

# Choosing the Right Accountant for Your Small Business

By Randy Donaldson

As with any key employee, choosing the right accountant for your small business is one of the most important hiring decisions you can make. The fact is that access to accurate and timely financial information can mean the difference between success and failure. Unfortunately, many small business owners do not consider selecting their accountant to be a high priority and consequently fail to put enough time and effort into planning and making this decision. As a result, unhappy business owners are often faced with either having to “settle” for mediocre accountants who are not a good fit or to go through the painful and time-consuming process of firing their existing accountant, finding and hiring a new one, and bringing them up to speed on their business practices and accounting system. *Why not do it right the first time?* Below is a step-by-step process to help you make the right decision for *your* business.

**Step 1** - The first and most important question to ask yourself is, “What do I want out of my accountant?” A wide range of potential services exist, from bookkeeper, tax preparer, QuickBooks consultant, financial analyst, or source of personal financial advice. When you have answered that question, remember that each level of service carries a different rate of fees. Once you have figured out the level of services needed for your business and the amount of monthly accounting fees that your business can afford, then you are ready to begin your search.

**Step 2** – Build a referral list. Ask your friends and fellow business owners who they use and whether or not they would recommend them to you. Ask your local chamber of commerce for the names of accountants and CPA’s who are members. You can also get referrals from your banker, industry association, insurance agent, or other associate. Obviously, a glowing referral from a successful entrepreneur or a trusted business associate would be the best source to choose from. Conversely, even if your sources can’t recommend their accountants to you, ask the reason why and the name of the firm. At least you’ll narrow the search by knowing which firms to avoid. You should gather at least four or five names on your list by completing Step 2.

**Step 3** – Conduct a phone interview with the five accountants on your referral list. Discuss services needed, billing rates, and how they charge for services (monthly retainer, hourly billings, billable phone calls, etc.). Also, I recommend asking the following:

- Will I be assigned the same accountant each time or multiple accountants?
- Who can I call if I have a question?
- What are your normal business hours?
- How well do you know my industry?
- May I have a list of referrals?

You should be able to narrow your list down to three accountants after the phone interview by following your

instinct and eliminating those who are not a good “fit” or do not agree to a phone interview, etc.

**Step 4** – Personally meet with the three best candidates. Note which of the three offers to meet at your business vs. their office. Try to get a feel for their personalities and which one would be most compatible with your personality and your employees’ personalities. Are they easy to talk to? Personality is an important factor, because good accountants talk with their clients about more than just numbers. They talk about the client’s revenue trends and spending habits and keep you focused on your business goals. If you are at their office, do the employees seem organized, productive, and professional? Is the office reasonably near and accessible to your business? After you interview all three, you will probably have a pretty good feel for which one is your top choice.

**Step 5** – Once you have selected your accountant, he/she will most likely send you an Engagement Letter for your review. This is a letter, written on the accountant’s letterhead, which lists all services to be provided and how often, the period of the engagement, and the fees to be charged. The Letter will spell out all the details of your relationship and will often prevent future misunderstandings. I know of several small business owners who have engaged large CPA firms to handle *only* their monthly bookkeeping duties and then complain that they are not receiving

financial or tax advice, consulting, analysis, interpretation and correction of their accounting records. Why? Because that’s not what they paid for. Additional services will cost additional fees. It is critical to *know what you’re paying for*.

Take a little extra time up front and follow the steps above in hiring the right accountant for your small business. You’ll find that you won’t have to repeat

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the process for many years, and you’ll add a valuable member to your successful business team!

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