

## **Fire Your Accountant**

**By Deborah Rechnitz CMA CMC**

How frequently do you turnover your staff? Probably not quite as frequently as you need to, but you do it often. How frequently do you need to? Whenever you discover that someone is not performing to your expectations. Correct? Then why is it any different with your outside accountant?

Our expectations are based on value for our dollar. Whether that is \$10.00 an hour or \$10,000 a year, you have set certain expectations of a return on your investment. We frequently concentrate on the \$10.00 per hour employee as that is the one we see most often and the one that is, perhaps, the easiest to measure. After all, if the \$10.00 per hour employee can only press 15 pants per hour and the standard is 40, there is a problem. The solution to the problem, after providing adequate training, direction and patience, is to find someone else with the basic skill set. How does this differ when it comes to our outside accountant?

**What is the job description?** There is often a clear job description for most of your staff. Although it may not be written down, you can usually identify what areas a key staff member may or may not be fulfilling which is primary to their job function. They have to produce to a standard of productivity and quality. They have to show up on time. They have to work well with the rest of the organization. This top of mind job description is not usually available for your accountant.

The specific job functions of the outside accountant may be slightly different in large versus small organizations, but the basics assignments are generally the same. Today, much of the bookkeeping is often done inside the organization on standard

accounting systems such as QuickBooks or similar products and this is no longer the accountant's responsibility. This information can then be transferred, electronically, to the outside accountant so there is no duplication of effort required. At this point the accountant may perform several tasks that are truly unique to their area of education and expertise:

- make minor adjustments to the monthly or quarterly statements primarily related to capital investments and depreciation expense;
- prepare and submit the tax returns; and
- provide advice and support on financial and tax matters.

The first two of these tasks are becoming more and more routine have become much simpler of the last several years. Accountants now have their own, specialized software which automatically prepares this information and a lower paid staff member merely enters the information into their software programs which automatically produce your updated financial statements and tax returns. Complexities to this process can be added if you move from a cash accounting system to an accrual system, or vice a versa, but frequently these activities are unnecessary for smaller operations.

It is the 3<sup>rd</sup> task, providing advice and support on financial and tax matters, where the differentiated value stands out. Obtaining and receiving good, sound, objective advice which is relevant to your unique situation can save you literally thousands of dollars, more than justifying an annual fee. The reverse is also true. Failing to supply this advice or providing incorrect advice can cost you a lot in overpaid taxes or worse with interest and penalty payments applied by local, state and federal tax departments.

**How well are they performing?** The difficulty in judging performance results comes from the lack of understanding of the advice that is being given. However, you can start with the basics.

Are you receiving any advice at all? If not, is it because you haven't asked, you haven't paid for this service, or it isn't part of what your accountant generally provides? If it is the latter, it may be time to look elsewhere.

Are you receiving some advice, but not certain it is the best advice for our situation. As you can't be sure, because of this narrow and specialized expertise, treat it very much like a doctor-patient relationship. It may be time to get a second opinion.

**What do you do if they are not performing to your standard?**

As with any employee, it can be time to make a change and just like any relationship, it's hard to make that change. You have to sever an existing relationship which can be painful. Some people are better at this than others. You have to shop for a new company which is time consuming. You have to interview, ask the right questions and try someone out. You may or may not select the right company on the first try and you'll have to try again. This process is no different than the one you follow for any employee in your company. You recruit, interview, hire, review, fire and restart the process. It isn't easy. It isn't inexpensive, but when you hit on the right individual you realize it was all worthwhile.

Your accountant must be considered support staff for your organization and should be treated as such. They have a specific expertise, they serve a purpose for your organization, and you can hold them accountable. They can add tremendous value to you in providing you support in making good and profitable decisions, rather than just being an expense item at the end of the year to tell you how much you owe in taxes. They can also be great advisors as long as you keep in mind the narrow perspective that they naturally might have based on their personal areas of expertise. All of these individuals

must be considered true extensions of your organizations. Use them for the expertise and knowledge they can provide to support and strengthen your organization.