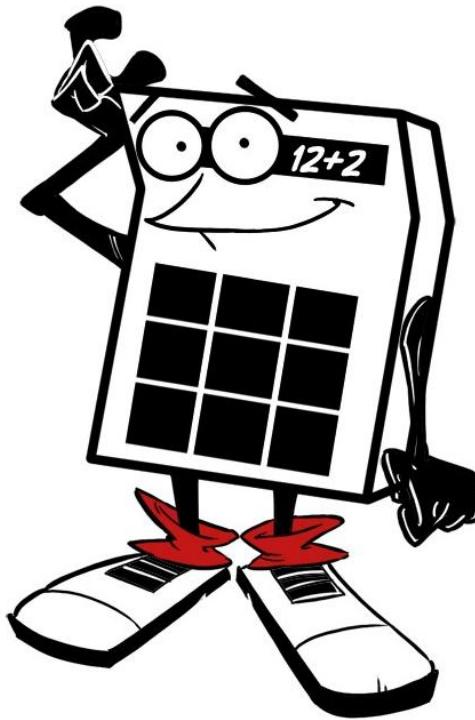


# HOW TO START YOUR OWN BOOKKEEPING BUSINESS



AND BE SUCCESSFUL

# Booglez

Lisa Newton

## How To Start Your Own Bookkeeping Business

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23 – 28 Penn Street, Hoxton

London N1 5DL United Kingdom

Tel: 0844 8844 622. Fax: 08712 449 500

[info@booglez.com](mailto:info@booglez.com)

[www.Booglez.com](http://www.Booglez.com)

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## Contents

Acknowledgements .....	ix
Dedication .....	x
Preface .....	xi
UK – Centric .....	xiv
Terminology .....	xiv
My Story .....	xv
How Can I Help You? .....	xvi
Why Does A Bookkeeper Become An Author?....	xvii
1 MINDSET: Have You Got What It Takes? .....	1
The Reality .....	4
No Money .....	5
Liars .....	6
Cheated .....	7
Sport .....	8
Personality / Skill Set.....	9
Frame of Mind.....	10
2 GAME PLAN: Let's Start With The End In Mind .....	11
Three Main Business Structures.....	12
Things To Think About .....	14
Know Yourself.....	16
Know What The Plan Is .....	17
The One Page Business Plan .....	18
One Page Business Plan Example .....	20
My One Page Business Plan .....	21
3 THE MINIMUMS: Knowledge You Need .....	22
Competence .....	22
Diplomacy .....	23
Bank Reconciliations .....	25
Bank Reconciliation Statement Exercise .....	27
Answer – Mrs Jones .....	30
Two Cheques .....	31
Credibility .....	32

Initiative .....	33
Communication Skills.....	33
Problem Solving .....	34
Attention to Detail .....	35
Analysing Information .....	37
Curiosity .....	38
Entrepreneurialism .....	39
<b>4 GETTING STARTED: Part 1 – 4Ps .....</b>	<b>41</b>
Product .....	41
Price .....	42
Place .....	46
Promotion .....	50
<b>5 GETTING STARTED: Part 2 – 5Ws .....</b>	<b>58</b>
When .....	58
Who.....	59
Which Software.....	61
Why.....	65
What .....	66
<b>6 GETTING STARTED: Part 3 - Other Bits &amp; Bobs.....</b>	<b>68</b>
Equipment.....	68
Transport .....	71
Legal Requirements .....	71
Tax Planning .....	73
<b>7 SKILLS TRAINING: The Technical's. ....</b>	<b>75</b>
Quickest Route To Getting Qualified.....	75
Certificates .....	77
Technical.....	77
Bank Reconciliation Case Study Exercise .....	80
Software .....	83
<b>8 OPEN FOR BUSINESS: 7 Day Start Up Plan .....</b>	<b>88</b>
Day 1.....	88
Day 2.....	89
Day 3.....	89
Day 4.....	89
Day 5.....	90
Day 6.....	90

---

Day 7.....	90
Money Matters .....	92
9 MARKETING YOUR BUSINESS: 14 Ways In Fourteen Days .....	96
Advertise Newspapers / Magazines .....	97
Advisory Open Days.....	97
Contact People In Your Network .....	98
Direct Mail .....	99
Exhibitions.....	100
Flyers .....	102
Google .....	102
Gumtree / Craigs List / Work As A Bookkeeper.	102
Newspapers.....	103
Networking Events .....	103
Referral Incentive Scheme.....	107
Vehicle Signage.....	107
Website.....	108
Yellow Pages .....	108
10 FIRST CLIENT: Yippee! .....	110
How Soon Before My First Client? .....	112
Client Meeting.....	116
Doing The Work .....	117
Bank Rec Case Study – Malvern Wholesalers ...	118
Bank Reconciliation.....	120
Can You Keep A Secret? .....	121
Getting Paid.....	122
Legals – Letter Of Engagement .....	123
11 LEGAL CONTRACTS: Cover Your Backside .....	129
Staff Contracts .....	129
Subcontractors.....	130
Suppliers .....	133
Clients .....	135
Shock Horror .....	138
Oh .....	138
Reputation.....	139
No manners.....	141

## How To Start Your Own Bookkeeping Business

---

Take Them To Court!	144
Share Your Story	145
12 CLIENTS: Keeping Clients Happy	148
Attitude	148
Putting Up The Price	149
Keeping Track Of Your Hours	150
Fixed Fees	151
Year-End Procedures	152
Updates	153
Improving The Bottom Line	153
13 OVERFLOW: Getting Busy	155
Taking a Break	156
Open All Hours?	157
Workaholic	158
14 CASHFLOW: Show Me The Money!	160
Payment Terms	162
Statements	163
Stick To Your Terms	163
Paying Out	164
Not Getting Paid	166
Debt Collection	169
Be Flexible	170
Rich Clients. Broke Clients	172
Due Diligence	172
Oxygen	174
Payment Methods – Credit Cards	175
Standing Orders	178
Other Streams Of Income	178
15 SYSTEMS: Working Like Clockwork	180
Filing	180
Risk Management	183
Backing Up Files	183
Passwords	185
Deadlines	186
16 NEED HELP: Where To Turn	190
Time Management	190

---

Unsubscribe .....	193
Coaching .....	193
Like Minds .....	194
Franchise .....	195
Buy an existing business (for the client list) ....	196
Bookkeeping Associations.....	196
What's The Problem? .....	198
Excuses.....	199
<b>17 ENDING IT: Getting Out Of The Game .....</b>	<b>200</b>
Goodwill.....	201
Winding Down.....	202
Age .....	203
Handing Over.....	207
<b>18 FINAL THOUGHTS: Tips from other entrepreneurs</b>	
.....	209
Get Into Your Flow .....	209
25 Success Tips .....	210
<b>19 CASE STUDY: Mr Candy .....</b>	<b>213</b>
Cashflow Example Exercise – Mr Candy .....	214
Mr Candy's Cashflow – Blank Template .....	216
Solution – Mr Candy's Cashflow.....	219
Interpreting Accounts For Mr Candy .....	223
Useful Ratios .....	225
Mr Candy's Ratio Analysis.....	226
<b>SPECIAL BONUS OFFER.....</b>	<b>231</b>
<b>RESOURCES .....</b>	<b>232</b>
Online Training: How To Start Your Own	
Bookkeeping Business Course .....	233
Email resources (free).....	233
Bank sites .....	234
Software sites.....	234
Connect Online .....	234
<b>APPENDIX .....</b>	<b>235</b>
Cashflow Forecast Template .....	235
Business Budget Example .....	237

## How To Start Your Own Bookkeeping Business

---

Personal Budget Template .....	239
Marketing Plan .....	241
INDEX.....	243
ABOUT THE AUTHOR.....	246
How To Start Your Own Bookkeeping Business.	248
97 Ways To Market Your Accountancy Business	248
Constant Cashflow .....	248
Make The Most of Your Money.....	249
<sup>st</sup> The 21 Century Business Model .....	249
How To Start And Run A Telephone Answering Service .....	249
Cosmic Ordering With Vision Boards .....	250
Money Maths With Boogles: Workbook 1: Getting To Know Your Numbers: 5-6yrs.....	250
Think And Grow Rich.....	250
QuickBooks Online. The Handbook.....	251
Kashflow Accounting Software .....	251
Xero Accounting Software.....	251

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It all began with learning the AAT with Rod, David & Diane – who provided an excellent accounting foundation. And seeing Robert Kiyosaki on the Oprah Winfrey Show was a critical factor.

A special thanks to my very first clients – BCN & Mr Wynbourne whose repeat custom helped to build the foundation, Precious Online for the recognition, Sarah who helped me to get my life back, Irene who helped to add value to the business, suppliers who gave me the support and flexible payment terms, the first few

## How To Start Your Own Bookkeeping Business

franchisees that believed in the dream and everyone else.... You know who you are.

## **Dedication**

To the Boogles family and network of supporters. May business ever continue to prosper ☺

Gracias al padre, el hijo y el espíritu santo.

## Preface

This book is for everyone who has ever thought of opening a bookkeeping or accountancy business, but then stepped back and thought... hmmm... not sure....

It is aimed at the aspiring bookkeeper with an idea, but less confidence to start up. And it's also useful reading for those brave enough to have made the leap – and now want to make the journey a little less painful.

Whether you're thinking about starting your bookkeeping business, have just started your own bookkeeping firm, or have been in the game a while – this book will provide you with useful material that will make it easier for you to develop your business.

Students, would-be bookkeepers, and those thinking of embarking on a career change can also improve their prospects by learning about the reality of being self-employed in a service-based finance-related industry.

A 2009 Euro barometer Survey on Entrepreneurship by the European Commission (EC), found that:

- 45% of all Europeans would like to be self-employed while 49% would prefer working as an employee. (In the USA the preference for self-employment has decreased from 61% in 2007 to 55%).
- Men generally express a stronger preference for self-employment (51%) than women (39%) and
- Young people are more inclined to start a business than older citizens.
- A good education promotes the desire for self-employment as does living in an urban area.
- The occupation of their parents is another strong indicator for the occupational preferences of the children. Of those whose one of parents were self-employed 56% would like to be self-employed too. Where both parents were employees only 42% of the children declare a preference for self-employment.

For many people in the field of accounts / bookkeeping – they've spent many years studying, sat agonising exams and spent further time to get the relevant work experience required. Maybe it's not been an easy path. I know I didn't pass my accountancy papers the first time round. Or perhaps you've not got the qualifications on paper, but you've spent years in the

field and you could do a bank reconciliation standing on your head? (We'll see – there is a bank rec example later on in the book!)

Wherever you are, in your quest to do bookkeeping, whatever the environment, whatever your individual circumstances - the one thing, which we can all hang onto, is the notion that bookkeeping is supposed to be "recession proof". Fortunately, it is a business that can be started with far less capital in comparison to other businesses like restaurants, for example.

In 2004 I took £100 from my student overdraft, my mum gave me £50 and I started a bookkeeping service in the midlands, UK. I worked on the business night and day and by the time I got an office and a manager to help me with MY bookkeeping and paperwork, I had been working through the night at least once a week to keep on top of it all.

Business can make or break you. The amount of energy required to start something up can be exhausting if you are under-capitalised (which I was). I didn't have the money to pay anyone to do anything – so I did it all myself. I had to. Or it wouldn't have got done! Fortunately, I had the energy and the belief and the

passion. These things are key. Many would have collapsed under the pressure, or just limited the growth to something manageable.

There are many statistics quoted regarding the high failure rate of new businesses. Don't become one of them. Use this book as a resource tool, with a five-year business plan. Start with the end in mind. Do you want to run the business, expand or sell for a profit?

### **UK – Centric**

I'll warn you now that this book is UK-centric. I make no apologies for it. There are lots of books about doing business in the USA, so I'm going to be different, and refer to the UK systems and procedures. I also use language which is very British, so if you think you'll find this off-putting... it'll probably be best to stop right here.

### **Terminology**

At the end of the day, whether HMRC (Her Majesties Customs & Excise) is called 'HMRC' or 'Inland Revenue' or 'Revenue & Customs' or 'HMCE' or 'The Tax Office' – I'm referring to the 'tax people' / 'the government' – so please don't be put off, or turned off. In the English-

speaking world (Australia, New Zealand, Canada, UK, Republic of Ireland, the Caribbean and everywhere in between) – the red tape is the red tape. We all have to pay taxes. The rules are the rules. And running a bookkeeping business is still running a bookkeeping business. I've met bookkeepers in the USA & Australia – and life really isn't that dissimilar.

## **My Story**

Before we get into it, I just want to share my own personal story with you and to explain how I came about writing this book. I started my own bookkeeping business with £150 in the same month that I graduated from City University in London with an MSc in Investment Management. I had around £42,000 of debt, and I just knew that I wanted to have my own business. I'm a massive fan of Oprah, and I saw a guest on her show around 1999, the author and businessman Robert Kiyosaki who was talking about his book 'Rich Dad Poor Dad', and those 15 minutes changed my life. I just knew I needed to have my own business. And throughout this book, I refer to my own experiences in running a bookkeeping business (because I want to keep it real) – and I share this with you because I love writing. And throughout the journey

I've been on (and continue on the path), whenever 'shit' has happened to me, I've always said 'that's one for the book'... and it's got to the point where I could write this volume 1, and probably volume 2 and 3. I just want to share with you some of the pitfalls and dangers and to help you save yourself from some of the misery that exists. Don't get me wrong – its not all doom and gloom, but I'll tell you something – whenever I've read 'business books' I don't particularly need the theory – I've studied that at university. What I needed to know was all the stuff I never even thought about or considered because I didn't know it even existed! Let me give you an example. It's all very well 'knowing' about bookkeeping, but what are the kind of warning signs you need to be alert to, to know if this (potential) client or even this (existing) client is alright or not?

## **How Can I Help You?**

You can save yourself thousands of pounds (or dollars) with the right advice and guidance. I didn't have much guidance. And any guidance I sought cost the kind of sums I didn't have, so I had to more or less figure a lot of stuff out in the out-fashioned way – trial and error.

Progress can be slow, but you can recover from little mistakes. Almighty mistakes – take a lot more effort. They can wipe you out totally if they're disastrous.

So my purpose of this book – is to help you avoid some heartache, help you to avoid these pitfalls and to get some of the horrors I've encountered onto paper (a kind of cathartic release). Plus, I love writing. I love bookkeeping, but I've always loved writing. Ask anyone who knows me – my emails, my texts, my letters – can go on and on. These days I have the odd client or two who I see (always good to keep your hand in), and I tend to do the books of my own companies that I am a Finance Director for.

## **Why Does A Bookkeeper Become An Author?**

There are several reasons. I've been asked time and again how I've managed to start a business with £150 and turn it into the multi-figure business with close to 30 staff. So, I thought I'd write about it. It's easier than sitting there repeating the same stuff. This isn't the first book I've written. Due to the extensive time I've spent working with a whole range of different types of businesses, alongside the owners, doing their

figures, helping them to make sense of it all, I began to realise that there were some businesses that were more profitable than others. BUT more than this, it wasn't necessarily the business TYPE, but often the business MODEL that made the difference. So I wrote about this phenomenon in my book '*The 21<sup>st</sup> Century Business Model.*'

If you choose to embark on a bookkeeping business career no doubt you'll get to experience lots of different businesses, lots of different types of people and sometimes the stuff you end up doing may be far from what you had initially expected. I hope that this book prepares you for what is about to come, and I'd love for you to share your successes (and horrors) on our blog – [www.boogles.tv](http://www.boogles.tv) Horrors are always more interesting and entertaining, and I've made sure I've included a few in this book – just so that you have some idea of what you could be letting yourself in for!

If you enjoy reading this book, then do leave a review on Amazon or Goodreads, and join the fanpage on facebook:

[www.facebook.com/HowToStartYourOwnBookkeepingBusiness](https://www.facebook.com/HowToStartYourOwnBookkeepingBusiness)

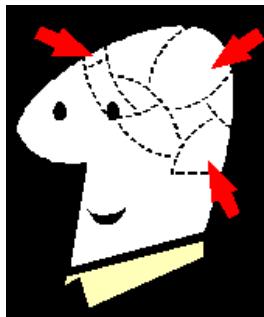
Note that the book is also available in an audio version on Audible and Itunes. And if you really want more, take a look at our online course, details of which are on our website:

[www.HowToStartYourOwnBookkeepingBusiness.com](http://www.HowToStartYourOwnBookkeepingBusiness.com)

If you are interested in joining our team as a bookkeeper – please visit: [www.boogles.info](http://www.boogles.info) and we'll take it from there. We are looking for bookkeepers across the globe to join our network. ☺

## 1 MINDSET: Have You Got What It Takes?

**B**efore we even go any further, it's worth just asking yourself some soul-searching questions. Don't skip this bit. Take a few minutes to note down the answers to yourself. There is no 'right' or 'wrong' answer, but you need to be true to yourself. You need to know why you're doing something. WHY do you want to start your own business? Whatsmore, why a 'bookkeeping' business in particular?



This is important. We're going to go into the 'hows' of starting shortly – don't worry about that – we'll get there. But there is a saying – knowing your 'why' and your 'how' will come. Why do you want to start your own bookkeeping business? Is it for the money? For the challenge? For the enjoyment? For more flexible work / life balance? Is your current job under threat of redundancy? Are you fed up with your boss? Is 'bookkeeping' something that you have experience in?

Are you already working for an accountancy firm and do you think you could do a better job of running it? Do you think you can poach clients from your existing employer?

I once met an Accounts Assistant at a networking event who was (in my opinion) 'moonlighting.' She didn't even want to give me her business card! Initially, she introduced herself as a bookkeeper, but then backtracked and said she was an Accountant. It turned out she was an Accounts Assistant in her day job, and was doing the bookkeeping for the clients on the side. Her employer (an accountant) had no interest in bookkeeping, and so whenever any of his clients would ask him if he could also do their books, he'd refuse. So she started to approach the clients and offer her skills.

She claimed that he knew and he was alright with it, but just by her behaviour, and the fact that she wouldn't give me her business card (for her employer as she didn't have any personal cards) instantly made me think that she had something to hide. It's not the first time I've been at a networking event and people there have asked me about getting some work for themselves (yet they're supposed to be there representing the company they work for!)

# How To Start Your Own Bookkeeping Business

List your whys here:

*I want to start my own bookkeeping business because*

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*And what is stopping me is \_\_\_\_\_*

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Now, at the end of this book, we will come back to this page. And I hope that whatever is stopping you now, won't be stopping you by then. Your motivation to do this is what will be a factor in determining your success. If you are the type of person who is easily discouraged, or who gives up easily at the first sign of disappointment...or if you are lazy and you don't want

to do anything to build your business – then you won’t last. This just isn’t for you. I would suggest you just forget this ‘dream’ and stick to the day job. It’s the best place for you. I don’t mean to sound harsh in these opening chapters, but I don’t want you to waste your time, effort and energy. If running a business were easy, everyone would do it. It’s not easy. I was fortunate to not know any better – and went right into it. It wasn’t a culture shock for me, as I’d been a student; I was used to working late, working around the clock, eating beans on toast, juggling several jobs, living off credit cards, meeting deadlines and still managing. If you have only ever been an employee, and you’re used to a steady pay cheque, self-employment may come as a nasty surprise.

