

Radio Days – 2009-05-23

Tip of the Week – Penny-Wise, Pound-Foolish

There have been two clients this week who have spent more than the cost of a new computer on repairs to their old computer. This is not an effective way of getting the best value for your money. A better plan is to get some idea of just how much the repairs will cost and the cost of a new computer. In both of these cases the computers were so old that new parts were not available.

Both owners had spend about the cost of a new computer with no real result to show. In one case the computer was not fixable but the owner still insisted on getting a technician from the nearest large town to come and take the computer away to fix it. I would love to know the final result of this repair.

Computer Accounting 102

Once you have selected your new accounting program it is time to start planning how to install the program then create the data file which will store all your hard-won data. This is a significant event as most people will only do it once or twice in a lifetime. In the last decade I have seen what can go wrong if the wrong person creates the data file. The main cost is not the cost of creating a data file which works but the cost of repairing the damage caused by a person who does not know how to create a data file. Make sure that you build your business' accounting on a solid foundation: creating a dodgy data file will cause you major grief at some stage – usually sooner than later!

There are a couple of other quick points to note.

- Make sure that you have the correct program for your needs. I remember a medical practice which was wasting lots of time because they bought a general accounting program rather than get a program for their business. The correct program can make both getting the data in and the results out much easier: remember that there are many programs for lots of industries so check to see if your industry has a good one.
- Make sure that you have your computer setup correctly. I remember one client who rang because she could not enter the date 13 July. This was because her computer was using the American date format and thought that she was trying to use month 13 which, of course, does not exist.
- Make sure that you create your data file correctly then learn how to use it to get its best. An example of what not to do was of a person who got the local “expert” to create her MYOB data file. The result was that she noticed that she owed her customers more than her suppliers owed her. I estimated that she would take about a week the correct the errors. I also noted that it would have taken about an hour to fix the problem if she had been using QuickBooks. The choice of the correct program is as important as the creation of the data file.

Websites

None this week