

Bookkeeping Basics

Successful entrepreneurs are proficient in all aspects of their ventures, including the numbers. In fact, many a great business idea has failed due to a poor bookkeeping system. Simply put, a business's bookkeeping system tracks the money coming in vs. the money going out. Ultimately, you won't be able to keep your "doors" open if you have more dollars going out than coming in. A good, basic accounting system will provide useful information that will enable you to run your business proactively rather than reactively when it comes to important financial decisions.

Buy Bookkeeping Software

There are many easy-to-use bookkeeping packages on the market. Some of the most popular include Accpac's Simply Accounting, Intuit's QuickBooks Pro, Peachtree's Complete Accounting and Microsoft's Money Small Business. When choosing software, consider the track record of the manufacturer and the system, the technical assistance the manufacturer provides, the system's compatibility with your other software, and, of course, compatibility with PayPal, the eBay service that allows you to accept online payments from credit cards or bank accounts. (PayPal Account activity can be downloaded to Quicken and many spreadsheet programs.)

Most software programs include tutorials and help screens that walk you through the programs and give you a handle on the components of an accounting system. These typically include the chart of accounts, general ledger, accounts receivable, inventory, fixed-asset accounting, accounts payable and payroll (if applicable).

Accounting & Finance

As a business with inventory, you will need to use the accrual basis method of accounting (not the cash method). This means income and expenses are recorded as they occur, regardless of whether cash actually changes hands. A sale is entered into the books when the invoice is generated, not when the cash is collected. An expense occurs when materials are ordered.

Most community colleges offer basic accounting and finance courses, as well as training in specific software programs, such as Microsoft Office. Signing up for a course is well worth the cost.