

# Staying fit (financially)

Regularly reviewing your company's financial fitness will keep the business watertight, says **Lisa Martin** of GoFi8ure.

FUNNY, ISN'T IT, that when we talk about financial fitness, many bosses start to glaze over. And yet the monetary side of things is the main reason businesses start up in the first place.

Entrepreneurs see an opportunity to earn an income—often from something they love. They gauge demand, weigh up costs and then invest time, money and themselves.

After that they start to get busy. And this is when working in the business, rather than on it becomes priority—for everyone involved. Typically, once the busy times start, a company will reactively pluck a financial software system off the internet and set about capturing invoicing, expenses, PAYE, GST and tax information.

The really savvy ones will have chosen a financial administration package beforehand. However, chances are that it hasn't been reviewed since they set it up. And, I can bet you that whoever is operating that software hasn't been sent on any training courses lately.

## System updates and training

Yet the world of accounting technology, just like plumbing innovation, is moving at tremendous speed. Nowadays, replacing your antiquated Excel files with real-time, cloud-based systems like Xero and MYOB is not enough. These systems are always changing and, to make the most of the business insights they yield, business owners need to run regular updates—and train staff accordingly.

Business bosses also need to start recognising that their bookkeeper or financial administrator should be as highly trained in their field as a Master Plumber is in theirs.

If the tools of the trade—in this case your accounting packages—are out of date and your bookkeeper has not upskilled in all the time they have been with you, then you are putting your business at risk.

A bookkeeper with basic skills may keep the books looking tidy but, unlike a trained bookkeeper, they will not be equipped to



interpret the data for you. Furthermore, they won't know if the accounts they are using have been set up correctly, or whether errors in the system are giving false readings.

You might think the business is extremely healthy; that the profits are rolling in and you have the capital to expand. The reality could be the reverse. An accounting error made early on could be providing inaccurate information and in actual fact the company could be running at a loss.

## Investing in the accounts team

This all sounds very dramatic, but, believe me, it does happen—simply because businesses are not investing in their accounts departments.

Also, it seems to be written into our DNA that we Kiwis must 'do it ourselves' or on the cheap. And this includes farming out the accounts to whoever can do it—rather than hiring someone qualified for the job.

Fortunately, the perception of bookkeepers is changing. What was once regarded as a job that almost anyone could do is now viewed as a highly skilled profession.

As a result, business owners are beginning to understand the value of employing a trained bookkeeper. In addition, bookkeepers themselves are taking it upon themselves to increase their knowledge and seek industry accreditation. Hopefully, in the future, the bar will have been raised high enough for all bookkeepers to be qualified.

Furthermore, just as we non-tradespeople will ring for a plumber when there's a leak, so business owners who don't yet have qualified in-house staff are now starting to ring for a bookkeeper when they run into a financial problem.

And as you know, bringing in a professional means that not only will the underlying problem be fixed, but the fix-up will be done properly and to a high standard. ■



About the author: Lisa Martin is the founder and Executive Director of bookkeeping, accounting and business advisory firm, GoFi8ure. She is also the Vice-President of the New Zealand Bookkeepers Association Inc (NZBAI).