-and-egg situation, because the contractor often lacks a clear vision of what he needs to know and so is unable to convey this information adequately to his bookkeeper. In addition, he or she is generally not familiar with the capabilities of the software and therefore misses opportunities to capture useful information.

On the other hand, the bookkeeper often lacks essential knowledge, too. With no clear direction from the contractor, most bookkeepers default to providing reports typical of a standard business. After all, having no experience with the specific requirements of the contractor, they aren’t able to make suggestions themselves. And while they often have a strong background in

the general capabilities of the accounting software used, they too may be unaware of its contractor-centric features.

As long as both the contractor and the bookkeeper are orbiting different universes, they just keep reinforcing a downward spiral of communication and understanding.

PULLING TOGETHER

In general, the only ways to change course and pull out of the ineffective spiral include

- Working closely with your bookkeeper to make sure he or she’s providing you with what you want
- Modifying some of the accounting procedures to allow for a more practical treatment of how earned revenue is recognized
- Creating customized reports

You must also commit to learning how to read and interpret reports. With increased knowledge will come the ability to make specific, detailed requests for reports. The bookkeeper must likewise commit to learning why certain types of financial information are critical to you. This includes understanding the management decisions that you need to make.

You may not aspire to becoming a bean counter for your company. However, if you decide that the highest function you can perform for your company is to serve as an analyst and a planner, then you need to wrangle your bookkeeper and make sure you’re getting the information you need. To do that, you will also have to change, and that’s probably the hardest step. But just imagine: If your commitment to learning more about financials proves rewarding, you may actually stop feeling reluctant.

Next month, I’ll describe how some accounting procedures can be modified, and I’ll provide examples of the type of customized reports that can better serve a contractor. I’ll also address specific types of management decisions that a bookkeeper needs to understand.

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