## **The Reality**

When you work for yourself, there is no sick leave. There is no holiday pay. When you stop working, your business stops. Your money stops. If you start late and leave early, no one is going to tell you off.... you just probably won’t have any money. And if that means that you can’t make your rent or mortgage payment that month – that’s your problem. In this business, if you do a job for someone, and they decide that it’s incorrect,

or that they're not going to pay you or they tell you 'the cheque is in the post' – again, that's your problem. Nothing is 'guaranteed' when you run your own business. You have to keep your motivation high, because you can work extremely hard for someone, and then they don't pay you. What are you going to do about it? There are some rather unscrupulous people out there, who will rush to use your service because you're a new business. They might try and squeeze you as hard as they can to drop the price. They will happily get you to do as much work as you possibly can for them (these are the ones who tend to have a backlog). And then when it comes to you getting paid... no money is forthcoming. You need to be made of tough stuff – resilient to not allow these things to depress you or really get you down.

### **No Money**

You may have spent your entire time on their accounts, tidying it up, doing no one else's work, only theirs – and yet little did you know, they actually had no intention what-so-ever of paying you a penny. The repercussion of this situation is that you now are in a position whereby you can't afford to pay YOUR bills. There's no supervisor or boss to run to. No one to

blame but yourself. Many people have to swallow this loss, and for some, it's just too much. It only has to happen to you a couple of times before you might lose



faith in the whole thing. And at this point it can get lonely because if most of your friends and contacts are in paid employment, with their safe secure jobs and regular pay cheques, then they really aren't going to understand what you're going through. You could go down, under the strain of no money coming in, or your health could start to suffer. I've seen it all.

Remember, as a bookkeeper, I've worked in both situations. I've seen clients deal with their other suppliers in this way. "Tell them the cheque is in the post" (I know it's not – it's still in the drawer, unsigned). In these situations you have to wonder – will they do this to you one day? (Maybe. Maybe not).

## **Liars**

These are all the pitfalls and circumstances you could find yourself in, when running this type of business. Worse still, if you have staff, and the client hasn't paid

– you still need to find some money to pay the staff regardless of whether or not your client hasn't coughed up! "But that won't happen to me!" I hear you say.... "I'll use subcontractors!" Great... and if you don't pay them, what do you think might happen? They might try and poach your clients. It happens. This business can be dirty and nasty. I'm not even going to lie about it. In fact, I'm tempted to name and shame the scoundrels who 'tried it' with us... I might save that one for volume 2. ☺ I've had people steal from me, lie to me, copy me, threaten to sue me, try and rip off the logo. In fact, my first ever advert was copied, word for word, right down to the logo of a CALCULATOR I had used!! Unbelievable. But, it was also through this very rip-off artist, how I found my very first client – (Mr Wynbourne) mentioned in the acknowledgements, and so sometimes, we have to take some of these "insults" or "onslaughts" on the chin, and bounce back. They say when someone copies you it's the greatest form of flattery... but trust me, if it happens to you – you won't be feeling 'flattered'. You'll be feeling rather pissed off.

### **Cheated**

I have been robbed, cheated, lied to, ripped off, conned and scammed in doing business. I've been overlooked for contracts that we should have won without a

doubt.... but I'm still here. I'm still smiling. If these things happen to you (and they're not very pleasant, so I sincerely hope they don't), I want you to think back to this book, and say to yourself – Lisa said something about that. It's normal. I'm not the only one – it's ok, I'll get over it. I'll survive.



## Sport

What you don't want is one punch, and you fall down and never get back up. Throughout this book, I'm going to use a lot of analogy to sport, games and war. And I want you to remember this – don't take it too seriously. It's only a game show. And whatever they throw at you... pick it up and fling it right back. This is not some theoretical pretty book all tarted up to make this business and industry sound great, friendly and easy. No. The gloves are coming off, and I'm going to tell it like it is. And if you still decide to dive in at the deep end – good for you. But at least you'll be prepared. You've got a few life lines (this book being one of them). You'll be swimming with the sharks, not always the dolphins. It's all about being prepared. What

you'll find in this book is the kind of thing they won't tell you anywhere else.

## **Personality / Skill Set**

But back to the theme of this chapter – mindset. I want to get you into the right frame of mind for embarking on this journey. Who is this type of business right for? Anyone with a passion for numbers, and who genuinely likes people and has good people skills. It's important to be personable and trustworthy because people will be relying on you. If you are a shy, antisocial type – you'll find it hard to win new clients. If you are no good with numbers – you won't be a very good bookkeeper because you'll get things wrong, the books won't balance and you'll take ages to do anything because you lack the actual skills OF a bookkeeper! Age, race, gender, height, weight, size, sexual orientation, physical attractiveness, marital status, income – generally don't matter (that's the good news).

**The key thing which clients want is a reliable, competent person who is efficient, can sort them out, and who can take the burden from them.**

This is what they pay you for. If you do someone's VAT Return – and its wrong.... it pointless in them getting you in to do it... they might as well have done it themselves! (and got it wrong). But we'll come back to competency later.

### **Frame of Mind**

Right now, it's more about YOU. Why YOU want to run this business, and if you are in the right frame of mind for the challenge. You need to be organised, focused and have plenty of self-belief. It's never good to be desperately out of work and money and 'needing' to do this. Desperation is not a pleasant trait, people will smell it on you, and you won't be in the best frame of mind to run the business properly. Ideally, you want to have your family and friends behind you, and you need to be behind yourself! Assuming you are – and we're cheering you on, let's take a look at the game plan. What are you trying to achieve? And by when?

## **2 GAME PLAN: Let's Start With The End In Mind**

**A**lso known as a business plan, many would-be business owners have been told to write one of these. It's important. Although I wouldn't spend months and months on it (as I know some people do), putting your ideas down on paper, is definitely worth it. The worst thing I hear is 'it's in my head'. You need to take it out of your head and get it down on paper. The game plan doesn't have to be hundreds of pages – 10 max, will do it. But you need to start with the end in mind. Think about where you want to be in 5 years time – and how this business needs to be / look / perform, in order to help you get there.

What do you want to achieve from this business? How will the business operate? The first bit comes from you, but this book will help you to get your ideas on paper. You don't need to hire a business plan-writing consultant. All they would do is just ask you for the answers anyway. Take the time to have a think. Answer the questions set in this chapter.

## Three Main Business Structures

### 1) Sole Trader

This is where you run the show. In the UK it's fairly easy to begin self-employment. You contact the HMRC (Her Majesties Revenue & Customs) – tell them that you are self-employed and they send you some paperwork. Each year you have a self-assessment tax return to fill in for the previous 12 months of April to March. See: [www.hmrc.gov.uk](http://www.hmrc.gov.uk) for those based in the UK, or check the rules at your local tax office.

**Pros:** Easy to do, no one sees your income or expenses figures as it's not publicly available, you are in charge.

**Cons:** You are in charge! Some companies who are snobbish may prefer to deal with limited companies.

### 2) Limited Company

This is a separate legal entity that exists in its own right, separate from its owners. As the 'limited' suggests – the liability of any debt is limited to the amount invested in the business.

**Pros:** Personal protection (financially) if the business fails, more kudos.

**Cons:** Far more administrative burden (filing annual returns, getting the report & accounts filed, corporation

tax return, plus each director must then separately and individually file a self assessment tax return), accounts are on public record.

### **3) Partnership**

This is where you and another (or several of you) join forces to establish a partnership and run a business. If you notice – many solicitors and accountants tend to work as partners. It's essential to be clear from the outset on the allocation of work and how responsibilities and profits will be split.

**Pros:** The holiday that we said was hard to take, is a bit easier as you now have someone to share the burden with, you have a person with whom you can share the journey and bounce around ideas with. Many people find that they will achieve more with the mutual support, as you are accountable to someone other than yourself.

**Cons:** How do you escape if you want to go your separate ways, it can be almost like a divorce! You share the profits with someone. And you might not always agree on things or on the direction of the business. One person might not pull their weight or one person might spend all the money, which can cause problems, as each partner is jointly and severely liable for the debts of the partnership.

Once the structure is decided then this affects the rest of the plan. If you want to start as a partnership, I suggest your partners read this book too! It's essential everyone is on the same page when it comes to business plan, and where you want to take it... small, local, national or world domination? Everyone on the team needs to pull in the same direction. If you've opted for a limited company, then the first thing to do is to think of a name, and check at [www.CompaniesHouse.gov.uk](http://www.CompaniesHouse.gov.uk) (or in your local jurisdiction) that the name hasn't already gone. Whilst you are at it, you might just want to check the website domain name availability too.

So that's the paperwork sorted. But we have to think forward, in order to plan back... where do we want to go? If we were going on holiday... we'd have a plan (a map) of where we wanted to go – and then we'd decide on how to get there. So the rest of this chapter just needs some input from you. I want you to think about what your idea of the perfect bookkeeping business would look like. Here are some pointers:

### **Things To Think About**

**SIZE** – what kind of turnover do you want to have?

**LOCATION** – do you want to be home-based or office based?

**INCOME** – what kind of money do you need to draw, in order to meet your personal financial goals?

**STRUCTURE** – do you want to keep the business small based around you? Or do you want to hire people?

**PEOPLE** – if you hire staff will this be on a sub-contract basis? Or on a payroll (employee) basis?

**SERVICE** – what kind of services do you want to offer?  
E.g. bookkeeping, payroll, accounting?

**HOURS OF WORK** – will you work Monday to Saturday? Will it be 8am to 6pm? Will you use your mobile as a contact number? How will you ‘switch off’ from work?

When you have these sorts of ‘basics’ clear in your mind, it makes the decision-making process a whole lot easier. You no longer have to think too much. Either something is either moving you closer to your goal (so you do it), or it’s not (so you don’t). An example of this was when I was getting the business going, and I was

offered a 3-year apprenticeship to train to be a Chartered / Certified Accountant. I thought about it – but it wasn’t part of the plan. I turned it down. The goal (for me) was to have my own business. Not be a Chartered Accountant. I only would have come back to starting my own business again anyway albeit 3 years later. I was on the path – I just carried on. I know one thing for sure – it’s definitely easier to choose the self-employment route and continue, than it is to come out of employment and go into self-employment. I didn’t want to get too comfortable and addicted to a steady pay cheque (but that’s me).

## **Know Yourself**

It’s important to know yourself, and to know what YOU want. I’m not here to boss you around. But I draw your attention to this because - back to the lady who ripped off my advert. I saw she’d copied my advert on the notice board (word for word), and so I took down her details – and I contacted her! I said something along the lines of ‘nice ad, gosh – it looks just like mine’... and she replied ‘oh, ahem, (a bit embarrassed no doubt) your ad was soooo good, I just couldn’t improve on it!’ ... HOWEVER – not too long after that (about a week), that same lady CONTACTED ME, and said she’d

been offered a full time job, she's taking it and that she's got a client enquiry that she can't service, would I be interested in sorting him out? I said sure! I got the meeting lined up. And this was Mr Wynbourne. He was my first client and we served him for years. In addition, the accountant (Stuart) who sat in on that initial meeting with us has been a good referral of business to us over the years and he's certainly an accountant who we refer work to.

## Know What The Plan Is

But the moral of this story – is KNOW what the plan is. For some people, they want to start a bookkeeping



business because they 'kinda' want to work for themselves... it's a half-hearted idea... it's something they want to be able to show off about to their friends... "I run my own business" it all sounds very glamorous...

"I'm a business owner" (so people think you're rich) or "I'm an entrepreneur" and people think you hang out with Richard Branson! But it's not really a **burning desire**... the desire may be to have a full time job with

someone... and the minute a client or an opportunity to work full time comes up – that's it – they're off! Close down. Shut up shop. They can say they did it. They had their own business. But that's it. That was enough for them. That short stint was enough. And **nothing is wrong with this.** But if that's the plan – be honest with yourself. And make that the plan. Just don't kid yourself. Don't spend a lot of time or energy on trying to start and run a 'business'. You'd be better off getting a good set of business cards, marketing yourself to the place where you really want to work, and see if you can get a foot in the door there as a self-employed person.

And as soon as you've done that, give it a couple of months and you never know – the offer of a full time job may be forthcoming. Then that would be it – your desire of a full time bookkeeping job has been accomplished. But don't fool yourself that you want to run a business, if you don't.

### **The One Page Business Plan**

I'm not a personal fan of 'business plans' – which are pages and pages long. I think a short, sharp, clean plan – which outlines the fundamentals quickly is far more effective than a document which is as thick as a brick

and who no-one will refer to again because it's just too much! If you ever feel yourself going off-track, you should be able to glance at your one page business plan, and immediately remember what it is that you're supposed to be doing again. Stick it on your office wall if you must. So, here is a one-page plan example. Use it as a template. This is for the immediate current year you're in. If you wish to extend the plan to two pages or three pages, and extend the tactical plan to cover the next 2 to 3 years – that's fine.

The plan starts with the bigger picture, which is fine – we know which direction to head in, but (importantly) it breaks it down into monthly targets – and if you wanted to go further – you could do, with a weekly or daily target. It's easy to lose sight or get side tracked when you're running a business and working for yourself. All sorts of things can cross your path and can lead you off-course, and you must always be coming back to the single focus, which is – what are you trying to achieve? How? And by when?

## One Page Business Plan Example

### The Current Situation

3 clients (Tomlinson, JRF, Polly)

**Turnover** Apr – July £3,237 on track for: £9.7k pa

### “The Vision”

By 31 <sup>st</sup> March 201x (this year)	Turnover: £15,000
By 31 <sup>st</sup> March 201y (Year 2)	Turnover: £30,000
By 31 <sup>st</sup> March 201z (Year 3)	Turnover: £60,000

**Yr1: Aim:** 10 clients

**Target:** 1 new client per month from Sep 0x – Mar 0y  
(7 new clients)

On average, if client spends £1,500 pa with us  
At £20 ph = 75 hours pa. About 1 day per month.

**Net Profit aim:** 15-20%

### 3 Key Performance Indicators

- 1) Got 10 clients
- 2) Turn 50% of enquiries into new business
- 3) Generate min 2 enquiries per month

### What does success look like?

Minimal advertising, word of mouth marketing brings in a steady stream of referrals.

### How can we hit the target?

Revisit old leads we didn't win before, go to local networking event, leaflet exhibitions, ask existing clients for a referral.

## **My One Page Business Plan**

### **The Current Situation**

#### **Turnover**

#### **“The Vision”**

By	201x (this year)	Turnover:
By	201y (Year 2)	Turnover:
By	201z (Year 3)	Turnover:

#### **Yr1: Aim:**

#### **Target:**

#### **Net Profit aim:**

#### **3 Key Performance Indicators**

- 1)
- 2)
- 3)

#### **What does success look like?**

#### **How can we hit the target?**

### 3 THE MINIMUMS: Knowledge You Need

I think the single biggest reason why people fail in a bookkeeping business is to do with **competence**. Bookkeeping is a skill. It is a skill that can be learned, but it's still a skill. It's not shuffling bits of paper or financial administration and filing – it is about having a level of proficiency. And believe me, many people jump into this business thinking that they can bluff it. Or, they think 'how hard can it be?' Well, it depends....

#### **Competence**

Some jobs are fairly straightforward. The client is quite organised and you can cope. Other jobs may be more complex such as where job costings and other management information are needed by the board and there are strict deadlines – you may start to feel the pressure. This is where your background accounting knowledge comes into play. Or (worse still), you could inherit a complete and utter MESS. Meaning you have to go back over someone else's transactions, figure out what on earth THEY did, and then fix it. And then get

on with the books. This requires not only technical skill in understanding what bookkeeping is all about, but also competency in whatever software is being used.

## Diplomacy

So you do need to have that basic technical competence in your chosen subject: bookkeeping combined with a pleasing ‘people’ personality. At the end of the day – you are working with people, and you’re working quite closely (some would even say ‘intimately’) with people because you’re dealing with their ins and outs. There’ll be bank statements you’ll see, that not even your clients spouse has seen! We’re talking **personal** here. You might even see the receipts for items that are their personal things.

Some people will just give you a whole pile of receipts and hope for the best, without realising that within that bundle there were the non-business receipts aswell. So you’ll find out where your clients shop, what’s on their food bill, the shops they spend in. All sorts. So you need to be a trustworthy, discrete individual who is efficient and can perform the duty in a reasonable timescale with due care and attention!

In other words, don't set yourself up to offer a bookkeeping service if you don't know anything about bookkeeping. And, even if you do know 'something' about bookkeeping, be sensible enough to know when a job is beyond you and don't take it on. You need to have a calm manner because you'll be dealing with all types of people. I've had clients who are extremely excitable characters F-ing and blinding. If you are working in someone else's office, it's their environment. If they work from home and they want to smoke – you deal with it (diplomatically). You need to have a pleasant way of dealing with people.

You'll also come across clients who don't do what you tell them – and you have to be firm. Tell them off, but not in a 'shout in your face' type of way, but just in a polite way. Sometimes, life can be frantic because you have filing deadlines to meet, their dog ate the password to log in, you have an eye on the clock because you don't want to be there all day, they're in and out of meetings and are difficult to pin down, but you have to have the strength of character to overcome these things.

The worst bookkeepers are those, which let their clients get into a mess because they haven't put their foot

down. If a matter is urgent, for example if your clients' supplier is threatening legal action because they have an outstanding bill – you need to deal with it. Explain it to your client and if you have to be the go-between between the client and the supplier, then so be it.

Sometimes your client will refuse to pay a supplier, and they will refuse to take these suppliers calls and expect you to deliver the bad news. If you are not comfortable in this situation, then you need to say so. But for some clients – that's a role, which they want their bookkeeper to fulfil. I'm not saying it **should** be on your job description and I'm not saying it **shouldn't** be on your job description – but what I am saying, is if your client puts you in a difficult situation – speak up!

## **Bank Reconciliations**

Just to give you a little taste of what could be involved, I've included a bank reconciliation exercise for you to do. You could walk into a situation (as I have), where the bank account has NEVER been reconciled – but it needs doing. It is very useful to perform a bank rec because it can point out several things. Do you have any idea what they are? List them here.

A bank reconciliation is useful because .....

.....  
.....  
.....  
.....

The amount of bookkeepers that seem to think it's OK to not do a bank reconciliation is frightening. Worse still, the amount of bookkeepers that can't even DO a bank rec - is unbelievable. Sometimes you have to wonder where a person received their training, or even how they passed the course! But this is an important point. A bank rec is useful because:

- It is a check between your figures in your cashbook and what you're doing, and what the banks records are
- There'll be items which appear on the bank statement e.g. Bank interest (paid or received) which needs to go onto your system which you'll never know about, unless you checked your bank statement
- There could be uncleared transactions sitting on your account – such as a cheque written but never cashed, which you wouldn't know about – unless you checked your bank statement,

reconciled it and then looked into the uncleared items still sitting there

- It's just good accounting practise
- Any bank errors are identified.

