



Software

Do you need an accounting program?

•• By MYLES WHITE ••

Whether or not your SOHO is successful, you're going to have to keep track of your finances. Can computers help?

If you're starting a small business, whether home-based or not, sooner or later you'll get around to tackling the worst part of the work—keeping track of your financial data. If this is your first independent business venture, you're in for a shock and a potentially rude awakening if all you've had to manage before was your personal chequebook and if the only tax-related concerns you've had could be handled by a shoebox full of receipts and lining up at the local store-front accountant.

One of the first items you'll want to decide, besides who will do the bookkeeping, is whether to keep track of your receivables and expenses on paper or to do it with the help of a computerized, small-business accounting program. To help sort this one out, we've sought advice from a pair of experts.

Vernon Paige and Francis Mackan are both computer-savvy accountants located in the Metro Toronto area, and each has a long list of small-business clients who have successfully made the transition to computerized accounting—with an almost equally long list of those who have made sometimes serious mistakes in their approach to the idea.

One of the selling points for computerizing your records is, assuming you've been diligent about entering them, that preparing information for your accountant at the end of the year will take less time, be less frantic, and because you've done most of the work of organizing the data, it will cut down on the number of billable hours the accountant will charge. Maybe; maybe not.

Get what you need

"There was a husband-and-wife team," says Mackan, "who made the mistake of listening only to a computer consultant. She was competent to advise them about hardware, but had no accounting experience. Over my objections, she convinced them to install the full-blown version of Computer Associates' *AccPac*. It's a robust system for larger companies, particularly when several people are keeping the books and both security and an iron-clad audit trail are required, but it was overkill for them."

"The consultant simply installed the software, then walked away and I had to help them clean up the resulting mess. Instead of saving money, the year's bill for services was considerably more than it would have been if they'd stayed with their paper-based system."

This doesn't mean there is no place for computerized systems.

"Almost anyone can benefit from a computerized accounting system," says Paige. "It will help to foster discipline and simplify keeping books, inventory tracking, and payroll as well as providing management tools. But," he adds, "if you only have a couple of recurring expenses, don't need analysis tools because you already know how well (or poorly) your business is doing, have only a handful of customers and receivables, no inventory to track or employees to pay, then a paper-based system is simpler."

Mackan agrees that not everyone can benefit from computerized accounting systems. "In many smaller businesses, particularly 'mom-and-pop' situations, people are working 12 and 14 hours a day just to operate the business. The person doing the books is the one who gets stuck with it, often has no accounting background

and regards it as an unproductive drudge task.

"Add the inevitable frustrations involved in learning how to run a computer and some potentially unfriendly software and you have a recipe for disaster. Too often I find that clients want to switch over to a computerized system because they already have a computer and are simply looking for something else to do with it."

Could be good

"On the other hand," Mackan continues, "if you're a computer type of person, learning new software isn't a burden for you, and, when you balance the value of your time against what might be a minimal saving at the end of the year, there are some packages I do recommend, including *NewViews* (Q.W. Page and Associates, Inc.—a DOS-based program—see sidebar) and *M.Y.O.B.*—primarily because they are very forgiving of mistakes and allow you to make corrections easily."

Paige agrees with Mackan, although he personally has more experience with *QuickBooks* and *M.Y.O.B.* than with *NewViews*. "*QuickBooks* also allows for good flexibility," he says, "but it lacks a Canadian payroll module."

"However," Paige warns, "just taking our word for it, although I urge people to at least listen to their accountants, isn't enough. You have to do a little research into what may be most appropriate for your business, particularly if there is something unique you do. It may be more important to have a strong job-costing unit. You may need more control over customizing the front end (*M.Y.O.B.*) or over the reporting end (*QuickBooks*)."

Study hard

Mackan also stressed homework. "The biggest mistake people make is not doing enough research. If you simply walk into a business supply store and let an 18-year-old clerk provide the advice, he'll walk you down to the most expensive product in the store."

"I always advise people to ask their friends and business colleagues what software works best for them," says Paige, "and tell them to select the software first. Once you

know what software you want, it's no great trick to find the hardware to run it."

Market update

We reported on four small business accounting programs for Windows in our May edition. Since then, there has only been one change in the Windows market (which accounts for over 60 per cent of it).

Simply Accounting 4.0 was sold under a Computer Associates division known as 4 Home Productions and at the time of our report, there was a wild discrepancy between the US list price (\$89) and the Canadian list price (\$225—street price about \$139 to \$149).

Since the spring, a couple of things have taken place. 4 Home Productions no longer exists, but *Simply Accounting* is still alive and well (and, who knows—references to it may start to re-appear at CA's web site—<http://www.cai.com>—by the time you read this).

CA is in the process of reorganizing and has created a new company, *AccPac International*, which has picked up responsibility for *Simply Accounting* along with *AccPac* and *AccPac BPI* (a lighter, DOS-based version of the program).

According to CA Canada's John Schoutsen, the price discrepancy has been resolved by raising the US price (it had been lowered at the time of our report for "competitive reasons") and a new version, 5.0, is currently in development and due for release in the "February to March (1997) timeframe." By the way, *Simply Accounting 4.0* also includes a Canadian Payroll module.

For more information, contact Computer Associates Canada, 1-800-225-5224, (905) 676-6700, or fax (905) 676-6734. ♦