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Choosing Your Accounting Software Program

KEY CONSIDERATIONS

One of the most invaluable and often neglected tools of running a business is the maintenance of a bookkeeping system. Often "doing the books" is the last item a small business owner wants to deal with, but the information that can be provided by creating financial statements is often the lifesaver of a business. Financial statements tell you how your business is doing, whether or not you are meeting your goals and whether or not you can meet financial commitments.

This guide outlines key considerations and provides a comprehensive checklist to assist in evaluating and selecting the most suitable accounting software.

Understanding of Bookkeeping Fundamentals

Before selecting accounting software, it's important to understand that the tool is only as effective as the information entered into it. Even the most advanced software cannot compensate for poor bookkeeping practices. Entrepreneurs and bookkeepers alike should have a basic understanding of core bookkeeping principles, such as how to categorize income and expenses, manage receivables and payables, and reconcile bank statements.

A foundational knowledge of bookkeeping ensures that financial records are accurate, organized, and meaningful. This, in turn, allows business owners to make informed decisions, meet tax obligations, and provide clean records to their accountant or advisor. Investing time in learning the basics, either through online tutorials, workshops, or consulting with an accountant, can greatly enhance the value you get from any accounting software program.

Assessing Your Business Needs

Small to medium businesses usually find an "off-the-shelf product" easily handles all their needs and will also be the most cost effective. Before deciding on which software to use, it is important to do full assessment of business needs.

Functional Requirements: How will you use the software in your day-to-day operations? This will determine what modules you need included with your software.

Examples:

- ❑ Bookkeeping
- ❑ Payroll processing
- ❑ Accounts receivable tracking
- ❑ Accounts payable tracking
- ❑ Bill payments
- ❑ Invoice generation
- ❑ Inventory management
- ❑ Project costing
- ❑ Multi-user access

Compatibility with Accountant's Systems: Consult with your accountant to ensure the chosen software is compatible with their systems for seamless data exchange and collaboration.

Industry Practices: Research and consider the accounting software commonly used by similar businesses within your industry to leverage best practices and ensure compatibility.

Management: Does your company have competent staff to operate the system? If not, consider an outside bookkeeper to keep track of your accounting needs or train key personnel to handle the bookkeeping.

Key Features to Consider

Once you've assessed your business needs, the next step is to evaluate the key features that will ensure your accounting software supports efficient, accurate, and scalable financial management.

1. **Trial and Evaluation:** Take advantage of free trial versions or demos before committing.
2. **User Interface and Usability:** Evaluate the software's ease of navigation, clarity of terminology, and overall user experience.
3. **Regulatory Compliance:** Confirm that the software is recognized by relevant tax authorities, such as Revenue Canada.
4. **Support and Training:** Assess the quality and availability of technical support, including response times and knowledgeable representatives.
5. **Resource Allocation:** Consider the investment in necessary hardware, system upgrades, and personnel training.

Testing the Software

Some software packages offer free trial versions for you to test drive. If a trial isn't available, find someone who already has the program and will let you work with it. It is highly recommended that you take the time to do this. It allows you to visually inspect the product.

As you try it out, ask yourself these questions:

- Are the screens easy to move around in? Do they offer both keyboard and mouse features?
- Is the terminology easy to understand?
- Do you find the screens easy to look at and understand?
- Are the features you need easy to find?
- How easy is it to set up and start using?
- Does the program produce the reports that you need for your business?

Checklist for Selecting Accounting Software

Use this checklist as you evaluate different software options.

Criteria	Option 1	Option 2	Option 3	Option 4
Software Name	1.	2.	3.	4.
Required functions are available (payroll, inventory, etc.)				
Accountant confirmed software compatibility				
Meets industry standards				
Easy to use/understand the interface				
Recognition by relevant tax authorities				
Availability of customer support and training				
Trial version to test functionality				
All costs, including hardware and training, fit the budget				
Easy access to ongoing technical support				

Conclusion

By incorporating these considerations, entrepreneurs and bookkeepers can make a more informed decision when selecting accounting software that aligns with their business needs and facilitates effective financial management.