### **Bank Reconciliation Statement Exercise**

You are the cashier for Mrs Jones, who runs a typing agency. The Cash Book (bank columns only) for the month of January 1997 is as follows:

#### **Cash Book (Bank Columns)**

<b>Receipts</b>		<b>£</b>		<b>Payments</b>		<b>£</b>	
1/1/97	Balance	b/d	550	10/1/97	J Watt	60	
9/1/97	A Roberts		125	18/1/97	Typing Supplies	90	
14/1/97	Lewis'Ltd		210	28/1/98	N Lowe	310	
24/1/97	P Evans (Solicitors)		175	30/1/98	Red Hill Garage	85	
31/1/97	J Kenright		<u>165</u>	31/1/97	Balance	c/d	<u>680</u>
		<b>Total:</b>		<b>Total:</b>		<b>1225</b>	
1/2/97	Balance	b/d	680	20/1/97	A-Z Finance Co	110	
30/2/97	MPF Industries		145	31/1/97	Bank Charges	10	
		<b>825</b>		<b>705</b>		<b>825</b>	
1/1/97	Balance	b/d	705				

The bank statement for the month of January is as follows:

Title of Account: Mrs M Jones		In Account With National Bank PLC <u>Branch : Bartown</u>		
Account number : 67812318		Statement No: 45		
Date	Particulars	Payments	Receipts	Balance
1/1/97	Balance brought forward			550.00
9/1/97	Credit		125.00	675.00
16/1/97	Credit		210.00	885.00
17/1/97	J Watt	60.00		825.00
20/1/97	D/D-A-Z Finance Co	110.00		715.00
25/1/97	Credit		175.00	890.00
27/1/97	Typing Supplies	90.00		800.00
30/1/97	Gyro Credit-MPF Indstrs		145.00	945.00
31/1/97	Bank Charges	10.00		935.00

Mrs Jones asks you to reconcile the Cash Book with the Bank Statement.

**Bank Reconciliation Statement**  
**as at 31 January 1997**

Balance at the bank as per the bank statement:

**Less :** Cheques drawn but not yet presented:

**Add :** Cheques/Cash paid in but not yet credited:

Do have a go at this – don’t just look at the answer. Have a go. This is an example of something that you could face. And if you can’t figure it out – what does this tell you?

## Answer – Mrs Jones

### **Reconciliation – Solution:**

The 1<sup>st</sup> step is to tick off the items that appear in both the Cash Book and the Bank Statement.

This leaves the following items outstanding:

Cash Book: Receipt on 31<sup>st</sup> January for £165.00  
 Payment on 28<sup>th</sup> January for £310.00  
 Payment on 30<sup>th</sup> January for £85.00

Each of these will appear on the Reconciliation Statement.

Bank Statement: Payment on 20<sup>th</sup> January for £110.00  
 Receipt on 30<sup>th</sup> January for £145.00  
 Payment on 31<sup>st</sup> January for £10.00

Each of these needs to be written up in the Cash Book

The 2<sup>nd</sup> step is to write the Cash Book up to date and to calculate the balance.

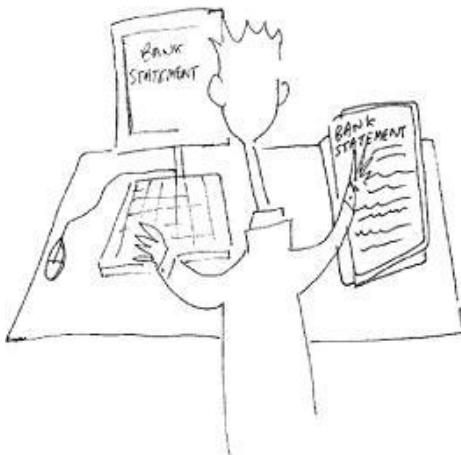
The 3<sup>rd</sup> step is to prepare the Bank Reconciliation Statement.

### **Bank Reconciliation Statement as at 31 January 1997**

	£	£
Balance at the bank as per the bank statement		935.00
<b>Less :</b> Cheques drawn but not yet presented for payment		
Nick Lowe	310.00	
Red Hill Garage	<u>85.00</u>	395.00
		540.00
<b>Add :</b> Cheques/Cash paid in but not yet credited		
J Kenwright	<u>165.00</u>	65.00
		<b>705.00</b>

## Two Cheques

One of my first clients – Buttercups, had been running for about 2 years. I remember looking at their bank statements and I reconciled it, and saw that cheque number '000006' had been cashed twice. I wrote a letter to the bank, pointing out the error, requesting a copy of the two cheques with the same numbers and that my client is refunded – preferably with the higher amount cheque. Sure enough it was a bank error and they got back about £900.00 thanks to me doing a bank rec. You would not pick that up unless you had methodologically and systematically gone through each transaction and recorded it properly the way every good bookkeeper should.



Another client had done the bank rec but there were a few uncleared receipts that were a few months old –

still sitting there waiting to show up on the bank statement. I looked into this. And it was an error, but this time on the clients end. Income had been receipted twice. Therefore overstating the cash at bank on the system. So a bank rec is useful to do, because it'll show you all the uncleared/outstanding items on the system.

And we have to apply some logic to this too. Think about it. Cash deposited into the bank shouldn't take *months* to show up on the bank statement... if any receipt or payment is on a bank rec and its old – (not current) – it needs to be investigated. But so many bookkeepers out there don't bother to look into anything like this. They just leave it. And it can be left for YEARS. They're the crap ones.

## **Credibility**

The other core minimum needed to run a business of this type – is credibility. And by credibility, you ideally have to be solvent & presentable. In being self-employed, the first thing people need to buy into is you. You need to look like, sound like and act like you know what you're doing. If you don't come across in this way, you will fail.

In being credible, it means people take you seriously. You need to have good communication skills, and you need to be able to explain to a client, in their own language (clearly, jargon-free), what's going on in their business, and give them some tips to help. And if you don't know what to do or how to do something – generally, a client will appreciate you telling them this, instead of trying to blag it.

### **Initiative**

When you work for yourself, you do need to have some initiative. There will invariably be situations that you find yourself in, which will require you to think quickly on your feet. I remember popping in to see a client (thinking I was just going to have a quick meeting), and before I knew it, we were sitting in front of a computer looking at their tax computations, so you need to have initiative and be self-confident. If you don't have an answer, you need to know where you can go to get it.

### **Communication Skills**

Talking in slang, poor verbal skills, bad written communication will all serve against you in this game.

Even if you know every last thing there is to know about bookkeeping, if you come across as being illiterate or poorly educated, then clients won't trust you with their work. They just won't believe that you are capable. So, be aware of this. If the client themselves talk in slang – then it's not so bad. They may very well like you, because you'd be like them – but you must project an image of capability at all times.

## **Problem Solving**

Very often, as a bookkeeper, you're only drafted into an assignment because things are critical. It's got so bad, that the client has broken down; they've conceded that they have to spend some money on fixing their books, and you've been called in. So, what the client wants, is someone with a 'can do' attitude who can solve their issues, not create them. For this you need a bit of initiative, imagination, critical thinking – and you need to be the type of person who can solve things. Not everyone is a thinker. Some people are good at taking direction. Once they're told what they need to do, they can do it... but often in bookkeeping, and with the kind of clients you'll get turning up – you need to

be the one coming up with the solution, and better ways of working.

### **Attention to Detail**

I can't help but spot things that are odd, or which don't quite look right. I'm good like that. And it's useful, because in bookkeeping you need to be precise with an attention to the smaller details. Often clients are relying on you to pick these things up for them. It's always worrying for a client, if they've spotted an error, and you haven't. It then makes them wonder if you are any good, and whether they should just be doing the job themselves or get someone else in, because you are supposed to be the expert in this field – not them.



One of our clients told me that they got rid of their last bookkeeper because she kept making mistakes. And THEY would pick up on the mistake and point it out to her, which didn't fill them with confidence. And it wasn't a gigantic mistake which made them make the switch. The bookkeeper had simply (accidentally) ticked a box called 'student loan deductions' on the payroll,

and a member of staff had deductions taken from them from April to about July, when the manager happened to look at the payslip and question why the staff member (who was about 65 and hadn't been to college or university) was having student loans deducted. The bookkeeper 'hadn't noticed' (or had the staff member). I got called in. The staff member got the deductions returned to them on the August payroll run – no harm done (for them it was like an unexpected windfall / bonus) – a rebate! But it was the MANAGER who had noticed this discrepancy, not the bookkeeper. Some bookkeepers are just processors. They will 'process' any information put in front of them unquestioningly. No critical thinking. This is dangerous because the client doesn't know everything. And if they're paying you to do a job, they shouldn't have to be keeping an eye on you.

### **Processing Blindly**

The worst case of 'blind processing' was with a client who just used to send their bookkeeper a spreadsheet. The bookkeeper just used to take the figures from the spreadsheet and enter them into the computerised system. One quarter when the VAT was due, I had to step in. I took one look at the spreadsheet, and my

first question was – why are there cash withdrawals from the bank WITH VAT ON?! Now, I don’t know about you... but I ‘know’ there is not VAT on cash withdrawals. And your job, as a bookkeeper, is to look at (and ask for) receipts, and to question odd-looking things. If they end up with a VAT inspection, clients will play dumb and blame you as the bookkeeper for not telling them. When, the fact is – it was them who put the spreadsheet together BUT you as a professional, need to not just blindly process what you’re given, but to make sure it ‘looks right’.

### **Analysing Information**

Clients like it when you take a keen interest in their

business and understand how it operates. If you can understand what they do, then you might be able to suggest better ways of working. And if you have good analytical skills – you’ll be a good bookkeeper. If you can work with them for

example on their budget, then this will help them to



stay on track. They'll see this, and you'll be more likely to keep them as a client. And that's what this business is about. **Finding & keeping clients.** There's nothing else to it.

## **Curiosity**

In addition to being good at analysing information, another good quality to have, and the type of person you need to be is one who is quite curious. By 'curious' I don't mean weird or strange or unusual or anything, but more 'nosey'. For example, don't just accept everything without questioning, but be awake and alert in your job role, and if you see something, which looks a little strange – you don't just brush over it, or ignore it – but you investigate it. Look into it; see what's going on. I remember one client who had a quarterly bill that went out by direct debit, and one month when I got hold of the bill, instead of just processing it – I took a closer look. I knew their business was having a difficult time, we were all looking for ways to cut costs, and I understood that every penny counts. So there I was – showing attention to detail, taking the initiative upon myself to help, solve their problem and analyse their information. They didn't ask me to – I just did it automatically anyway. So, I analysed this bill because I

was curious. I saw it came out of the bank every 3 months, and I felt it was a bit high. It was for the fax line, and I knew they didn't send that many faxes – emails were taking over. So, I looked into it. I read the bill, and I phoned the telephone company to query an entry on the bill. It turned out they were paying rental for a fax machine that was sitting in the cupboard – and had been sitting in the cupboard for the past **3 years!** They'd bought a newer machine, but no one had cancelled the rental one. We sent it back as soon as I told them, but they couldn't return the wasted payments, which had gone out for the past 3 years. It's these little things that will make you as a bookkeeper worth your salt to the clients you look after.

## **Entrepreneurialism**

It helps if you have an entrepreneurial spirit, because a lot of the small businesses who you do work for, will probably be run by entrepreneurs and they'll like it if you can bring some 'out of the box' thinking to fix their problems. I remember one client (a nursery) who was in a declining state because their government grant was being cut back and they had to raise some funds. I suggested a fabulous way for them to raise money – it was extremely easy, it would have made a lot of sense

for them – but they didn't implement the suggestion. Needless to say they limped along and just raised the fees to the parents, and attendance to the place dropped quite sharply. A new nursery opened up just around the corner and then they had a battle on their hands to attract the parents who were going to the newer, brighter, shinier nursery around the corner. But things like this do happen to the businesses you work for, and you have to try and help them as best you can, because in effect if they go under – then you lose a client.

If they can't afford to pay you because you've not helped them to sufficiently cut costs or generated ideas to bring in more money, then you too will be out of pocket. So you really do need to take a keen interest. Just be wary of those struggling clients, with a massive backlog, who you do a lot of work for – and then now that they're out of the mess (thanks to you), they no longer require your services because you got them back on track, and then they don't want to pay you. They want to get someone else (in house often) to do your job and push you out. So just be wary of taking your 'problem solving skills' to everyone. Only use it where you are appreciated and valued.

## 4 GETTING STARTED: Part 1 – 4Ps

**S**o, if nothing I've said so far has put you off and you're still very keen to get started. Let's look at the 4P's - PRODUCT, PRICE, PLACE & PROMOTION.

### **Product**

What products / services do you want to offer? This might seem like a silly question - you might be thinking "Bookkeeping!" (duh!) - OK. But is that it? What about offering a payroll bureau service? Or year-end accounts if you have that technical competence. Or self-assessment tax returns if tax is your thing. Sometimes, if your clients are typically start-ups, you might get drawn into other areas or you could be asked about other services. Example add-ons include: business plan writing? Raising finance, debt collection, software training. For those who are a whiz on excel, then Cash flow management and projections, or budget forecasts are great one-off or add-on services for some clients. Accounting and auditing are always popular

requirements. But if you do start going into tax / estate planning, wills or trusts, often you may find you have to call upon expertise outside of your own experience. So think about who could deliver these services for you, and what you'd have to pay them or what commission they might pay you for referring a client.

LEDGER		
	YEAR	MONTH
		WEEK
RECEIPTS		
Bank		
Gas		
Gifts		
Interest		
Lottery		
Total Receipts		
PAYMENTS		
Bank		
Council Tax		
Ford		
Gas		
Phone		
Mobile Phone		
Bank		
Gas & Electricity		
Tax		
Charity		
Total Payments		
NET CASH		

## Price

This can be an interesting one because there are all sorts of theories about price setting. The key thing is to understand the market, and to understand what services you have on offer. How do you want to charge? Think of a restaurant. They start with the menu (as we have by choosing which products to offer). Now, we have to go onto the prices. We could

have a buffet strategy – ‘all you can eat’ in a set price / time limit. You could have the ‘a la carte’ menu – so you bundle up some services together, to create an attractive price plan for them. You may have a different menu depending on the day / time of year.

In the UK, the financial year ending the 5<sup>th</sup> April can often be a busy time for people offering accountancy-related services. Will your prices change accordingly with the tax year? Will you have a flat rate price per hour, or ‘fixed’ per task within a limit e.g. 5 people on the payroll costs x. It’s useful to look at what the going market rate is (what do the competition do?), but also think outside the box. If you can think of a better way to price your service, then price it accordingly.

Think like a customer. If you were going to enlist the help / services of a bookkeeper – how would you **prefer** to pay them? Per item / transaction which they enter? Per task? Per job? Per hour? Fixed fee? Or flexible? Would you prefer to get a weekly invoice? Or a monthly invoice?

You can adopt a price-led strategy – whereby your marketing focuses a lot on the price. You can be ‘reassuringly expensive’ or ‘no frills’. You can choose a

more product-led strategy and target a set niche with a specific product. (Good if you have a tangible product – think Apple and their gadgets). Or you could adopt a service-led strategy where you differentiate yourself by superior customer service. Ask yourself, if you were presented with the choice, and having to choose a bookkeeper, what YOU would choose? Would you go for the cheapest? Do you want the bookkeeper who claims to ‘specialise’ in clients in your industry? If you operate within YOUR values, then making these business decisions will be easier for you. Always try and see things from a customers’ point of view. It’s never about YOU and what YOU have to offer. It’s always about the customer – and what they’d prefer to buy.

Pricing leaves a perception with the client. High price is premium. Low price is budget. If it’s very high (and there are people who don’t mind paying extra) – accordingly, they’ll expect extra. It’s what they’re paying for! Likewise, your budget customers – just want to get from A to B. No bells or whistles – the end result is all that matters. Which type of customer suits you more? Do you want ‘quality’ clients or ‘quantity’ of clients? There is no ‘right’ or ‘wrong’ answer. There’s room for everyone to exist in the market. Do what works for you.

If you can and do go the extra mile – maybe you should price yourself at a premium. A few high-quality clients, who you provide an excellent service to, may suit you more than lots of clients who you serve well. Maybe your local market has a gap – and that's the niche you go in to fulfil. It's worth shopping around yourself, or asking a friend to do it for you – to see what you can get for your money!

Or, you might just want to think about how much you'd like to earn or how much you're on now e.g. "£24,000 per year" divide it by the number of weeks per year you'd like to work e.g. 48 weeks, divide it by the number of billable hours per week available to you e.g. 25 hours, and so therefore charge £20 per hour. This is very rough and ready – but for some, it's a starting price. It could be the minimum price. But it's a cost-based pricing strategy, in which you know that you can meet your cost of living if you can get £24,000 gross. Just be aware that there will be many hours in your working week, whereby you will 'work' but you don't get paid. Administration, office, marketing, selling time – all need doing, (by someone), and unfortunately they're not chargeable hours. This is the reality. When you start your own business, you can easily end up

working 50+ hours per week (as I did), and you would have been better off in a minimum wage job, by the time you look at what you have left.

When you don't know what you're doing, you can waste a lot of time, you can waste a lot of money, and you can even end up doing client work, which you don't ever get paid for because you had bad processes in place. So don't be disheartened if you see very little of this billable money in the beginning. You need to be reinvesting back into the business, and into yourself, so it's just another thing to bear in mind when setting your price level.

## **Place**

The place where you locate your business is a very important factor as to how you will run. If you work from home – the benefits are obvious – no travel time, reduced costs (no rent or travel) and it's convenient. But remember the drawbacks. You do need the space to work. The kitchen table is fine, but if you share the house with others – it might not be fine. But if you get an office, you have to question the real need for it. It will cost you money (unless you can get a space

somewhere for free?!). But, once again, it's about knowing yourself.

Some people work better being at home. They can form good work habits. The TV stays off, they have a separate space where they work, and they take regular breaks. And at their chosen time e.g. "4pm" or "8pm" they can switch off, and be in "at home mode". Others, need the regular discipline of physically leaving their home and go into the office. You may find that if you're starting your own business, having come from employment, then this might be something that you actually need. You might 'need' to 'get out' and 'go somewhere'. Even if it's just to the library or to the local coffee shop, some people will definitely find it beneficial to leave out.

Others, can quite easily 'switch' into work mode from their bed to their desk HOWEVER the biggest word of warning, is that a business can be an all-consuming task if you allow it to take over your life. If you're not careful and don't draw the line – you could find yourself working all the time, with no break or time for yourself. This happened to me. I didn't realise it until I got some admin help in for myself. I was working late evenings literally every night, and at least one day a week, I

actually wouldn't get any sleep at all. I'd be working from home (as I'm more of a night owl), it suited me to work late – but what would happen, is I'd be working away, next thing the alarm clock would go off, and it was only then that I'd realise I'd not even been to sleep! And so with the alarm going off, I'd have a shower, drink plenty of coffee and go out to see any clients I had. And I did this for **years**. Now, I was in a position to be able to do this. I was used to working late, as when I was a student, and I had a 10,000-word dissertation to write, this was the kind of thing I did. But, I wouldn't recommend it. I was young, and thinking back, it was alright – I had boundless energy and enthusiasm. If I had to do it all over again, today... I'm not so sure I'd cope so well.

