

# Getting Accountants to Work With You

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You must learn to ask the right questions to get useful information from your accountant. Good managers often have very limited backgrounds in accounting and feel uneasy and out of their fields when around financial people. But accountants are people too and can be tremendous allies in helping you build a solid and successful business.

Accountants are essentially conservative—and **should** be, both for their own sakes and their clients'. To protect themselves against liability and to keep unsophisticated clients from getting into financial or tax trouble, accountants might not volunteer information about possible alternative accounting treatments. But if asked, most will provide helpful advice!

A lot of accounting is highly subjective; there are usually more ways than one to treat expenses, accruals, reserves, valuations, and so forth.

- Don't panic, no matter what the numbers show. Accountants only set down what they see. They may not understand your business or objectives as well as you do.
- Accountants may not voluntarily inform you of all the alternatives or even explored other possibilities. Take each of the figures and ask for other ways, *better* ways, to handle the data.
- Are reserves adequate or not? Accountants usually take a conservative position here and justify it by saying that a conservative stance this year will help the company in the future. Management is more inclined to worry about next year when it comes and to look into next year's alternatives then.
- Discuss depreciation methods and inventory valuation and understand the choices. Under certain circumstances, substantially different results occur with different treatments.

Many accountants are inclined to think that dropping a few hints will get their message across when sounding a warning. Managers, however, have a habit of hearing what they want to hear and not heeding subtle warnings. Ask your accountant to be specific and blunt when he sees a problem.

Smaller customers of large accounting firms often do not realize that they can talk with the senior partners simply by asking to. Don't be afraid to contact a senior partner if things aren't going right. It isn't necessary to wait until something goes wrong to talk things over. *Talk with a senior partner at least once a year* and explain what your company needs.

This can also lead to useful fallout of information that the partner has learned about business and financial trends and developments in similar businesses.

Think of asking the accountants for advice even in areas that seem unrelated. They get around and have contacts— they can help find financing, personnel, and good office space, for instance.

Before auditors arrive (if you are ever required to have an audit), you should spend time planning with the senior auditor. If the accounting firm sends in a person or team unfamiliar with your line of business, the audit takes much longer and can cost a lot more. Push for an *experienced* audit team. Get a written *inventory guide* from the accountant. If inventory is set up correctly *before* the auditors arrive, time, money and nerves will be saved. Your in-house accounting department can prepare for a year-end audit before the accountants arrive. Work papers can be in the exact format the accountants want. It's worth getting them in this format even if it requires adding help. The cost is much less than paying the accountant's rates to get the same job done.

For an interesting chart that compares accounting methods, go to my web page ([www.lodestarconsultinginc.com](http://www.lodestarconsultinginc.com)) and click on the Resources tab. Then click the Library link and scroll down until you see the link to "Financial Methods Comparison Chart."

Meanwhile, may your holiday season end 2009 on a bright note with promise for better things in 2010!