

Evaluating the Bookkeeper

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"Our part-time bookkeeper is making a lot of mistakes lately. It's hard to get him to meet with me, or to make edits to show the data the way I want it. But I'm afraid to make a change. This is such a high trust area."

Most business owners have more than enough to do. Then problems crop up with an employee's performance and they feel it's going to take a lot more than sitting down for a conversation to correct the issue. Add to that the security issues of dealing with someone who has their hands on the company's finances and no wonder the owner wants to sweep the problem under the rug.

Start by identifying the problem. Be realistic about the costs to the business if the problem continues. Lay out steps to address and fix the problems. Line up trusted resources to help identify and qualify replacements.

Time for an evaluation

Make a list of pros and cons for the employee in question. Pull out the job description and go through it line by line. Check online examples of bookkeeping job descriptions to compare your expectations to market standards.

Note what parts of the job are being done and what's not getting covered. Keep a fact-based log of errors and issues that can be used to discuss the situation.

Evaluate the impact to the business. Careless errors may not be caught and may result in incorrect accounting and planning.

What happens to the business if you overpay expenses or under-invoice customers? What happens if expenses are entered incorrectly, understated and you think you have more money than you really do? What happens if the bank balances are off? When it comes to finances, even small issues can add up to big problems.

If you believe a change is necessary, think through how to best make the change. Especially when dealing with the finances of the company, keep in mind that an angry employee can do a lot of damage in a hurry. Is it better to work to try to correct the problem or to make a change unannounced, walk the employee out the door and immediately change passwords?

Address the problem

Often I find owners are the most conflicted when they know they have problems with accounting staff, but also know they can trust the honesty of the individual handling the cash of the business.

Here are the usual steps to go through to address and fix a problem employee:

- Review the log of issues you've been keeping.
- Set up a one-on-one meeting to discuss the log.
- Decide on consequences and the amount of time you'll tolerate continued issues.
- Meet with the employee and lay out the problem, stating facts, followed by the consequences the employee is facing if the problem is not fixed.
- Discuss specific examples of what "fixing the problem" would look like.
- Ask the employee to relay back actions to be taken to make changes.
- Set up regular meetings, weekly is often good, to check on progress and provide feedback.

- Set a deadline by when you both make a decision as to whether things are getting better, or not.
- Encourage the employee to think about whether this job is the right fit, and discuss the pros and cons with you.
- Line up alternative candidates in case things don't work out.

Before you hire

When looking for bookkeeping you can ask your accountant, other business owners and bookkeeping services. Here are a few things to keep in mind:

- Be careful to thoroughly check background and references.
- Look for people who are educated professionally.
- Stay away from resumes that show frequent turnover.
- Decide if you need full- or part-time.
- Get as much of the job documented as possible, to help with training the next person.

Looking for a good book? Try "Bookkeepers' Boot Camp: Get a Grip on Accounting Basics" by Angie Mohr.

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