I would recommend that you choose a place that you feel comfortable and set yourself 'working time'. Just because you're self employed doesn't mean you don't have a schedule. Obviously, if something comes up and you do a bit extra – that's fine, or if you leave early – that too is fine. But it's just important to remember that when you work for yourself, you answer to yourself. If you do no work, chances are, the business won't be successful. So you need to have the energy

and drive to see that the business takes off. If this means working hard and putting in the time – so be it.

Make no mistake, if you have your own business, be prepared to make a bit of a sacrifice. Sadly, statistics have shown that self-employed people are probably the most hardest-working section of the population. They have no sick pay or other benefits to fall back on, so they have to put the hours in. Sadly, the risk of stroke and heart attacks are said to be highest amongst this section, and no doubt, the level of work and pressure which self-employed people shoulder, I'm not surprised if that takes a few years off your life! But it's got to be done. The energy needs to be injected, in order to get the business off the ground.

You may not have the sweat equity within you, but you may have the cash. That's fine. This will mean that you can buy in help (and you don't personally have to work so hard) OR you can afford to work less hours, if you have the resources and support to maintain your lifestyle, until the business starts to generate the income you want. I started with £150 and no guidance, so I just had me. I often speak with business owners, and many of them say, if they knew how hard it would be – they would have thought again. I also even

remember one of my first clients, Albert, (in his 50s) saying: "If I had to do it again, I'd just get a nice job with the council, keep my head down and get a pension" – for him, having lost two businesses, being self-employed hadn't been a pleasant experience. It had been a bit of a nightmare. But, if you have family who are behind you – it helps. So if you do work from home, get their support, so that they don't disturb you when they know you're supposed to be working. And just have your client meetings outside the home – which still helps you to get out, so you're not cooped up inside all day long.

My personal favourite place for my business meetings is my local pub. (But that's just me). I call it my "satellite office" and "my second home". They do a very good chocolate fudge cake and it's convenient. And as for clients – I'd go to them, so it's convenient for them, so working from home need not be a problem, as long as you manage it well.

## **Promotion**

The ways in which you can promote your business needs a chapter of its own, and indeed, we'll go into

further detail in chapter 9. But for now, the getting started basics are outlined here.

## **Top 10:**



### **1) Choose a name**

This is fundamental. What will you call your business? If you're going for a limited company (we talked about structure in chapter 2), just check that the name is still available.

### **2) Website**

Check that the domain name is available and register it.

### **3) Business Card**

Get yourself some cards printed. At the very least you want your business name, what you do, your telephone number and email address.

### **4) Flyers**

Get some flyers designed, with your business name, services you offer, rates, special offer time-limited discount (if you want) and distribute them to the local businesses in your area.

## 5) Be careful with phone numbers

A word of warning about telephone numbers. If you use a home number – make sure that line is answered professionally at all times. If you need to get a new phone line installed – then so be it. But if you use your mobile, you may want to get another line SPECIFICALLY for business. In the early days, you may be quite excited when the phone rings (I know I was), and I enjoyed taking calls on a Sunday morning, and a Tuesday evening and a Friday night – because I was 24 hours. I just didn't stop. I barely slept. HOWEVER if you grow out of this phase, you may need some 'you' time. And you won't be able to switch off if your phone number is on the 1000 leaflets you've just handed out.

There may even come a time when you don't want to answer your phone at all, or when you can't (too tired, or you're on holiday) – yes, you are allowed a night off. And it becomes difficult if everyone has your number but you're not working on that day. Think carefully about this, because once things are printed – they're there to stay. Crossing a number out on a business card looks unprofessional. Consider either getting a new mobile, or a new dedicated telephone landline (try [www.PayLessForYourBills.co.uk](http://www.PayLessForYourBills.co.uk)) and at least have a good voicemail thanking the caller for their call and to

please leave a message. You want to create the right impression from the offset. And if your voicemail promises to call back before the end of the day – call back!

## **6) Join some local networking groups**

Now that you've had your business cards printed, you at least need to hand them out to prospective businesses that might be interested in your services. There are networking groups which meet early i.e. 630am for breakfast (so it doesn't interfere with the working day), some that will meet for coffee e.g. 1030 (aimed at busy mumpreneurs who've just done the school run), some that meet at lunchtime, and some evening events. Some meet weekly, some fortnightly, some monthly, some quarterly. There is something for everyone out there.

## **7) Exterior signs**

If you work from home, and space permits – put a sign in your front window. Depending on the busyness of your street, don't be surprised to receive the odd knock at your door. Just remember to be out of your pyjamas by 9am every day! Also a sign on the car door can be useful.

## **8) Promote yourself**

Don't be scared about promoting yourself. You can get a T-shirt, pens or a badge with your company name on, or even buy a few and give them to others to wear. Everyone likes a free gift. If the gift is useful, it'll be used.

## **9) Word of mouth**

By far the best method of 'spreading the word' is by word of mouth. Announce it on face book, send a text out to the people who know you, and just make sure that people know what you're doing. Email everyone.

## **10) Testimonials & Client Referrals**

This is most powerful. Clients referring you work and telling others about you. Clients will tend to know people in the same situation as themselves, and these are people who often also could do with your help. The only drawback you MIGHT experience is that (oddly) some clients may not want to tell anyone else about you! Some service providers suffer with this syndrome, and it can be difficult to resolve. I know a hairdresser who NEVER (or at least rarely) got any referrals from his clients. Not because he wasn't any good. They kept going back month after month. He just didn't get any

referrals because his clients didn't want their 'friends' to look as good as them!

Another client of mine (a tutoring agency) suffered in the same way with lack of referrals because the parents of the children she taught were extremely competitive. They went to private school and were all trying to get into the best institutions and to get the best grades. The parents didn't want anyone to know their child was receiving additional private tutoring and would keep quiet about it! One child who got a very good mark on a test paper (she leapt up about 3 grades) was absolutely delighted with her result. And a classmate of hers asked her how she'd managed it, and she said 'oh I have a tutor'. The classmate asked for details (put on the spot the child couldn't refuse), but then she rang my client begging her to turn the work down because 'my mother will kill me if she finds out' ! So, imagine getting a hot referral – and then not being able to accept it because you'd jeopardise an existing client relationship !!!

As a bookkeeper, clients often don't mind telling people their financial affairs are in good shape. Their bookkeeper is marvellous – but that could be about as far as they go. I know this because I remember a client

asking me if I had any spare capacity because she knew someone who was looking for someone to help them with their books. But then she (jokingly, but I knew she was being serious) then added, "Make sure you don't leave us though!" – because this is their fear. And they are right to be concerned because **good bookkeepers are hard to find.** And once you've found one, you don't want to let them go. How many bookkeepers do you think would have ever looked at that telephone bill and spotted that the whole thing just looked a bit high, queried it with the telephone provider to discover this fax machine was still being charged for?! The managers themselves hadn't noticed – and it was going on for over 3 years ?!! So do reassure existing clients that you won't be leaving them and going elsewhere, you just have some spare capacity and are looking for some extra work.

And this is an important point because if you have an earning / sales target to meet, and the clients aren't coming through the door... this could force you back into paid employment and to have to close the doors because you won't survive! You have to eat too! But the thing is, some existing clients don't think about this. They don't realise that actually, you could do with the money! And that you're a small business with bills

to pay! They're busy thinking about themselves. So just be aware of the potential reluctance of some clients to refer you. Don't be shy about asking them for referrals.

## 5 GETTING STARTED: Part 2 – 5Ws

**O**k, so let's carry on looking at the other things we need to be giving some consideration and thought to. The 5W's – WHEN, WHO, WHICH, WHY & WHAT.

### **When**

By 'when' I mean two things – when do you plan to launch – what will be your start date? And when will you be open? Are you going to be 24 hours? 9 – 5? 8 – 6? 7 – 11? You have to set your boundaries from the beginning and stick to them. Know when you should be at work, and when you can play. The longer your opening times, the more your client will love you, but the less life you'll have. If you are a one-man band, don't burn yourself out. Work the hours that you feel is reasonable. If you have to take the weekends off to see your kids, see your friends; see your other-half – that's fine. Go ahead. You need to keep a balance. But just remember that evenings and weekends are when many small business owners may be able to find the time to

sort out their books. And I kid you not – I've had text messages at 1am. I've had emails at 5am. And me, being me – has replied! And I'll get a shocked response 'oh my god, you're up?' and I'll say – 'of course I am!' Who else is going to be here at this time of day? And, again, this is the difference when you run your own business. You have to be there. The buck stops with you. My phone is never switched off, so if I receive a text and (even if I was asleep), I'm woken up – I'll reply, because I'm awake now. But 9 times out of 10, I was up anyway – working. Because that's what it takes when you run your own business.

## **Who**

Who do you want to serve? What kinds of industries do you have experience of? What types of people do you like working with? For example I've always enjoyed working with charities because they often have an ethos / mission statement which I like and they're often terrible with the books, I enjoy helping them. In the early days when the UK was experiencing a bit of a property boom (mid-2000s), property-related clients were fantastic because they were cash rich. Mortgage brokers, property maintenance companies, landlords, estate agents and lettings agents made up a lot of our

work. So you may be attracted to a certain industry. But you have to be careful. I met a bookkeeper in San Francisco, California, USA who was a restaurant bookkeeper and since the recession hit around 2009 he has experienced a massive dip in clients because a lot of the restaurants had gone out of business.

Some niches e.g. (legal / solicitor accounts) are very specialised and require further training and knowledge, but as a niche group solicitors can be a very good client base. The competition is less due to the higher barrier to entry. It requires specific knowledge of the Solicitors Accounts Rules (England & Wales). It's a profession that can potentially weather any storm. There are different types of solicitors e.g. family, employment, conveyance, criminal, but they do generally have a reputation for being rather tight, being litigious and not wanting to pay anyone. So, think carefully before jumping in to work with this group. One downside of focusing on a niche is that if you want to get away from that niche and work elsewhere, you may find yourself trapped because you don't have the relevant recent experience of any other business type.

Good clients are those who you enjoy working with and who enjoy working with you. They need to be

accessible (pointless wanting to be a sports-stars bookkeeper, if you can't find any sports stars!) and they need to have the disposable income available to pay you for your service. Don't choose to target a group of clients who are broke. It's pointless.

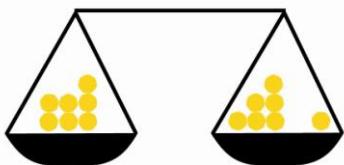
## **Which Software**

Once you've thought about the logistics and basics of which clients and which industry, it is essential that you know AT LEAST one of the popular software on the market fairly well. Clients don't just want a bookkeeper, but they want a 'bookkeeper who can use X system'. An intermediate to advanced knowledge of excel will help too, but essentially, the client is likely to either be using a software or wants advice on what is the best software for them to get. It's helpful, if you have experienced a couple of different accounts packages because then you'll be able to speak from a place of knowledge.

If you've not used any, you really should go on a refresher or beginners course, to get a handle on the basics. How to input an invoice, a supplier bill, reconcile the bank and look at the reporting functions available.

We run several online courses on various accounting software including VT, Xero, Kashflow, FreeAgent, Quickbooks, MYOB and Solibooks to name a few. See: [www.HowToStartYourOwnBookkeepingBusiness.com/page19.htm](http://www.HowToStartYourOwnBookkeepingBusiness.com/page19.htm)

Going back to WHOM and thinking of what type of clients you'd like (and I know you're probably thinking 'any'!!), but it's important, because some industries may have popular industry-specific software. Hotels have their own popular systems, which are used and are often interlinked to the reservations system.



**SOLIBOOKS** it in a separate account), so they'd use a system like SoliBooks [www.SoliBooks.co.uk](http://www.SoliBooks.co.uk) to record their transactions, whereas a 'normal' everyday client e.g. a printing company – might just use the popular QuickBooks or Sage.

Some systems don't run on an apple Mac computer, so you have to be aware of this. Some clients will prefer to use an online accounting system (like Xero or

FreeAgent or Quickbooks Online or Kashflow), so that they can log into their accounts from anywhere in the world. Some may need multi-currency features, and you need to be knowledgeable enough to know some of these key things, so that if asked, you can explain whether the system has the capability or not. And this will raise your credibility in the eyes of the client, because you know the tools of the trade. You may not want to do a course, but you may just want to buy or download a trial version of the software yourself and have a play with it. Visit: [www.HowToStartYourOwnBookkeepingBusiness.com](http://www.HowToStartYourOwnBookkeepingBusiness.com) for software and training offers.

Or, you may just want to refer to a manual on the software. For Quickbooks Online, I wrote a manual called *Quickbooks Online The Handbook*, see [www.QuickBooksOnlineHelp.com](http://www.QuickBooksOnlineHelp.com) and for Xero, there's [www.XeroTheBook.com](http://www.XeroTheBook.com) (the books and website references are available in the reference section at the end of the book).

For those of you that want to work more from home, having some sort of package which you can use to do the clients work on, will be important. For those of you who work from the clients site, then using whatever

system they have is fine – just so long as you’re familiar with it. Clients don’t want to see you learning on the job. And if you have to do this, it needs to be in your time, not theirs, because they shouldn’t have to pay to train you. You should come fully functioning.

The final thing just to be aware of with software is the release dates. Practically every year the CD / disk versions of a software becomes outdated with the new release. The benefit of the online accounts systems is that this isn’t an issue. You’re often paying a small amount each month (like rent) for the usage of the system, so you do benefit automatically and immediately from any system updates.

However with a computer version, you just have to be careful. If your client is on the brand spanking newer version ‘12’ of the software, but you’re still on version ‘10’, chances are, you can work on a file and send it to them. They’ll be able to work on it and look at it on their system BUT if they sent a file from version 12 to you on version 10, you probably wouldn’t be able to open it. In these circumstances just be careful with the systems versions you’re on. And be prepared to spend money annually if necessary to get the latest version updates if you want to work from home. If you’re

working from the clients premises, its fine. They can choose to upgrade to the latest edition or stick to what they have. But remember, depending upon the services you've decided to offer, when it comes to payroll you will probably have no choice, but to upgrade annually, as otherwise the tax tables will be out of date, and the payroll calculations will be wrong. Having lots of different versions of the same software on your computer can use up a lot of computer memory, but this can't be helped.

## Why

When you're getting started, you have to think about why people should choose you. What is your USP? Your USP (unique selling point)? Why should people come to **you**? Think about this carefully. Think about what mission your business is on? And the vision you have for it? And why are you doing it? I touched on knowing 'why' earlier on in this book. That 'why' was more for you, this 'why', is more about the client. In other words, imagine I'm a potential client, and I come to you. What's your sales pitch? Why should I choose you over bookkeeper 'Tim' or bookkeeper 'Tom' who I'll see later on today? What will make me go for **you**? And if you don't know, or if you can't say – then I'll probably

choose them because I, as a client need to feel convinced.

## **What**

What do you want? Do you want this business to be a lifestyle business? Something which fits in and around your life? Do you want to grow it into a massive empire? Do you want to just keep it small and manageable? Will you throw yourself into it full time? Or will you keep your full time job, and start this as a part time business? These factors on what you want will affect how you start. If you just want to be part time, then in terms of 'when' – your opening hours might just be evenings and weekends. So your key clients will probably have to be people who are fairly flexible, not extremely busy and where you can work remotely.

Remote working might lend itself better to an online software – so that you, and the client can access it simultaneously. This is what you have to be clear of, in your mind. IF they have a desktop version of the software, then you could always get a back up file, work remotely and send them an updated file. There are free online cloud sharing sites such as Dropbox (see the resources section). This makes file sharing

much easier. The only requirement then, is to make sure both you and the client have the same version of the software.

## 6 GETTING STARTED: Part 3 - Other Bits & Bobs

**I**n addition to what we've already covered, there's some other practical's, which are advisable.

### **Equipment**

**A computer** - (preferably a laptop) is advisable because you need a computer to send emails and contact clients and do the computerised bookkeeping work.

**Desk & Chair** – a big desk, where you can spread out paperwork on, and a comfortable chair will make your working environment more bearable.

**Internet connection** – it almost goes without saying, but I'm going to say it anyway. Speedy internet connection is useful. (For broadband deals see: [www.PayLessForYourBills.co.uk](http://www.PayLessForYourBills.co.uk)).

**Phone line** – a mobile smart phone is handy, but seeing a mobile number on an advert or a website could put some people off. A landline is preferable because it gives a potential caller a stronger sense of reliability, because anyone can get a mobile on pay as you go – but a landline feels more dependable. Just make sure it's always answered professionally. E.g. "Hello, ABC Bookkeepers. Scott speaking, how can I help?" If you want to be fancy, you can get a NGN (Non-Geographic number). Research has shown that a free phone number is said to encourage more callers. There is an additional cost to this, but it's worth bearing in mind.

**Lighting** – good lighting is essential so that you don't ruin your eyes or start getting headaches. Natural daylight is good, but if you end up burning the midnight oil, make sure you have a lamp!

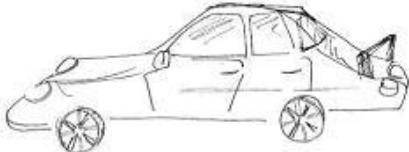
**Printer with scanner** – this is important. I know we're supposed to be aiming for the paperless society but none-the-less, a printer, ink, good quality plain white paper for when you do have to post things off is important. Once upon a time, I would have said a fax machine, but now, a scanner, to attach important pages to an email is sufficient.

**Stationery** – talking of stationery ... this encompasses business cards and letter headed paper. You want it to be good quality and well designed. The key thing is just make sure you use a valid telephone number and get it proof read. I've done it myself – I've ordered business cards but didn't check it properly and my number was wrong. I had to scrap that batch which was a complete waste of money. Don't be tempted to give out a business card with the number amended. It looks slap dash and cheap - not the best image to project.

**Calculator** – if you do have a mobile phone, you can probably use your phone as a calculator, but you should just always have a calculator on your desk and one in your bag / pocket. There is nothing worse than a bookkeeper without a calculator. That's like a tennis player without a tennis racket. Or a carpenter without his tape measure. It is a tool of your trade! Be prepared! Sometimes, you could be on the phone, a caller wants a price, or a discount and you need to be able to figure something out quickly. You don't want to have to shuffle about and run around the house / office trying to find a calculator because you're on the phone, and the calculator you normally use IS the phone!

## Transport

**Car / Bike** – if you are working from home, you may have to collect boxes from the clients or drop them back off to them. Having some means of transport is useful for this. If you don't have anything consider finding a good courier service, because believe me – some clients can be quite precious about getting their paperwork back. Others will happily use your home as a free storage area year to year. If you end up surrounded / swamped by boxes because people haven't come to collect their stuff – sometimes it can be quicker to jump in your car and return items back to them.



