

Five Keys & Fifty Questions for Hiring An Accountant

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Nothing is more frustrating than to work hard and make a pile of money, only to lose it in a law suit or to the IRS. There are core people to each and every business team. Few are more important than your accountant and your lawyer. Having been through the selection process a few times, I figured it would be worth sharing some of the wisdom we have gained.

I found an article on my final web search for a small detail while writing this post. Reading it a few times, I was incredibly stoked on Matt's narrative. This is a great piece on the topic of getting an accountant for web based contractors, check it out:

The Five Keys to Finding the Right CPA

1. Reputation

Good news travels quickly. Bad news is currently the only man-made invention that can break the time barrier. When considering an accountant, ask other business owners, lawyers and even your local IRS agent who they would recommend.

The fact is, ask enough people and you will usually end up with a few good choices. We found our lawyer this way. We asked around town and all four of the people we asked referred the same woman. No contest. And they were right; she has been a true asset to our company.

Once you have a list to work from, let the interviews begin. Don't be afraid to take their time. If they aren't willing to talk to you now, they probably will never give you the time you need in the future.

2. Communication

Your accountant should never be the lone gunman. They are part of a team. They protect your assets and help you gain the knowledge you need to make smart business decisions. If you don't understand what they are doing, and they can't explain it to you, run like hell. There is no easier way to get yourself in a whole lot of trouble than to allow someone to play with your money without supervision.

Start by finding an accountant who has the people skills to match your level of understanding. If you have virtually no bookkeeping experience, make sure they can explain to you what they are doing in layman's terms. Even better, find someone willing to teach you a little as you work together over time.

3. Guidance

An accountant is different from a bookkeeper. Your accountant should offer much more than just pushing your numbers around into new formations. They will help guide your business from a financial perspective. Tax planning, how much you can pay yourself, how to handle contractors vs. employees, and a lot more. Pay the money for their advice, it's usually worth it.

When interviewing accountants, ask their perspective on business topics relevant to your industry. Ask if they have worked with freelancers before. Make sure they are familiar with the common perils and follies of your business type. Make sure they are familiar with the tax laws that will impact you.

4. Availability

Make sure you can talk to them when you need to. If you have to wait a week each time you have a question, it will directly affect the performance of your business. Ask what their turnaround time is after a phone call. How quickly can they usually fit you in for a face-to-face meeting? How prompt are they with email?

Our current accountant is phenomenal in all aspects except this one. He's tough to get ahold of and it frustrates me. Frankly, it will probably be the death of our working relationship some day. For the time being though, he provides solid guidance and has been there each and every time we've needed him.

5. Protection

One of the major roles a CPA will play is to guide you in the situation of an IRS audit. Find out the level of experience your accountant has in working with the IRS. This is very important, as I'm told that the audit process is often grueling and expensive. Our current accountant was an auditor for the IRS for over a decade.

Fifty Questions to Ask while Interviewing an Accountant:

What licenses do you have?

How long have you been in accounting?

How long have you run your own accounting business?

Who are your other clients?

How do you calculate your fees?

Do you have any specialties?

Do you have experience with freelance independent contractors?

How many accountants are in the firm?

Have you ever been convicted of a crime?

Can I see the results of your accounting firm's peer review report (normally done every three years)?

Do you consider yourself to be tech-savvy?

Are you active in the local business community?

Do you outsource any of your work? Do you perform the work personally? If not, what is the review process?

Will the person I deal with change? Will I get a regular person to discuss my finances with?

Are your services standardized (packages) or do you offer customized services based upon my business needs?

Can you help me with 1099s & dealing with subcontractors?

Can you help me set up a good balance sheet and income statement?

How do you feel about teaching your clients about finance?

What was the last accounting workshop you attended about? How often do you attend continuing education?

Can I write off my new iphone (probably)? How about my business suit (only if it qualifies as a uniform – has to have branding etc...)?

How long from when I call can I usually get an appointment to see you in person?

Can I call you when I have a question? Do you answer questions by email?

Do you have the knowledge and experience to handle my tax situation?

Have you ever worked with a home-based business?

What new changes in the tax laws will affect me this year?

What type of retirement accounts are available to me? How would you recommend I use them to my advantage?

How will you help me maximize my tax savings? How do you double-check that?

How long, approximately, will it take to finish my taxes?

Who is your target client?

What do you love most about what you do?

What's your privacy policy? Will you share my information with any third-parties?

Based on your experience, what form of business structure should I have?

What do you think of turbo tax?

What makes a good accountant in your opinion?

Do you know how to use _____ (your preferred accounting software)? In your opinion, is this the right software for my business? Why?

What happens if I get audited?

Have you ever been the accountant to someone being audited?

Do you personally know the local IRS auditors?

What are some of the common problems you've worked through with other companies in my business industry?

What specific deductions apply to me (childcare tax credits, educational credits...)?

Have you ever worked directly with a client's financial planner? What issues did that cause, if any?

What are some of the things I need to be aware of as my business grows?

How does your firm handle setting up and guiding me through estimated tax payment?

What is the difference between a good accountant and a bad accountant?

Do you do your own accounting?

Without giving specific personal details, what is one of the biggest messes you have encountered and how were you able to help?

Do you provide bookkeeping? Payroll? What other services do you offer?

What records should I keep and how do you recommend I organize them?

Why should I use you?

Is there a question I should have asked that I didn't?

So there you go. What other questions have you asked? What do you like best about your accountant? What should we avoid?