

7 QUESTIONS TO ASK BEFORE YOU HIRE AN ACCOUNTANT

by Julie Bawden Davis

In today's complex business climate, a good accountant can make a big difference on your bottom line. While it might be tempting to cut costs and handle things yourself, accounting done well can nearly pay for itself.

"Not only can a good accountant save you money on taxes, financial rules are complex and there are expensive traps for the unwary," says David Stevens, a certified public accountant in Santa Fe Springs, Calif. "A knowledgeable accountant can guide you and prevent costly, time-consuming mistakes. He or she can also put together a good financial statement that will get you the type of loan you want."

Since an accountant handles your money, choosing one is a serious decision. Stevens suggests asking the following questions:

1. How many years has the accountant been in business?

Considering the myriad, ever-changing tax laws and complex accounting rules, a minimum of five years is a good benchmark.

2. How many years experience does the accountant have in your particular industry?

Some businesses have specialized accounting rules, such as restaurants and retail in general. Does the accountant have several clients in your field?

3. What is the company's average response time?

Accounting questions often weigh heavily on a business owner's mind, making a speedy response imperative. You should get a return call within a day and an answer in two to three days.

4. What is the firm size?

Even though some large firms handle small business, you may not get the kind of attention you want. "Sometimes in larger firms, you don't get the same contact person each time you call and there is a higher threshold for imbalances," says Stevens. "While a \$10,000 discrepancy is big for a small business owner, it's often not seen as that remarkable by a large firm."

5. What does your banker and/or attorney have to say about the accountant?

Bankers and lawyers are aware of effective accountants. Bank personnel regularly review financial statements and recognize good reports.

6. Is the accountant familiar with your computerized accounting system?

The accountant who knows your accounting system can work on your books and quickly ship them back to you.

7. Are you comfortable overall with the accountant?

It's important that you feel at ease with your accountant, believe in his or her ability and know that your business and financial goals are understood.

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