## Legal Requirements

**Insurance** – you need to have Professional indemnity insurance if you are a professional services firm. This comes in handy if anyone tries to sue you for negligence. Also, you may need to speak to your home insurance company if you turn any part of your home into a business. Look into the small print on your policy terms. In addition, if you take on staff, you need

Employers Liability and Public liability cover if your premises are open to the public. If a client comes into your crowded workspace and trips up on one of those piles of boxes you have cluttering up the space and twists their ankle – they may want to put in a claim against you for their ‘loss of earnings’ and ‘injury and trauma’.

**Practice Certificate** – If you are a member of a professional body such as the AAT (Association of Accounting Technicians) or an accountancy body, you need to adhere to that body’s professional rules of conduct and obtain a practising certificate / license from them which is renewed annually. Depending upon the body, there could be a requirement to do a certain amount of CPD training a year, or to commit to ‘continual professional development’ and record it. And, there could be a restriction on the type of services that they allow you to offer, due to the highest paper-based qualification, which you’ve passed with them. So, it’s worth checking out, because you don’t want to fall foul of your professional body’s rules. They are there to regulate the members and make it a safe environment for everyone. They’re there to protect unsuspecting clients and to root out cowboy bookkeepers!

## Tax Planning

**Registration** – to register yourself as self-employed in the UK you need to contact HMRC – [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and register as being self-employed. If you're starting a limited company, then you need to register that with Companies House [www.CompaniesHouse.gov.uk](http://www.CompaniesHouse.gov.uk)

**Licenses** – if you do need a trading license or permit or permission from anyone then apply for it. Some people are already in an existing job, and part of their terms of employment, are that they need to tell the company if they're engaged in any other business or activity.

**Bank Account** – I know some people think 'oh, I'll worry about that later once some money has come in', but I'd say no – worry about it now! You shouldn't use a normal personal current account for business. You will be in breach of the terms of the account if the bank find out. It's better to just open a separate business account. Even if nothing is in it. Opening a business bank account with your existing bank should be quite straightforward. They offer some pretty good deals to start ups. I have seen free business banking for life, free business banking for 18 months... however,

always look at the small print. It might be FREE 'on the condition that' you deposit a certain amount of funds per calendar month, or you keep your balance above a certain level. Some allow a certain number of transactions to be free e.g. 5 cheques per month free, but then charge you a fixed amount e.g. 80p for cheque no. 6 and above.

Some don't allow you to have access to the branch – it's only postal and online. So check them out carefully. Initially we had a postal account and it worked out fine for the first couple of years. There was only telephone & internet banking availability open to us. But then, the drawback was we had no bank manager who we could see. Having a Business Bank Manager (who you can see at the branch, who knows you and is somewhat familiar with your business) seems to be an increasing rarity these days. Shop around for the best deal when it comes to business banking and select the tariff that works best for you.

## 7 SKILLS TRAINING: The Technical's.

**A**s we have said earlier on in the book – bookkeeping does require a certain skills set. A certain level of proficiency. And if you are not at that level yet, but you're interested in starting a bookkeeping business, I'd recommend that you either get proficient yourself OR make sure you employ someone who is!

### **Quickest Route To Getting Qualified**

In getting started, many people just want to jump straight in. I'm often asked what is the quickest way to get started? You can do a simple level one bookkeeping certificate at your local college. If you enjoy it, you can always do level two or take it a step further, and go for a full-one qualification. The AAT (Association of Accounting Technicians) have an NVQ (National Vocational Qualification) level two, three and four – each level taking you further into the subject material. And after that, you could do a degree in accounting. I've done all of the above. The level one in basic bookkeeping is the quickest option e.g. 12 weeks. The

degree took 3 years. But the AAT was the most practical and useful qualification. I covered manual payroll, double entry bookkeeping and business communications with Rod & Diane on level 2, right through to cashflow forecasts, corporation tax returns, auditing, profit and loss accounts and management accounting on level 4 with David.

It depends on how much time you have, your genuine interest in the subject material, your resources and how far you want to take it. The AAT is well worth considering. Check out [www.aat.org.uk/footsteps](http://www.aat.org.uk/footsteps) and quote my membership number to them 170646. I'm now a fellow member. I started it when I was 16 and had just left school. It was the best decision I'd ever made. And it made doing the degree a piece of cake. The AAT will give the foundation, skills and expertise you need for a career in accountancy.

There are different skills academies which give training in accountancy. Take a look at [www.gov.uk](http://www.gov.uk) or [www.floodlight.co.uk](http://www.floodlight.co.uk) or [www.coursesplus.co.uk](http://www.coursesplus.co.uk) or <https://www.udemy.com/computerised-bookkeeping> or <https://www.udemy.com/bookkeeping-systems>

## **Certificates**

Certificates are nice because they are a symbol of recognition and they validate us. I love getting certificates. It's nice to work towards something which is certified, because you follow a syllabus, you have a plan, and you know you'll get your certificate of 'proof' at the end. Look at the certificates and qualifications out there and see if there are a few which you are missing. Whilst you work towards starting up, just make sure you are qualified. It doesn't hurt to brush up and get a refresher. What you don't want is to bodge up someone's accounts because you've not quite got the competency level. Also, when the client does arrive, you want to be ready. So it's worth working on yourself to be the very best you can be.

## **Technical**

Good bookkeepers know their debits from their credits. Take this quick quiz, and see if you know what should go where. If you don't know the answer, can you refer to something to get the right answer? If you can't get these questions right – think carefully about opening up a business to offer a service, which you're not quite ready for yet.

## Debit & Credit Quiz

**Which account would you debit, which account would you credit?**

a) The business buys a computer for cash:

Aspect 1 – The business has less cash

Aspect 2 – The business has a computer

b) The business sells services to a customer for cash:

Aspect 1 – The business has earned income

Aspect 2 – The business has more cash in the bank

c) The business provides goods to a client on credit:

Aspect 1 – The business has earned income

Aspect 2 – The business has money owed to it – a debtor

d) The client pays the business the money owed:

Aspect 1 – The business has more money in the bank

Aspect 2 – The business has lost the debt that was owed to it

e) The business pays wages:

Aspect 1 – The business has less cash

Aspect 2 – The business has incurred an expense

f) The business owner puts money into the business

Aspect 1 – The business has more cash

Aspect 2 – The business owes that money back to the owner

How did you find that? Easy? Difficult? These are the kind of things that you should know. Entering an entry into the system incorrectly will have a detrimental impact upon the accounts. You need to be sufficiently technically competent to get these correct. These are pretty basic questions. You should know whether or not you have got them correct, you shouldn't be guessing.

Here are the answers.

	DR	CR
a) The business buys a computer for cash:	Computer	Cash
b) The business sells services to a customer for cash:	Cash	Sales
c) The business provides goods to a client on credit:	Debtor	Sales
d) The client pays the business the money owed:	Cash	Debtor
e) The business pays wages:	Wages	Cash
f) The business owner puts money into the business	Cash	Capital

Out of 12 possible answers, I hope you got at least 12 correct! If you didn't, make sure you do brush up on this basic double entry bookkeeping. Lets try something else. Can you do a bank reconciliation?

## Bank Reconciliation Case Study Exercise

On the 15<sup>th</sup> May 1995 Mr Rothwell received his monthly Bank Statement for the month ended 30<sup>th</sup> April 1995.



The Cash Book contained the following details:

### Cash Book (Bank Columns)

Date	Details	£	Date	Details	£
1/4/95	Balance bf	827.38	5/4/95	Purchases	128
2/4/95	Sales	192.35	10/4/95	Electricity	129
18/4/95	Sales	249.50	16/4/95	Purchases	130
24/4/95	Sales	304.20	18/4/95	Rent	131
30/4/95	Sales	192.80	20/4/95	Purchases	132
			25/4/95	Purchases	133
			30/4/95	Wages	134
				Balance	c/d
		<u>1,766.23</u>			<u>1,310.40</u>
1/5/95	Balance bf	1,310.40			1,766.23

## Bank Statement

			District Bank Plc	
Title of Account JGJ Rothwell Business A/C			<u>Robinshill Branch</u>	
Current Account Number 30495867			Sheet No. 347 30/4/95	
<b>Date</b>	<b>Details</b>	<b>Withdrawals</b>	<b>Deposits</b>	<b>Balance</b>
1/4/95	Bal. from sheet 346			1053.29
2/4/95	236127	210.70		842.59
3/4/95	Bank Giro Credit		192.35	1034.94
6/4/95	236126	15.21		1019.73
6/4/95	Bank Charges	12.80		1006.93
9/4/95	236129	43.82		963.11
10/4/95	427519	19.47		943.64
12/4/95	236128	111.70		831.94
17/4/95	S.O - GA Insurance	32.52		799.42
20/4/95	Counter Credit		249.50	1048.92
23/4/95	236130	77.87		971.05
23/4/95	236132	59.09		911.96
25/4/95	Bank Giro Credit		21.47	933.43
27/4/95	Counter Credit		304.20	1237.63
30/4/95	236133	71.18		1166.45

### Tasks :

- a) Prepare a Bank Reconciliation Statement as of 1<sup>st</sup> April 1995
- b) Bring the Cash Book up to date and prepare a Bank Reconciliation Statement as of 30<sup>th</sup> April 1995.
- c) Explain briefly which items in your Bank Reconciliation Statement would require correction and further investigation.

## Solution – Mr Rothwell

### **Bank Reconciliation Statement as at 30 April 1995**

	£	£
Balance as per the bank statement		1166.45
<b>Less :</b> Unpresented cheques		
Purchases	87.77	
Rent	30.00	
Wages	<u>52.27</u>	<u>170.00</u>
		996.41
 <b>Add :</b> Unrecorded deposits		
Sales	<u>192.80</u>	<u>192.80</u>
Bal. In cash book		1189.21
 Balance as per cash book	1310.40	£
<b>Less :</b>	£	£
Bank charges	12.80	
427159	19.47	
S.O – GA Insurance	32.52	
236130	<u>77.87</u>	<u>142.66</u>
		1167.74
 <b>Add :</b>		
Bank Giro Credit	<u>21.47</u>	<u>21.47</u>
Bal. At bank		1189.21

## **Software**

It's all very well knowing your manual entries – I think this stands you in very good stead, but what if a client came to you and said, "I use Sage, and I need these 6 items entering onto the system" would you be able to manage it? On Sage, where would you go to enter these transactions?

- a) The business buys a computer for cash
- b) The business sells services to a customer for cash
- c) The business provides goods to a client on credit
- d) The client pays the business the money owed
- e) The business pays wages
- f) The business owner puts money into the business

What if they were using QuickBooks? Would you know how to enter these transactions onto the system? Sometimes we may think we know how to use a software package, but all we know is how to put on the simple, straightforward things. I've seen bookkeepers struggle, because the client has paid for something using their personal credit card, and they don't know how to enter it onto the system. The worst thing about being a freelance independent bookkeeper is that often, you need to know. There's no-one else TO ask, because

its YOUR JOB to know! There are always forums you can refer a question to, which (depending on the forum) can be helpful. Or, you can contact your professional body / institute with queries, or perhaps even the software company themselves if you're subscribed to their technical support. Anything is possible.

Here's examples of recent queries I've read in a forum. Think about these situations. Would you know how to handle them? (I'm not printing the responses suggested, just the queries real people, real freelance bookkeepers have had).

Query 1:

*When an owner turns in receipts for reimbursement and the bookkeeper knows that they're not work related, what is the best way to handle this?*

Query 2:

*What is the best way to record cash back from credit cards? Would it be better to record it as income or credit the GL account that were used?*

(Do you know what the GL account is?)

Query 3:

*How do you pay out holiday pay at the end of a working contract in QuickBooks?*

Query 4:

*My client wants to invoice online. What's the best system for them?*

Query 5:

*If a client's customer pays their bills late, can we charge them? If so, how much? How do I work it out? What would the entries on the system be?*

Query 6:

*How do I use system XYZ to record job costing? Can it track WIP? Where does the WIP show up?*

Query 7

*Is there a basic number dealing with depreciation on certain items? How do I go about setting up depreciation for a company when items were purchased so long ago and no form of depreciation was used?*

This is just a flavour of the kind of queries you may have to deal with. You don't have to know absolutely *everything* – but you do need to be prepared to find the

right answer – quickly. You can't just sweep something under the carpet and hope the problem will go away. You need to be prepared to deal with tricky things, or things you don't understand so well.

I remember one thing that used to confuse me. Salary journals. For example, the accountant has done the payroll, and you get a payroll report like this one shown below. Which accounts do you debit and credit in order to record this correctly onto the system? I used to get this wrapped around my neck. If you do too – you're in good company! I've also seen systems I've taken over, and the other person (the outgoing bookkeeper) had got confused too, because the salary control account was out. It wasn't at NIL. And you have to unpick the transactions to correct it.

### **Payroll Earnings 1 Jan 2012 to 8 Jan 2012**

Joanna Howe	Cheque No:	243			
Wiggle Ltd	Cheque Date:	08-Jan-12			
Weekly	Gross Pay:	£2,000.00			
	Net Pay:	£1,289.83			
Description	Hours Calc.	Rate	Amount	YTD	Type
Base Salary		2,000.00	2,000.00	2,000.00	Wages
PAYE Income Tax		-664.17	-664.17	-664.17	Taxes
NI Employee Contribution		-45.90	-45.90	-45.90	Taxes

Or, the other thing with payroll, which can sometimes confuse people, is working out their wages. E.g. The client tells you that Clare Smith started on 8<sup>th</sup> December. Payday is the 31<sup>st</sup>. There are a couple of bank holiday dates in there e.g. 25<sup>th</sup> Dec, 26<sup>th</sup> Dec. The company pays a salary of £20,000 per year, she took 2 days off sick with flu and a usual working week is 9-530pm, Monday to Friday. You're running the December payroll and this is all the information you've been given to figure out what her December wages should be! It's not uncommon at all. As the bookkeeper, they expect you to know how to figure it out!

## 8 OPEN FOR BUSINESS: 7 Day Start Up Plan

To be practical, here's a short plan you can implement when you first begin. The first week is critical. You need to have faith, and you need to give the business time. Don't expect to start up on Monday and be a millionaire by Friday. It doesn't quite happen like that. The first thing you need is to make the decision to start. Choose your 'launch day' and take it from there.



### Day 1

Work on your game plan. Re-read chapter 2. Register the business with the relevant authorities, buy the domain name, sort out your phone number and make an appointment to see your business bank manager and open an account.

## **Day 2**

Think about the services you'll offer and get your business cards and flyers designed and printed. A nice memorable logo is good. A brand can be built up in time, but don't expect it to happen overnight.

## **Day 3**

Research the local businesses in your area, what do they charge? What they do they offer? Mystery-shop them if you wish, and make a note of what you liked and disliked and make sure you take this research into account when you do things. You can visit the library or your local enterprise agency or local authority to get information.

## **Day 4**

Get your website designed and in operation. Even if it's just a one-page site – your name, what you do (your menu), and (if you want) price list. A photo of you is sometimes nice (depends what you look like ☺), and MOST IMPORTANT a contact phone number. Urge people to just get in touch (without obligation) to see if you can help them. Create an enticing offer e.g. First hour free – as this will reduce any barriers people may have of ringing you.

## Day 5

Look into local business events that you can attend and fill up your diary with these events. Look up some courses, which will help you in your business e.g. accountancy courses, business courses, IT courses, presentation skills, sales training, personal development and book and go. Work on improving yourself.

## Day 6

Make an appointment to go and see your local business / enterprise advice surgery. Also reach out online and make some connections with people (anywhere in the world) who might be doing their own business too, and see what advice and help and hints they can give.

## Day 7

Once your flyers are back, and your website is up – your job is then to **market and promote your business until the phone rings!** You can break the day up by getting out and attending a networking event (with your business cards), and a course (with your business cards). You need to make sure everyone you know (by email, text or phone) knows that you've started this business. And ask them for their support. This often works well. Phone a few business people or

professional people who you know: "Hi Charles, it's me, Lisa. Just a quick one. I've started a new business; I'm offering a bookkeeping service. I've got a website. If you have a minute, can you just take a quick look at it and tell me what you think. I'd appreciate your feedback, because I want to see I'm creating the right impression. The website is: [www.lisanewton.co.uk](http://www.lisanewton.co.uk)"

I hardly knew any business people when I began. So I remember asking one of the few professional people I knew, an old friend of mine, Nishi, to pop round (she's a solicitor) and she gave me invaluable feedback on the flyers I'd designed. I took her comments on board, and changed the logo of a picture of a hand with a calculator to just a calculator. This was the same advert that was copied – so it must have been good! Two heads are better than one. I asked my mum (who has a good eye for design) about the best font. I couldn't afford 'professional' designers. If I could, my logo, adverts and website would have looked a lot better – but I had to work with the resources around me. If you have the money – spend it on creating the right impression. If you don't, work with what you have, and when you can afford it – upgrade. Just be mindful of people who come along with their big design fees and their big ideas. It's easy to be sold to when you're new

to business. Many people have spent thousands on a website which no one barely sees. So just be careful. Have a budget for it. An example cash flow forecast is included in the appendix. All expenditure needs to be targeted towards finding new clients, creating a good impression and being ready when they do show up.

### **Money Matters**

If you are already working full time whilst all this is going on, you'll just have to be extra-dedicated, and get some of these things done in your spare time – evenings and weekends. If possible, take 1-day annual leave every week, and spend that day productively, working on starting your business. Line up all your meetings e.g. to see the bank, or the business advisor on this day. Try not to squeeze things in too much e.g. during your lunch break. A Wednesday or Thursday is normally the most productive day for this type of activity. Avoid taking Mondays and Fridays for your leave days. If your current work will allow you to reduce your days permanently by 1 day, then think carefully about which day would work best for you. Maybe you want to shorten the week, and will take a Friday off permanently, or maybe you can stick to taking a Wednesday off. What you want to avoid is

work piling up in your day job, whereby you just end up doing the same job for less, and feeling under pressure when you're there.

I know one lady who went on a 4 day week, but because she couldn't afford the pay cut, she decided to keep her 35 hours, but she just worked an extra 1 hour 15 minutes Monday to Thursday to make up for it. And on her day off – she worked on her business. This could work for you, but you need understanding employers. Just don't be surprised if your request is refused because they don't want to help you to leave. What you are more likely to find instead, is that they will cut you down to 4 days, cut your pay by the 1 day, but not cut your workload! So, just beware of trying to cram in everything you do now, into less time. But something may well have to give, because you will find it hard to really get going, if you have no day light, week day hours to at least be available to see a potential client, if that's what is convenient for them.

You don't want to give a potential client the impression that you are only half-hearted or part time about the business. You want a full time attitude, and to make sure that they know you have 'other clients' too. I know one lady who ended up with us. She had

arranged to meet the bookkeeper to hand over the books, but she was running a bit late. By the time she arrived at the meeting point he had gone. She was very distraught because she'd travelled quite a way to get there, but he'd gone back to work, because his lunchtime was over and he didn't want to be late.

Now, I can sympathise with both sides. I understand he has a sense of duty to his employer and isn't going to take extended lunch breaks. But I also understand that the client had made the effort to meet him on his terms, which were convenient to him, and then he wasn't there! But I also understand that time is of the essence. Time is money. So, I can see it from both sides. However, this episode really pissed her off, so she ended up with us. We had a 24-hour reception so she could drop off whenever it suited her, and we just couriered her documents back to her so no one had to hang about (we learned she had time-keeping issues, so it was safer to do it this way). But, these are just minor things that can happen when you work remotely.

