

Word to the Wise...Work with your Accountant

They say that open, honest communication is the foundation of every good relationship. This is true with your children, spouse, business partners — and even your accountant!

The relationship between a business owner and his or her accountant is surprisingly intimate. Your CPA knows a lot about your company, your successes and challenges, and your financial and personal goals.

In order to provide the most benefit, your CPA must be up to date on what's going on in the company and, in some cases, your personal life as well. Follow these tips to ensure a valuable working relationship with your CPA.

Understand services and fees. No matter how many years you've been working together, an annual engagement letter should spell out all of the details of the services to be provided along with associated costs. Don't assume that you need your CPA to perform the same services year after year. Discuss your needs at an annual review.

Set and communicate expectations. Ask your accountant to let you know what he or she will require to be most helpful to you, both in general and on specific projects. Ask for deadlines and stick to them.

Don't start until you're ready. Efficiency helps save time and money. It's best to gather requested information and answer the CPA's questions before he or she starts with an engagement, whether it's a tax return, financial audit or consultation. Naturally, questions and concerns will pop up along the way, but try to launch each project with all the paperwork ready to roll.

Don't make big decisions alone. If you are considering a major expansion; building a new manufacturing or distribution facility; buying, selling or giving away a significant asset; changing your accounting system or making another big business decision, ask your CPA to weigh in first. There may be substantial tax consequences to some of your choices. Plus, your CPA can advise you about the best way and time to take certain steps.

Also, if you are getting married, divorced or having children, talk with your CPA. Prenuptial or estate planning can minimize tax liabilities and help prevent future problems.

Don't keep secrets. If you have made a questionable or embarrassing decision — financial or otherwise — know that you are not alone. Your CPA has likely seen and heard it all before. It is best to get everything out on the table so that the problem can be addressed quickly and effectively. A quick phone call might save you a lot of money — and heartache.

Ask for help. CPAs deal with a variety of business matters and have a substantial network of contacts. Curious about a tax strategy you heard or read about? Your CPA can give you the straight scoop, with your specific circumstances in mind. Need real estate, insurance or marketing advice? Your CPA probably knows a good source.

Remember, your CPA wants you to be successful. Don't avoid having difficult conversations with him or her. Good communication ensures that the two of you are on the same page and can work together to achieve your business and personal goals.

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