

# 10 Questions Your Accountant Should Be Asking You

## 1. Does your business have written goals?

This may seem obvious, but many small business owners work without written plans. Common excuses are “I don’t know what’s going to happen, so why bother” or “I’m a small business, that’s for big businesses”. Goals give you direction, and more importantly, make it real. If it’s in your head, then no one else can share that vision.

## 2. Do you have individual written goals?

I’m shocked at how few business owners have personal goals. It seems like the business crowds everything out, and personal well being and happiness come a distant second. Business owners, especially established ones, should determine financial and non-financial goals, and then shape the business around those. If you want to spend more time at the lake, then you need to create a business that doesn’t require you to be there everyday (otherwise it’s just a job!). Many business owners take the risk of starting their business to enjoy financial independence. Then when it comes, you don’t have the time to enjoy it, or you feel somehow guilty about spending that money on yourself. Give yourself permission to have the business work for you, rather than the other way around.

## 3. Do you have written financial goals?

Most often, the business is the bulk of an owner’s net worth, but rarely is consideration how to get that capital to provide for retirement or other personal financial goals. There may be a vague plan to “sell it to someone, someday”, which is fine if you’re more than 5 years away from needing the money. If you’re plan is 5 years or less, then you need to get busy! This business isn’t going to sell itself. Our unique service offering, *Owner’s Escape Plan*<sup>™</sup>, creates a plan to address this particular the question “How exactly do I use my business to fund the future I want?”

## 4. What strategies do you have for increasing revenue, and what have you tried in the past that didn’t work?

In today's rapidly changing economy, the status quo will not suffice in the future. The way people purchase goods and services have fundamentally changed, and if you're not communicating to them the way they are buying, your competitors are. Disruptive technology is moving from one industry to the next causing severe pricing pressure on all business. In this environment, can you afford to ignore how you price and market your products? Let's be serious, many businesses have not made the cut, and many more will fail if they don't change.

**5. What strategies do you have for increasing profit, and what have you tried in the past that didn't work?**

Increasing revenue is just part of the equation. Some businesses grow themselves right into bankruptcy. Again, technology is causing severe pricing pressure, how does you protect your margins? How do you leverage the technology to work for you, instead of against you? Can you outsource overhead functions to more efficient and economical providers? A Millennial with a laptop can open a business virtually overnight, with little or NO overhead. How do you compete with that if you have \$20,000 a month in fixed overhead?

These are all questions that must be addressed to continue in business. The good news is that those businesses that are embracing this change are experiencing record profits!

**6. What strategies do you have to minimize your taxes?**

After all, it's not what you make, but what you keep that matters. Tax compliance is a given, but what about tax planning? Do you work actively with your professionals throughout the year to minimize your taxes? Meeting with your accountant at the end of the year isn't going to cut it. Having a tax plan is necessary part of your overall business strategy.

**7. What is your business exit or succession plan?**

Similar to the question of individual financial goals, what is the exit strategy for your business? How do you maximize the value of the company that you've spent so long building? A company that has processes and procedures that are independent of the people performing those jobs is worth much more than one that is dependent on specific people showing up everyday (and this includes the owner). Again, the technology available allows you to do this easier than ever, often with less cost.

Maybe the best solution is to sell to a competitor, or to management/employees. We help you determine the highest value, and then developing a plan to get there.

**8. What is the single most important aspect of your relationship with your accountant?**

Why are using the service provider you are? Most business owners have no experience hiring a CPA, and so you go with who feels right or who someone refers. Generally, that's a good guess, because the single most important aspect of this relationship is communication. Communication is based upon trust and understanding, without both, communication will not be sufficient. But like any relationship, your CPA relationship needs to be maintained. Talk to your provider, and tell him/her why you picked them. Tell them what you most value about the relationship, and what can be improved. Generally speaking, they aren't going to instigate this conversation, so make the call.

**9. What additional solutions can the accounting firm provide to meet any of these goals, strategies, and plans?**

Often time people change providers looking for something that is already available from the current vendor. Accounting firms are no different. Are you working with small business specialist that can take care of all of your compliance, strategic planning, and money management services that your business needs? If you have a good, existing relationship then ask if your accountant can provide the service. To be honest, accountants are not the best at communicating (click here for [Why Your Accountant Really Doesn't Call You Back](#)), and need you to be proactive.

**10. What is the most important number (Key Performance Indicator) to track on a daily/weekly basis?**

One of the best ideas I've stolen is the idea of everyone in a company having a Number (See [Traction by Gino Wickman](#)). Each person should know the ONE number that signifies they're doing their job correctly. Every person maybe different, but if everyone hits their number, then the business is successful. The numbers very well can change from time to time, depending on what the focus and goals of the business are.

The business and the owner themselves are not exempt. In our company, my current number is 25% Net Income. If I have conflicting priorities or tasks, being pulled in different directions, or just overwhelmed, I go back to "What can I do today that is going to move that number towards 25%?" A business might very well have more than one number, depending on the initiatives. Maybe it's time to fill an order, or customer satisfaction (Net Promoter Score), or gross margin. It



will be different for every business, but without the target, chances are, you aren't going to reach it.



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