Some people will charge for the travel time, some won't. Some will charge for the courier fee, some won't. Some will charge indirectly for it, in the price. Consider all these things when quoting for work,

because time is money in this game. Essentially, you could find that your price list is based on time. Most professional services start by charging for their time. So do remember that all the time, you're standing there, in the rain, waiting for the client to show up with their work, you could be doing something else. I have booked a taxi before, and I wasn't at the front door waiting for them. They ended up waiting for me to come down the stairs and out the building, and they charged me for waiting time. Some people (solicitors are notorious) will charge you by the minute for everything – phone calls, emails – you name it, they'll put you on the clock.

Accountants don't tend to be so bad. And remember, you can always use this waiting time productively. Meet in a busy place and be handing out your business flyers whilst you wait. I've done that before. It works quite well. Next, we'll look at some activity you can do to market your business.

## 9 MARKETING YOUR BUSINESS: 14 Ways In Fourteen Days

**T**here are so many different ways in which you can market and promote your business, an entire book can be dedicated to it. In fact, this was the reason I wrote the book *97 Ways To Market Your Accountancy Business*. Some ways are free, some are easy, some are quick, some you can do yourself, some require funds and help/expertise e.g. doing a TV advert requires a cameraman, editor, sound, lighting, actor and advert script to be written. Some ways will work for you better than others – but the key thing is that they do all work. And there is no fool proof ‘secret’ to it. You can’t just do one thing and expect a result, you need a mixture of several techniques to really get your business going. And crucially, once you start to generate enquiries, you should never stop marketing.

Marketing should be a consistent daily activity. You don’t have to do the same thing every day, but you should aim to do at least 5 things daily. But just to break you into it gently, here is just one thing to do

each day. And at the end of 14 days, commit to choosing your favorite five, and do those things daily. The 14 ideas in this chapter is more than enough to be getting on with. But if you enjoy marketing and want some more ideas, then do take a look at the 97 Ways book as it goes into more depth and provides a planner for you to chart your progress. This chapter is dedicated to helping you to **get started** and off the ground.

### **Advertise Newspapers / Magazines**

Don't overlook advertising in your local newspaper. Many people still look in the 'classified' section and if you belong to a certain community group e.g. Spanish-speaking, and the advert is in Spanish, you may find clients in that community who are drawn to you because you speak their language, and they like this.

### **Advisory Open Days**

There may be open-days, or some sort of advise or surgery session /event which you could hold, where you can meet people face to face, and can immediately sell yourself (gently) on what you know, what they should do and how you can help them. And the people,

who know 'deep down' that they have a problem, can come to you with the intention of discussing their problem, which is the first step in you helping them to resolve it. Not everyone who does turn up will be a prospective client, but if you do provide that nugget of advice, don't be surprised if you either hear from them again later, or if they tell a friend about you and how much you helped them. Either way – it's all-good.

### Contact People In Your Network

If you have a mobile phone, count have many contacts you have. If you have a facebook account – how many friends do you have? Or in your email contact address book, how many names do you have? Send a group text, send a group email, and update your facebook status. Don't expect everyone to come rushing at once, but as long as they KNOW you, and they know you're open for business, one day they'll come to you. But the key thing here is marketing. Just make sure that they know about your business. That's the main thing. You may even get immediate family coming to you – which is nice. Or



friends of family. I found a builder once, because my mums friend recommended her son in law. Even if these people don't have a mobile phone, or a facebook account or an email address... make sure they know what you're up to too. These older family members can be a very good verbal champion for your cause! And best of all, it's FREE! Your mum or mother-in-law I'm sure wants to see you do well and support your cause – so make sure they know what you do!!

### **Direct Mail**

You can write to local businesses that you want to do work with, or contact local accountants to let them know you exist and would be happy to work with them. Just be mindful that you're not stepping on anyone's toes. If your menu includes year-end accounts or tax returns, so might theirs. Likewise, if you offer bookkeeping and payroll – they might too, so you need to find a good fit. Be prepared to be able to offer your accountant work, and not just expect them to use you, and don't be surprised if they already have an arrangement with a bookkeeper and so aren't that interested. But you never know. I did this, and it was that accountant, Alan, who offered me the full time 3-year training contract. It was a very tempting offer, but

as I said before – you need to know yourself. Know why you’re doing this business. I didn’t want to be a chartered or certified accountant, so I didn’t take the contract. But, if this is something you’d like, target accountants. You could enclose a business card with the letter, so that they have it to hand, or your leaflet – but a business card is normally better.

## **Exhibitions**

We’ve exhibited at events and found clients on several occasions. The main thing is that the cost of the exhibition isn’t prohibitive. You want to recoup your outlay; otherwise you’ll just lose money. By ‘exhibition’ this doesn’t have to be a £3,000 plus VAT event with 30,000 people at some massive exhibition centre. It could just be a table for just £30, with 300 expected visitors. Everything is relative. If you got just 1 client from an event which cost you £30 to have a table – would that be worth it? Be wary of the big flashy exhibitions promising you everything from time on the stage to your face on the website and your logo in their brochure and everything else. A coaching friend of mine got conned by one of the big exhibition organisers. They promised her a busy time slot on the stage, a great stand with plenty of footfall and that she

was 'bound' to get new business. The whole sales pitch. In the event she did get a speaking slot – but it was at 4.15pm on the last day (when the exhibition closed at 5pm). Her stand wasn't in the 'main' foot flow of the traffic at all, but off to the side. Sometimes, you need to give these things a go. If your target audience are going to be there then you should too. You just need to make sure you capture all their details at the stand and have goody bags to give out. And follow up with the leads / people who have left their name for more information straight away.

What many people tend to mis-underestimate is the real full cost of an exhibition stand. It's not just the up-front stand cost to take into account, but the other peripherals. The cost of hiring staff to man the stand with you, the t-shirts (uniform) which you may want them to wear, the goody bags, free gifts, and the follow up activity (time) that takes following the event itself. A lot of thought and consideration needs to go into exhibition planning in order to make the most of the opportunity. One of the biggest benefits is that it can certainly provide high visibility. Even if you don't exhibit personally, just BEING there and mingling with the other participants can be very beneficial.

## **Flyers**

I love flyers / leaflets. You can put them everywhere. You can leaflet-drop, or hand them out (outside busy exhibitions sometimes), and just get your message into the hands of your potential clients. You can put them on notice boards (shops, libraries, supermarkets), on car windscreens in the car park, or leave some in a leaflet rack.

## **Google**

At the time of writing, this is a very popular search engine. You can advertise on Google using pay per click. If someone types in the word 'bookkeeping' - your advert can show up. They click on it, it'll take them to your website (have your website ready), and you have a few seconds to 'capture their attention' or they'll just click off again and carry on searching. However, you would still have to pay for each click. You can spend £50 to £50,000 per month on this activity.

## **Gumtree / Craigs List / Work As A Bookkeeper**

This is a popular place for people to advertise their services and for smaller business owners to look for

people to help them. It's geographically based, so very handy to find local business services and for them to find you. Gumtree tends to be more popular in the UK, whereas Craigs List is the American equivalent. They're community-based search directories.

Another similar type of online listing (in the UK) is to register yourself on [www.WorkAsABookkeeper.com](http://www.WorkAsABookkeeper.com) For a monthly fee, they'll send you bookkeeping leads.

## **Newspapers**

The 'jobs' section of the newspaper is sometimes a good place to find jobs. Sometimes, you don't need to 'advertise' that you are available, but you need to answer others adverts, that you can help them. Sometimes they want a part time person, sometimes full time, but if you see a jobs ad, and it looks like something you can do – contact them and send off your CV.

## **Networking Events**

Another personal favourite of mine. It'll get you out of the house and mingling with people who are business people, and who may potentially have a service to offer

you. The main thing – make sure you bring your business cards! I don't think there's anything worse than being at such an event, and someone who you speak to doesn't have a card! I always think – how silly! And it's annoying if they then want to take one of YOUR cards and write their details on that, to give it back to you! It's wasting your resources. I'm organised, I have my cards. I expect the other person to be the same. So just go prepared. It's better to have too many cards than not enough. It's different if you run out of cards. And that can happen. Especially if there's activities going on, such as a 'speed networking' session. This is where you have 1 minute to talk, the bell goes, the other person has one minute to talk, then you do the business card shuffle (you swap cards), and one row moves across one person, and the other row stays put. So, you can speak to 10 or 15, people in 20-30 minutes, and then you just try and speak to the person who was on the same row as you, as you wouldn't have had a chance to speak to them.

It can be noisy, a bit chaotic, but always a lot of fun (I've found). And it's great because you're not stuck speaking to one person for too long. In networking events, you have to try and speak to as many people as possible to make the most of the event but without

coming across as flighty, and just there to hunt. You need to understand the etiquette at networking – not interrupting conversations, being interest-ED as opposed to interest-ING. I remember once being at an event and a lady (a solicitor) barged RIGHT INTO a conversation I was having with someone (the lady who became a client because the bookkeeper stood her up). She and I were talking and this solicitor came up to us and without even an ‘excuse me’ or ‘hello’ just thrust her leaflet into my hand and to the person who I was speaking to. We were in shock. We abruptly stopped our conversation mid-sentence. And this solicitor told us who she was and what she did. A **hard** sell, if ever I had one. The lady I was speaking to handled it brilliantly, and told her (gently) that it wasn’t the way to do things. No embarrassment was caused, but it was an invaluable lesson for the solicitor because I can guarantee, with an approach like that – her leaflet would have just gone straight into the bin!

Here’s a word of advice - bring your business cards, not your leaflets or brochures. Your brochures can cost good money, and they are for people who have expressed an interest in your service, not for everyone in the room. Glossy brochures are expensive to print, and you don’t want uninterested people getting one.

Plus, people can only carry a limited number of things. Imagine if everyone carried their brochures / catalogues with them – where would we carry them?! We'd need a trolley to carry it all! And if we're honest – it would just go straight into the recycling bin. At a networking event you need one hand to hold your drink, and one hand to shake the other persons hand. You have your cards in your pocket or handbag – there's not enough room to carry other stuff! A pen is handy, to take any notes. A business card holder can protect your cards from looking tatty by being in your bag or pocket for too long. You want your cards to look nice and crisp, not battered! I've seen people hand out catalogues and I just think it's wholly inappropriate. Who wants to carry that around with them for the rest of the event?

Networking is a slow burn. Results aren't always instant. I met a graphic designer at a networking event, and about eight years later, he called me up to give him a hand with his books. I'd seen him at several events and we got on very well, but during the interim he had a bookkeeping solution so hadn't needed me. But the key thing, is when he did need a hand, he found my card, he remembered who I was – and my number was still the same. I dread to think how many

people out there lose potential business because when that person needed someone like you – they couldn't remember how to get hold of you or where your contact details were because you hadn't stayed in touch. Networking really is about building relationships.

### **Referral Incentive Scheme**

Incentivise / reward people for referring your service. This could be cash, vouchers or a present e.g. bottle of wine. This can very well encourage people to pass your leaflet along. I know an incentive always helps me. If you open a Dropbox account on my email invite, they give me a few GB's of space for free. This reward is most welcome. I'm happy with this but, I don't just refer to them for the reward; it is because I genuinely have been pleased with their service. So, this may work better with existing clients. However, some clients may not want the cash and could even be insulted, so a gift of their favourite drink or tickets to a show or something would probably go down well.

### **Vehicle Signage**

If you drive, having a sign on the side of your door (the way learners have L-Plates) can be a very cost-

effective way to advertise and get your name out there. Even if you don't drive, ask someone who does to put your sign on the side of their car! Or, a poster in the window can be good if you live on a busy street or outside a bus stop or something.

## **Website**

A website is a necessary, if you are going to be advertising online. You want people to follow the link and go to your website. If you're advertising offline, then a phone number is more important.

## **Yellow Pages**

Getting listed in your local business pages or any directory (online or offline) is handy. There's normally the free listing and the paid-for listing. At least take the free one! But just be wary of an increase in sales calls which you may experience and increased spam email. Be wary of spending a lot of money in any one area. They all have sales people, and they'll all say that their method is best. The thing is – they all work. Do them all, and then some, but don't blow your "£2,000" advertising budget on ONE advert in a newspaper / magazine, and then have nothing left. Test and

measure. Test it, measure the response. Test a differently worded ad, measure the response. 80% of the advert is the headline. And, depending on the time of year, different things are on people's minds. In January, many people think of starting a new business in the New Year, but around tax deadline times, people are thinking of the looming deadline. So you may find varying your advert, helps.

And (very important) when a client enquiry is generated, always ask them how they heard about you. I used to do an annual review of the list of clients – and I'd look at how they had came to be a client. It was very revealing. Word of mouth and networking were the best. But, sometimes you couldn't pin it down to just one method, because you may have met them networking, but then you sent them something in the post and it jogged their memory.

## 10 FIRST CLIENT: Yippee!

**G**reat, so we've done all of that, and the phone rings. We are beside ourselves with delight that we don't even know what to do. I suggest you answer it! It's funny because I remember a friend of mine – Jo, who said she can specifically remember when her phone rang for the *very first time* and she was SO nervous, she didn't know what to do. So she picked up the phone nervously, and said, 'Hello?!" not, the speech she'd prepared, just 'hello'. On the other end of the line, was an old lady who wanted a plumber to come round and help her with something, and that was Jo's first client. (Jo ran a very successful all-female decorating and property maintenance company).

Remember, clients don't bite (or at least most of them don't), and believe me, some of them are probably more nervous than you when they ring up! They know what a terrible state their books are in, and they're scared you won't want to know! So, be clear in your mind what you'll say to them, and how you want to do it. And just make sure that you answer the phone in a

quiet area, and have a pen handy so that you can take notes. It's always worth knowing how they heard about you (so you know what works for you). And be prepared to drop everything, rework your schedule and fit them in at THEIR earliest convenience (not yours). It's worth compiling a list of questions for when clients do ring so that you are prepared, and you sound professional. It's worth knowing things like what system they're on, who is (or has been) doing the books, do they have any looming deadlines coming up? Rush jobs should be priced at a premium. Why people leave it until the last minute – and then want to put pressure on you, the bookkeeper, I'll never understand. And then ask them whether they want this job doing on-site or off site? Are they VAT registered? When it's the next return due? Do they have a payroll requirement? The answers to these questions will help you to quickly build a picture and thus be able to price for the work accordingly. You don't want to come off the phone and think 'oh, I forgot



to ask them XYZ'. Have a 'new client enquiry questions' sheet to hand whenever the phone rings.

## **How Soon Before My First Client?**

Now you are probably thinking – that's great, I want to give up the day job, but 'how soon before my first client?!' I don't know! I can't say. It could be 1 week. It could be 1 year. No idea. It could even be 1 day! The key thing is to not get dejected and to stay positive. People can sense desperation from a mile off, and you don't want to release this smell. Often, desperation comes from being on the breadline, and needing the money – being needy isn't an attractive trait. It's a repellent. Don't be needy.

If you need to keep the existing job, until the business takes off – do it. You won't be so needy. But likewise, if you have less time to devote and dedicate to finding new clients, then it'll probably take you longer, than someone who has all the time in the world, because they're not doing anything else. Sometimes it's good to be all-in, without a safety net because with no day job to cling to, you will be forced to put the marketing plan into action, but I wouldn't advocate this because putting yourself under this type of pressure isn't

necessarily helpful. Instead of getting on with building the business, you may instead just struggle. So, keep the day job until the business takes off. Reduce the day job by a few days if necessary, but don't give it up completely unless you have no choice.

The problem in society today is that we all want instant results. We live in a microwave society. We expect to go to one networking event and walk out with a string of deals. It doesn't quite work like that. I've known people for YEARS (friends and family included) before they've finally become a client. This was because at the time when I started – they didn't have a need. The key is YOU HAVE TO BE IN THE GAME LONG ENOUGH TO SEE THE RESULTS. And I will keep repeating this. Too many people give up after 5 minute of a bit of activity because they can't see their results. I remember when a lady I knew closed the doors to her bookkeeping business, I asked her if I could have her phone number and emails diverted to me, because I KNEW (in the pipeline), along the line somewhere, some work would come along. My belief is that no effort is ever wasted. The energy went into the universe, and one just has to be grateful and thankful and wait expectantly for the result. Just like planting a seed. We won't get a tree overnight, but BENNEATH the surface... things are

happening which we cannot yet see. We just have to have patience that it is happening for us.

The other reason I advocate keeping the day job where possible is because I know that if you are addicted to a pay cheque, not having that income can completely throw some people off their stride. One guy I met asked me for some advice. He was working in a supermarket full time, but wanted to get his import-export saffron business started. I suggested he KEEP THE DAY JOB and work on the business part time. I also suggested (if he could afford it), to ask to reduce his hours, so that he just worked 2-3 days per week, and if that wasn't possible, to just take 1 day per week as annual leave and use that one day to work solidly on his business and to then take stock of the situation. Well, he didn't listen to me. He handed in his notice the following week and flung himself into his business.

Month 1 – went well. He literally knocked on the door of every restaurant and sold to them – direct sales. He was over the moon. However in month two – he returned, thinking he'd repeat the same result, but he didn't sell a thing. What he hadn't realised, is that this ingredient was quite expensive, so the restaurants were using it sparingly, and had no need for any more

repeat orders for quite a while. At that point he panicked, and spent all of month 3 desperately looking for a job. He found one as a sales person. And I had very little sympathy. So now, he's a minimum wage + commission sales person, trying to sell someone else's food products and his own business dream is on hold.

He gave up a stable, well paying supermarket job (which I warned him not to), his business flopped in month 2, and so he bottled it and ran back to employment immediately and was in a far worse job than ever before. I remember he hadn't even finished working his notice, and he could see the signs that the sales weren't going so well, and I suggested withdrawing the notice and just asking for part time hours. He ignored me.

I have no idea if this is a male thing? Is it that he couldn't multi-task, and just wanted 'one thing' to concentrate on? Was it pride or ego that made him ignore me? Or fail to ask for his old job back? I have no idea what he told them as he handed in his notice. Perhaps he lied about what he was going to do next and felt like there was no return? I'd urge you to never burn your bridges. Leave pleasantly (if you have to leave at all), and hopefully, if it does all go pear-

shaped, and your old job is still there, then they'd welcome you back. But I've learned over the years that you can spend time trying to help people, they don't listen and then they want to come back to you with an even bigger problem. This was part of the reason for writing this book. I'd rather write it down – tell people to read it, and do with it what they may. But don't waste my time, ask me what to do, ignore the advice, do what you were going to do anyway, mess up and then run back to me in tears. I'm not interested.

### Client Meeting

If you get a client meeting arranged, make sure you arrive in plenty of time and put a time limit to it. Believe me, a client will have you there **all day** telling you about their problems (as I've experienced), and you walk away feeling drained (they feel brilliant because they've unburdened themselves) and they've tapped you for every single possible idea for business advice and about what they should do and about how they can do



it themselves, and then they tell you "I'll think about it" – and as it was an initial free meeting – you've not been paid for your time, and you've lost half a day of your life including travel, plus you paid for the drinks, so you're out of pocket too. I know; I've been there. So, be clear in your mind the purpose of the meeting, and what you want at the end. It's useful to have a list of questions that you might want to ask them (just like you do on the phone) – so that you get an idea of their business and you can give the meeting some structure. Just meeting 'for a general chat' can go on and on and be fruitless. You want a beginning, middle and a way forward. Think ahead – 'client interview form'. Bring everything you need e.g. brochures – and this will save you having to send anything or delay anything. And ideally, you want to come away with a start date and time for when work will commence. And an agreed fee. 1 to 1½ hours for a client meeting is enough. Time yourself if (like me) you easily lose track of time.

## **Doing The Work**

This bit should be the easy bit, because you've been polishing yourself up, you've been doing our online courses and learning the different software out there, you know your debits and credits, and you can do their

work with your eyes shut. OK. As long as you're doing the work within the scope of your letter of engagement – you're fine. Normally, we begin with the bank statements. And just because they're so important, here is another bank reconciliation exercise. Believe me – you can't have enough practice of this kind of thing.

### **Bank Rec Case Study – Malvern Wholesalers**

Malvern Wholesalers requires the Bank Statement and Cash Book balances (bank columns) to be reconciled. You are given the following information as at 30<sup>th</sup> April 1995:

- The bank columns of the Cash Book show a balance of £500 at the bank.
- A payment of £200 has been recorded in the Cash Book by mistake.
- Cheques for £120, £150 and £40 have been entered in the Cash Book and sent out as payment to various suppliers, but have not been paid into the bank by those suppliers.
- A direct debit of £45 (recorded by the bank) has not yet been entered in the Cash Book.
- A cheque for £500 received and recorded in the Cash Book has not yet been banked.

- Bank charges of £20 that appear on the Bank Statement, are not entered in the Cash Book.
- A bank giro credit of £150 is on the Bank Statement, but is not written in the Cash Book.
- The bank has returned a cheque to us for £125 marked "Refer to Drawer" – this is still to be re-entered in the Cash Book.
- The closing balance on the Bank Statement shows that Malvern Wholesalers currently owes the bank £130.

**You are required to:**

- Write the Cash Book up to date as at 30<sup>th</sup> April 1995.
- Prepare a Bank Reconciliation Statement as at 30<sup>th</sup> April 1995.
- Explain to a person who has recently joined the firm where you work the reasons why the bank balance, as shown in the Cash Book, may not agree with that shown on the Bank Statement.
- Give examples of each, and distinguish between those that are timing differences, and those that need to be entered into the Cash Book.

## Solution - Cash Book (up to date)

<b>DR</b>	<b>£</b>	<b>CR</b>	<b>£</b>
Balance b/f	500	Error 'C'	200
Bank Giro	150	Payment	200
		Direct Debit	45
		Bank Charges	20
		Returned Cheque	125
		Balance c/d	60
30/4/95 Balance b/f	60		

## Bank Reconciliation

Bank Reconciliation Statement, as at 30<sup>th</sup> April 1995.

	£	£
Balance at bank, as per statement		130
<b>Less :</b> Cheques not presented	120	
	150	
	<u>40</u>	<u>310</u>
		(440)
<b>Add :</b> Credits not credited	<u>500</u>	<u>(500)</u>
Balance as per cash book		60

## Can You Keep A Secret?



Confidentiality and discreteness are important. You shouldn't be discussing clients' affairs and business on the mobile phone on the bus for example. In this book, I'd like to assure you that permission to print names was sought beforehand, and anyone I've praised – you don't need to thank me, and anyone I've referred to in a negative or disparaging manner has not been **directly** named and shamed, but if you read this and you know I'm talking about you – come and get me. And we'll blow it out of all proportion. What I want to do is keep my promise to my readers and talk about some highlights but it's the pitfalls that can mess you

up. And, in fact you learn more when discussing the things that go wrong. I don't want to gloss over anything. If I did that, this book wouldn't meet its mission – which is to tell it like it is so that anyone who goes in to start a bookkeeping business, does so, with their eyes wide open!

## Getting Paid

This is important. You're in business to make a profit, not work for free. Slavery is over. Make sure you invoice for the work you've done, and make sure your invoice has your preferred payment method e.g. cheque, BACS, and quote your bank details and a time limit e.g. 30 days, 7 days etc., All too often people new to business get so excited by the work, they do it, and forget to invoice, and only end up sending out their invoices when they're running out of money or are already overdrawn. So try to keep on top of this. Find the time to do your own books at least every week, and don't expect to be paid straight away. Some clients are



good, and will pay straight away, others are badly disorganized, and it's nothing personal, but everyone gets paid late. You may have charged a 50% payment before you began – which is handy, as that can keep you going to begin with. Be prepared to ask for your money if it's overdue.

### **Legals – Letter Of Engagement**

A client engagement letter is just good, standard business practise. You need to cover the scope of the work, your payment terms and your engagement terms. Some people will put that if payment isn't made, they'll withhold the return of the work to them. You can put whatever you like; they're your terms. And as long as they're 'reasonable' they'll stand up in a court of law if it ever came to it. But a client's property (his bank statements etc.,) belongs to him, and one should not threaten to keep their documents because payment hasn't been made. But, that's my humble opinion. You might feel differently, and include this in your letter of engagement.

At the end of the day, an engagement letter should be sent, signed and returned BEFORE the work commences. It's up to the client to agree, and if they

don't, they can query a point or just choose to go elsewhere. It's good practise to send a letter of engagement, because generally anyone who queries or questions them – alarm bells should ring. I know how tempting it is to ignore these signs and to take them on as a client anyway – but I'd advise against it. Any client that ever became a problem always did or said something in the off-set which set my alarm bells ringing, and anytime I ignored them – I got stung.

Look out for those who want to challenge your fees, those who have had a string of previous bookkeepers (and have fallen out with every single one of them), look out for those who don't want to sign the letter of engagement and do everything to avoid it, and beware of those who have a backlog and its 'urgent' and they want you to just jump right in without doing your usual checks.

What isn't right is if you start the work, and then sneakily send the engagement letter a few weeks into the job. Don't be surprised if they don't send it back. It's always better to start off on the right foot. You just want to be clear in your expectations of them and stick to your end of the bargain. Let them know how they can leave your service (do they need to give a notice

period?) and if you want to leave them – what your notice period will be. You might be thinking, ‘WHAT?! Me leave them? Never!’ You’d be surprised. As time goes on, you may very well come across a client, which you have to let go for one reason or another. What you don’t want is a battle on your hands, whereby they ‘demand’ you to stay. You want to be allowed to leave. Your letter of engagement will help.

Sometimes clients are just damn near impossible to work with. They might be emotionally unstable, or just far too demanding (for what you are being paid), or they’re just not grateful for the service, so you’d rather let them go. If this happens to you, make a plausible excuse, give plenty of notice and always be willing to help the new incoming bookkeeper by handing over to them. Remember it’s not the new persons fault. When you hand over with professionalism, the client (at least) cannot bad mouth you because you didn’t drop them in it. You assisted in a smooth transition from you as the bookkeeper to the following bookkeeper. And even if it doesn’t work out for them with their new bookkeeper – they can always think back to the time you worked with them, and they’ll miss you. If you can suggest an alternative bookkeeper (that’ll save them time in trying

to find someone new) then do so, and just step away graciously.

## **Money Laundering**

In the UK, the rules are toughening up due to the Anti Terrorism legislation and other Acts. And bookkeepers and accountants are supposed to have insurance and be regulated by one the professional bodies out there. Everyone affected by this new money laundering legislation is supposed to verify their clients' identity, and satisfy himself or herself that their clients aren't risky. And if they are, note it on their file. And if there's any reason for suspicion, an accountant / bookkeeper is required to whistle blow (and not alert the client), and one is allowed to turn work down if you don't feel satisfied that the client is legit.

You don't want to get caught up with criminals and people in wrongdoing or any other salacious scandal. It won't do you any good. You could be accused of knowing about it because you were in a position to see the cash flows. Businesses that tend to be in danger of this are those that are cash-heavy. Retail shops, dance clubs, saunas, money transfer shops, pawn shops. Chances are, you might not get any of these types of

clients, but if you do, be aware. Your regulating professional body may be able to provide you with a template money laundering form, which you can fill in for each client, to show you've verified their identity. They may on occasion want to see samples of these completed forms (if they check up on you), but more likely, you should just have this information in the client file.

## **Data Protection**

In the UK, if you hold data on others (electronic or physical), chances are you need to be registered with the Information Commissioner. There is an annual charge for this. You have a responsible duty to keep such data protected, secure and confidential.

Make sure you check with your local state and the local laws that govern your industry, so that you don't unwittingly fall foul of any of their rules. New legislation is passed every day, and so checking what the latest requirements are is useful. Don't get too wrapped up and obsessed with the red tape, but do your best to meet it. It's there for a reason – not to stop you or hold you up or waste your time and money (although I guarantee you'll feel some of these emotions), but to

make the world a safer place! Just take my word for it. But ignorance is no defence of the law. The more prepared you are, the more prepared you'll be. Create a folder for the money laundering requirements and have another folder to keep all letters of engagement.

# **11 LEGAL CONTRACTS: Cover Your Backside**

We touched on the legal side of things in chapter 10 – letter of engagements, but this is just one of the legal documents you need to have. There are various documents, which will help you (should you ever need to rely on them).

But generally, you need to have legal documents with:

- Your staff
  - Your subcontractors
  - Your suppliers
  - Your clients

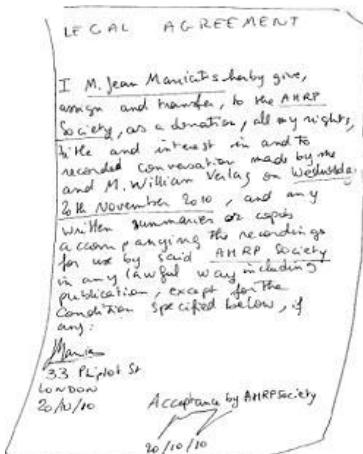
## **Staff Contracts**

Staff contracts need to cover things such as job title, job description, start date, contractual hours, salary, date on which an employee is to be paid, probationary period, disciplinary procedure, leaving notice period, holiday entitlement, other perks.

*[Handwritten notes]*

33, Plot 5r  
London  
20/10/10

Acceptance by AMRSociety  
*[Signature]*  
20/10/10



obligations and clauses (such as not to steal your clients, or help someone else to steal them) – more on this issue later.

## **Subcontractors**

Subcontractors need to cover things such as fees, payment terms, insurance, obligations i.e. to offer your clients a good service and not mess them about just because something better comes up. It does happen. A subcontractor generally wouldn't come to you if they could get work elsewhere. And generally, many can be bitter if they think they should be keeping all of the money. They will be an extension of your business name. Your contracts need to cover things such as intellectual property rights, and IF a client doesn't pay, they don't have a right to hold onto the clients' books. Can you imagine? The client has no idea that they're not directly 'from' your business. The client came to you for a bookkeeper. Any problems – the client is coming back to you.

What you do not need, are subcontractors who decide to disappear into the night or make themselves unavailable – with your clients work. YOU will be held responsible. The client will have no contract with them,

only you – so you need to protect yourself in these situations. There are plenty of cowboys and cowgirls out there. Subcontractors can be extremely dangerous. Just because someone is self-employed and a subcontractor, never assume that they have the same work ethic and standards as you.

I made that mistake once in the early days. A subcontractor (a man who had been in business as a self employed tax consultant for about 30 years) approached me and said he could do tax return forms for our clients. This was a constant request we'd had from our clients, so I gave him 3 clients right there. He lost us all 3, and one in particular (he did the job correctly), but because he'd taken ages to do it, the client said to ME that she wasn't happy with him, and so she wasn't paying us. So then I had to relay this information back to him – ie. 'the client is not happy, she's not paying me, so I can't pay you.' He then decided to hold onto her work and not release it. It was a nightmare. I was in the middle of it. I never got paid a penny, and in one ear I had her complaining, and in the other I had him complaining. I've never used subcontractors since. It's just not worth it. It was at that point, that I understood why he was coming to me to beg some work – but what I've never been able to

figure out, is how on earth (with his speed of response, which was extremely slow), he'd been able to stay in business for 30 years !!!

The thing is, he's not a 'bad' person. He's extremely competent and very good at what he does... but he's slow. And his speed infuriated all the clients we gave him. And this then damaged the relationship we had with those clients. What I should have done, was given him one client and saw how he performed, got feedback, and then referred (or not referred) more work. I think the client was out of order for not paying for a job that he did do, but we didn't pursue her. What we were going to pay the subcontractor was exactly what we had charged her (because he put his fee up in the middle of the job) so there was nothing to gain from us pursuing her for the money.

He then pursued us, and we directed his letters to her but she wasn't interested. Her letter of engagement was with us. Not him. And she had made up her mind that she wasn't paying the invoice. Full stop. It was all a complete waste of time, effort and energy and I'd warn you to seriously look at any subcontractors that you are thinking of working with, because they are considered an extension of your brand. Some people

can just mess up your situation because they do things in a way which you wouldn't do. As I always say – there is a REASON why they're coming to you for work. Is it because they've lost all their own clients? Is it because they can't get any clients?

## **Suppliers**

You would normally expect a supplier to supply you with their terms, but if they don't, it may be worth supplying them with yours! You want to be clear on your payments terms, any credit limit being offered, and timescales. There has been many an occasion when I've seen people suffer because they've not got a clear contract or agreement in place. It's especially true whereby some job or other is being done on a 'per hour' basis. You may want 'a logo' designed. They say 'I charge £50 an hour, it'll probably take couple of hours'. Not only should you get this in writing, but also you need more than this. You need specifics. 'A couple of hours' may mean 2 hours to you, but it may mean 5 hours to them. Ideally, you should always have a budget or set a fixed fee on jobs, and where this is not possible, you ask them to do 2 hours, and let you see the artwork or how far they've got, so that your time isn't wasted, and nor is theirs. This is especially true

with artistic/creative pursuits whereby you are trying to create something appealing to someone else's tastes. The amount of times people have had a problem with their websites or their stationery is frightening. People start off on the job, and then they want to charge you for every single change, which they've done – check if this is included in the price. Why should you have to pay for something you didn't ask for? Or didn't want? On the other hand, maybe you weren't clear enough in your instructions, so your designer went off on a tangent, and got it wrong. In these circumstances, they want to charge you for their time, and you don't want to pay for it because it's not what you asked for.

This is why, to avoid these types of situations, having some sort of contractual terms are useful. Even for yourself, if you're charging someone per hour, and then they turn around and say 'I didn't ask you to do January to December' (12 months), I asked you to do 'January to June' (6 months), and so they just want to pay for 50% of your bill – how would you feel? Angry? Upset? Annoyed? Pissed off? Will you delete the work, and hand it to them correct to 30 June? Will you refuse to hand back anything until you're paid the full amount? All of these disagreements and disputes generally just occur out of misunderstanding. So, to

have a more peaceful existence and stress-free time, just make sure everyone is clear on expectations. And when in doubt, refer back to the paperwork or the written instructions. Peoples memories can be bad at the best of times.

When doing backlogs, its far better to do '3 months' or '6 months' update the client, send the bill, get their approval and go-ahead to do the next bit. Remember, people generally (unless they're being devious) have got every intention of paying you for your service, but it's not fair to burden someone with a shocking bill, which they weren't expecting. There will come a point where a client will just do the job themselves or try to off-load it to their accountant, had they have known that it would have cost them so much with you. Be aware of this. If you do work and end up not getting paid because you did tasks that you weren't asked to do, don't be angry if you're not paid. Don't do this to your customers, and make sure you use ethical suppliers who won't do this to you!

## Clients

Alongside the letter of engagement letter, you also want to just have your standard terms of business.

Some people combine the two into one document – that's fine. Clients, who tend to raise any objections to your terms, are often a warning signal of problems to come. Be wary of those clients who don't actually want to use your service, but just want to find a cheap bookkeeper for themselves. They're the ones who'll ask you who you've got, see your staff or subcontractor, ask them what you're paying them, and then offer them more and will tell them not to tell you. Sadly, some people are devious like this. If your subcontractor or staff does take their offer – (or even worst still propositions THEM with an offer), as all of the above has happened to me, then this is the dirty game of business which we're in. But, chances are – you will find out.

I remember being at a networking breakfast event, and I bumped into a lady who remembered me, (but I didn't remember her). She said 'Yes, Lisa, I remember you because when we were tidying up the office you picked up the bin and joined in' – and I remembered this occasion. I said 'Yes, I remember. The architects in Oxo Tower. I'd done some leafleting there, and I got a call.' And she said, "Yes, I'm sorry about what happened".

At this point, I was smiling, (my head was confused because I was trying to remember what happened)... I specifically remember getting a call from the owner – (I was sitting at the desk at another clients at the time which was a nursery so it was quite noisy in the background). And I remembered the interrogation I'd gotten (first warning sign). She asked me how much I was paying the subcontractor, and seemed quite aggrieved that I should be making any money at all. And I remember being distinctly uncomfortable, because:

1. Its none of the clients business how much you pay your people
2. If they have a problem with you making any money AND YOU'RE IN BUSINESS – then you just don't need a client like that in your life.

So this lady had said 'no, no that's far too much money for **YOU** to make. If it's that good being a bookkeeper, I should've taken that route and not become an architect!' and promptly came off the phone. That was the last I'd heard of her. Never before, nor ever since, have I had quite such a conversation with a potential client about prices. It was quite shocking. Imagine someone telling you how much money they thought **you** deserved to make (in my case NOTHING)!



### **Shock Horror**

So, back to present day, (I'm at the breakfast event with this lady), and she then added "but she was always like that she never paid anyone. And your guy was such a nice guy too." And so that's when I had to tell her about this phone call I'd had, following that meeting, and that I didn't commission any work to go ahead there. "Oh" she said.

### **Oh**

And that's when we both realized – that this subcontractor had gone behind my back, and did the

work. BUT, he never got paid anyway – so it serves him right. Thieving bastard. And Oxo architect lady shut down because she was stealing clients funds, which should've gone on projects and all sorts – so that's not surprising.

What you need to have is a nose for people. Have a sense. If a client is giving you a certain vibe – don't go anywhere near them. Same for people who come to you for work. It completely put me off subcontractors. Many are only coming to you because they can't get the work themselves. They think they're smart – but they're not. I don't want to taint every single subcontractor out there – I'm sure some have got some manners, but the most upsetting thing (for me), is that this guy went into a job under the guise of working for my company.

## **Reputation**

I have a brand name to protect. Imagine if he'd done a right cock-up, bodge job... that lady at that breakfast networking event would have been looking at me thinking, 'gosh, are you still about? I've had experience of your company - your worker was terrible!' You don't want that. **Be ever so careful about who you let**

**into your business.** It can affect a whole host of things. This was **several years** after the event, and believe me – bad news travels faster than good. So you don't want idiots messing up your goodwill. There is a saying – reputation can take years to build, but seconds to destroy. I didn't work around the clock, missing out on a night's sleep for close to 3 years, to have some twat come along and mess up my business. And nor should you. Trust me, clients do not fall out the sky. It was ME who designed the leaflets, PAID to get them printed, WALKED around and did my leaflet drop in the wind, rain and shine. ME who had to advertise for subcontractors (another drama), check them out, satisfy myself that they were good, and test them. So, hello, if I have to charge a small increase upon what I pay them to work for me, it is a **business**, and that's what businesses do!

You don't go into your local supermarket, and pick up a loaf of bread for £1, which the supermarket bought for £1.20. It makes no sense. The supermarket has overheads, running costs, operating costs to cover, and yes – a profit to make. If you can't handle this thought, then don't start a business, and don't approach a business as a potential subcontractor. But if you understand that businesses exist to make a profit, and

that it is OK if your contractor charges the client an amount more than what they pay you – then go for it! Good, I'm glad I got that one off my chest.

The thing is I've got a myriad of stories like this where I've found out YEARS AFTER THE EVENT that a theifing ex-employeee (or once, an employee who was still with me), had propositioned the client and offered to work for them (and not tell me) which is totally against our written contract. I don't know how I end up finding out about these things – but I always do. Either I'll bump into someone, or someone will let something slip, or I'll come across the old clients website, and see the face or name of the old bookkeeper there! I always find out.

### **No manners**

Remember every time someone steals from you, what they're doing is destroying everything you've worked hard to build. They're sticking up two fingers to you, and saying 'forget you – I'm stealing this.' Go back to the chapter on advertising and marketing your business. There was a point when I was at breakfast events from 630am in the morning, at lunch events and at evening events chatting breeze to complete strangers (lets call it 'networking' and 'building

relationships') in order to grow my business. And this was 5 days a week, and at the weekends I was doing as much client work as I could and running around inbetween answering emails and helping people out and not getting paid because there wasn't any more to pay me because there'd be one client who didn't pay. And as everyone else (staff etc.,) needed to be paid first – I went without. And I did this easily I'd say for about five to seven years.

For a 'normal' person when the clock strikes 5pm or 6pm, that's it – they're going home... they've clocked off. But when you run your own business, that could just be starting time. You can't just 'clock off' you have leaflets to deliver, or a client meeting to make (to win the business)o or some marketing course to attend so that you can build your skills and apply it to your business. I would have loved to have bought in skills, but if a marketing person costs '£200' a day, and it takes you 2-3 days to 'make' £200... some skills you just have to learn yourself and do yourself, because you can't afford to pay anyone else.

So on top of learning new skills, learning about business, finding clients and keeping them happy you also need eyes in the back of your head for the liars

and thieves and general incompetents. I think if I had kept every single client I'd won and the subcontractors hadn't pissed them off, or if staff or subcontractors hadn't stolen from me, then the business would have expanded far quicker and become a much bigger success. It's impossible to grow a business when you have enemies in the camp. You need loyal people on your team and competent people if you are to grow a service-based business.

In the early days, I even tried to get the subcontractor (a different one), to invoice the client - (an opticians referred to me, incidentally by the accountant of the very first client I had) – and he used to pay me an amount each month. Then he said each quarter. And then the payments stopped. Is it because he was so crap he lost the client? Or did he (another hater) just think – why should I pay them anything? I'm doing all the work. I want to keep all the money! Great... so does he want to go and design adverts that get ripped off? Go to networking events at the crack of dawn? Work for nothing? Etc., etc.,

What people like this fail to understand is that it's **YOU** who got the work (not them)! And that client only came about, through your hard work, relentless spending on

marketing and reputation. Nothing to do with them. They came to you desperate for work. You give them a chance and that's how some people repay you – by stealing from you! It's no surprise some freelance bookkeepers get dejected, and think – forget this it's a mugs game. It is. It can be. But, you read about it here first. I promised you to tell it how it is. You've been warned.

On the bright side, you'll never be out of work or without work if you know how to market and promote your business effectively. This is where they (the thieves) fall down because they don't know how else to operate except to lie and steal. They don't know how to find clients, because all they've done is steal yours.

## **Take Them To Court!**

This is a chapter on legal contracts after all, so 'take them to court' I hear you say. Yes, you can do that. It doesn't mean you'll win. One word omitted from a contract can make that contract completely null and void which we discovered to our cost. The contract read "you mustn't accept the business of or deal with the custom of" a previous client, but it didn't say "you must've be employed by" – therefore, it's open season.

Any and everyone can bugger off with your client because the word “employment” or “employed” wasn’t there. It doesn’t matter about what you ‘meant’ it to say. A judge will interpret it literally – WHAT DOES IT SAY. So, although I would recommend that you get a solicitor to draft you up some water tight and bullet proof contracts, let me just warn you that even this comes with no guarantees. We paid about £600 for our first set of contracts – not worth the paper they’re written on. About £3,000 for the second set – still not worth the paper they’re written on and so the list continues.

You might now be thinking to yourself, well what’s the point?! If a contract is written by a solicitor and is still crap, what’s the point? There is a point. And the point is – find yourself a competent solicitor. Ask around for referrals and just hope that you never have to come to rely on it in court. It’s better to have something in place than nothing. No doubt it acts as a deterrent.

### **Share Your Story**

If you want to share your horror stories, please email me:

[mail@howtostartyourownbookkeepingbusiness.com](mailto:mail@howtostartyourownbookkeepingbusiness.com)

and I can publish them on the blog: [www.boogles.tv](http://www.boogles.tv). Change the names and dates if you wish – but get it off your chest. This is the side of bookkeeping and business that is rarely discussed. There are some pretty disgusting, filthy people out there, and innocent people can get hurt. When you are wronged, it can make you want to scream, but you have to just stop. Take a deep breath. You have to laugh about it, otherwise you'd cry. But with good legals in place, your odds of getting hurt – financially, emotionally – are reduced. And if you've been a victim of this, whereby someone has poached your client – you ought to be compensated, because, (as you will find out), running a business is no mean feat. People who do this are STEALING from you.

Trying to take from your hard work and effort and it's not on. It's bang out of order. And if you're reading this, and you had this idea – 'Oh, I'll just nick from the agency' – I'd say – NO. Go and find your own clients. Just like that agency had to. Or make sure that the agency is paid for your transfer, because they're running a business. And you're only there, thanks to them. What goes around – will come right back. It will catch up with you in the end.

Final story – I found an old client with my old member of staff about 5 years after the event. We got our finders fee, as (would you believe), we even had the emails discussing the transaction prior to the event, but then they went quiet (obviously, they did it anyway).

Two morals to the story:

1. Periodically – check up on that subcontractor (or whoever) who suddenly, went quiet. Maybe they've got no time for you anymore, and 'all of a sudden' your clients have dropped off. Put the two together. They're probably stealing from underneath your nose.
2. Be in the game long enough to get paid! Imagine if we weren't about (5 years on) to collect our "£2,000" poaching charge?!

You need eyes in the back of your head in this business. Get your spy's out. Trust a few and fear the rest. But never give up. Don't be discouraged if you do find these liars and cheats. God will deal with them. Don't be tempted to be one of these people. No lie or bad deed goes unpunished.

**You have been warned!**

## 12 CLIENTS: Keeping Clients Happy

If you are keeping up your end of the bargain as outlined in your letter of engagement, I'm sure you'll keep your client very happy. In my experience, it's not rocket science. The client just wants their work done accurately, in a timely manner, and for a reasonable fee. It's not hard. And if you pride yourself on good customer service, you will (no doubt) keep your clients happy AND keep your clients!



### Attitude

Some people have completely the wrong attitude. They disregard the little guy and want to capture the big fish. Don't ever start ignoring the little clients because

you think they're not worth much. I see many unloved clients and they never complain. There's no such thing as a little client. Big is beautiful, but so is small. I've been on the receiving end of the attitude personally, and it never ceases to amaze me how people can continue! This guy (at a networking event) gives me the sales pitch, and the massive hard sell, and then when he realized that I wasn't 'big enough' for him, he quickly disappeared (without even hearing what I had to say!). I was shocked. I may not have been his perfect client (fair enough), but maybe I knew someone who was! But not after that treatment. So don't start mistreating the little fish.

### **Putting Up The Price**

Always a tricky one. So many people don't want to bring up the issue of increasing their rates because they feel nervous about upsetting their client. It's understandable. Again, refer to your letter of engagement. Did you say you have an annual fee increase review? Is this every January or on the anniversary of them being a client. Do you have a system for tracking this? What normally tends to happen is that you end up with your oldest clients on the cheapest rates and charge new people coming

along the bigger amount. And in many ways, this 'tiered' fee is understandable because your new clients were the first ones to believe in you – and this should be rewarded. Plus, you were newer to the game then, and as your skills and experience have increased, so have your fees. If you have come to a point where the gap is getting too big (and I know an accountant who never put his fee up for SEVEN years!), you should just be reasonable in the increase, don't do it too often (because people will get the impression that you just keep on going up and you don't want to create that impression), and always give the client plenty of notice, in writing. Remember, they too have cash flow issues.

### **Keeping Track Of Your Hours**

Make sure that you keep accurate records of the time you spend on client work. Ideally, have them sign off a timesheet for you if you are working by the hour. Don't 'guess' or 'fudge' your hours. It is your responsibility to accurately keep track and to bill appropriately. If you don't bill for '6 weeks' and send the client a massive invoice out of the blue, don't expect them to pay it immediately. They might be suspicious because they can't understand why it's so much, so its better you bill in smaller amounts, and often, than in big amounts,

randomly and give the client a reason to question or doubt the work that has been done or whether you are worth it. It's always better to have issues resolved sooner, rather than later. And if there are ever any issues or disputes, they'll be bought to light sooner, if you invoice sooner, so don't delay this important aspect.

### **Fixed Fees**

You may find yourself busier during the financial year-end with certain clients. If you have charged them a fixed fee, you may want to just make sure (again through your terms), that some of the additional activity that takes place during this busier time can be billed for in addition. This is completely up to you. But if the client has an audit (expected or not) and you've had to spend an extra 'week' getting their stuff together, sitting in with the auditor, answering the queries – you may want to put in for an extra '2 days' or something, just so that people are respectful of your time. Sometimes fixed fees need to be revised or have their limits. But it does work both ways, because what if the client isn't half as busy as they expected. Will you be giving them a refund or a few days back?

## **Retainers**

Some clients will want you to be available to them on an ad-hoc, or as and when “emergency” basis, and will pay you for this privilege. It tends to work very well in IT or HR companies, whereby the clients pay a small fixed monthly fee, and it builds up credit with the company, to call on if you needed them, and you wouldn’t be charged their normal higher hourly rate. It’s almost like am insurance policy. So you could end up paying for something that you don’t actually use. If you’re the person ON the retainer – then this could work well for you. Isn’t that the dream? Charge people for doing nothing? There are only 24 hours in a day, and not every single one of them is billable! I talk about this (how to get paid every single day) in the book *Constant Cashflow*.

## **Year-End Procedures**

This could come under ‘systems’ or just under keeping clients happy. At the end of the financial year you need to ensure all the files are collated and the accountant contacted so that the job of the year-end accounts can be done. You may do this yourself, in which case having a procedure of what documents and files you

need to see will help you to save time. Just make a list. And make sure that the client is familiar with the list as there could be a few things that they need to provide, and clients can be notoriously difficult to pin down with certain issues.

## **Updates**

Keeping the client informed with a summary update of what's going on in their business is greatly appreciated and will keep them happy. As will ideas to help them improve the business profits e.g. new ways to bring in money and improve their cash flow, or how to attract new clients for their business. Clients are normally in business and are normally selling something. Help them sell more. Help them improve their bottom line. You certainly won't upset anyone if you do this. Even if they're a charity - I'm sure they'd like more donations, supporters and subscribers.

## **Improving The Bottom Line**

One cost cutting measure that you or your client might be interested in is in reducing their utility costs. If you are UK based, take a look at [www.PayLessForYourBills.co.uk](http://www.PayLessForYourBills.co.uk) - which helps

individuals and small clients to save money on their business (and household) utilities. Always a welcome suggestion – regardless of the economy. Businesses exist to make a profit. Help your own business and help your clients to do just this!

## 13 OVERFLOW: Getting Busy

**S**o, you've just read the previous chapter about keeping clients happy. Your clients are happy, but there's a niggling worry in the back of your mind about the legal contracts, and now you're feeling uneasy. Maybe the nightmare has happened to you before, or you're a little bit busy and you're looking for some help. Now what? Good question. At this rate, you can't go on holiday or take a maternity break without fear of someone nicking your clients! Well, if it's any consolation, you can always ask me ([cover@booglesltd.com](mailto:cover@booglesltd.com)), as we don't carry on like that. We've covered for maternity and sickness leave before, and when the bookkeeper was well enough, they came back and returned to their clients. They still had clients to come back to! One guy took a career break. He went traveling for 3 months and came back to his job – it was still there!

When you are self-employed everything relies on you. And it's useful to have someone who can carry the burden for you if your circumstances change. You don't

want to build up a few clients, realize you need a few months off, and then lose everything you've worked so hard to build.

## **Taking a Break**

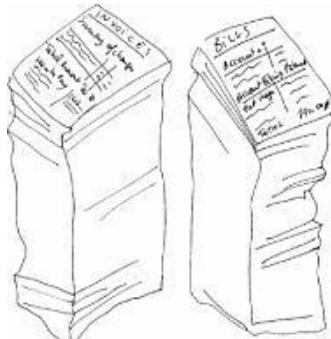
If you need to take a break (health, family, holiday) – whatever, you need to have reliable cover in place. What you don't want is to be in your hospital bed, dealing with client emails. I've been there. I was in hospital and I bought my laptop along. I knew life didn't just end because I was having a general anaesthetic. I woke up, and the first thing I did was switch on my iphone and reply to my emails, texts and voicemail! I've been on holiday, and I've had to take calls and still find an internet café to work from! You can thrive on this kind of activity or it can make you ill, stress you out and turn you into a workaholic with little time for yourself. The best thing about being an employee is that at 5pm when you go home – that's it! You can switch off, go to the pub, go out – please yourself.

Self-employed people often just take the work home. Or, if they're already working from home, they just find it hard to leave it and switch off. Having subcontractors

like those I've come across doesn't fill you with much confidence but you have to put your faith somewhere. We offer a break to bookkeepers that need just this. We can take on their clients, or just offer a telephone answering service, whereby we take the calls in their name, and pass on this message to the bookkeeper, for them to handle upon their return. See [www.boogles.info/bookkeeping\\_cover.html](http://www.boogles.info/bookkeeping_cover.html)

### **Open All Hours?**

I've spent Christmas Day with a bag full of receipts spread out over the front room floor whilst everyone else was stuffing themselves with turkey and watching the Queens' speech! I have taken calls on BOXING DAY regarding bookkeeping work, when it's been the only time the clients had to sort themselves out. And I can laugh about it. I am never 'off' the job. And all self-employed people have been there. The important thing is that this stays pleasurable, and doesn't become a chore or a nightmare. The day you stop loving that phone to ring, or an email to come in, is the day you just need to take a break, recover, get



your strength back and return to face it again. Try not to spend too long staring at the computer screen, drink plenty of water and schedule some time to have a break. Even if you just take Friday to Monday off, and you change your voicemail that says, "I'm on holiday. I'll return your call on Tuesday morning when I can face it all again." Or whatever. People will just need to understand that you need that time for yourself. Try not to do this at the end of the month around VAT time, or during the payroll run – but do have a rest. You'll come back feeling a whole lot better.

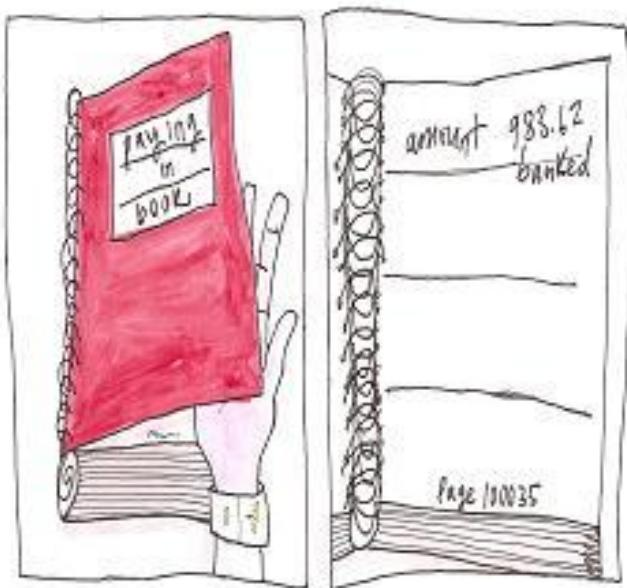
## **Workaholic**

I say this though in complete seriousness. You need to set boundaries for yourself. Just because a client calls, doesn't mean they 'expect' me to answer – sometimes, they were just going to leave a voicemail! In my house, my dad is a Jehovah's Witness, so 'Christmas' isn't 'Christmas' in the traditional sense, it's just another day, and so no one is actually bothered if I'm buried in receipts. If it's YOU who has to cook the turkey, or entertain the kids, then it can cause a problem. And you don't want to allow your business to affect your family relationships. It's not worth it. Be present in the moment. Switch off the phone from time to time, let

the voicemail answer, and spend some guilt-free time not working at home with your family. I know I would set myself ‘no computer’ days. These were days when I would not switch on the computer. Sometimes I can be on the computer from 10am to 2am (yes, 16 hours), only stopping for a tea-break just “working”. Whether I’m doing bookkeeping or writing books, I can be there all day (and night). For some, this might seem like a lot, but a 12 hour day is a short day for me. 16 hours is nothing. But just don’t let work take over your life. That’s the key thing. Get the work-life balance in check.



## 14 CASHFLOW: Show Me The Money!



This is an extremely important issue for everyone in business. Managing the cashflow. And just because you are a bookkeeper, does not mean that this issue won't affect you also. In a nutshell, 'cashflow' is the flow of money. It's the flow of cash IN to and OUT of your business bank account. Now, most people are pretty on the ball with the OUT flows, they know what is expected to flow out each month. They're somewhat in control, and if a direct debit is expected to

pay for the telephone bill – you'll know when this is, and when you're expected to pay it by. It'll automatically come out. We're normally quite familiar with this. Where the difficulty arises, is when we look at the IN flow. We know what is due in, but what we often cannot predict when we run a small business is WHEN this amount will show up. It's all very well invoicing someone on the 1<sup>st</sup> of the month on '7 day terms'. Do you think the money will be in your account by the 8<sup>th</sup>? Probably not! Often, they're a small business too. They've got better things to be doing, other than making sure they've paid YOU in 7 days. All they care about is the people who need to pay THEM! And this is where the whole thing can fall apart.

If you have done a big job for a client, and they owe you '£1000' and you've done nothing but that clients work, and that's the only thing you can invoice this month... you need to get paid (and quick), because all your expenses will be coming due as the month ticks on. It can be a huge source of stress if you have car payments, bank loans, mortgage costs, school fees, credit card payments etc., all needing to be met and no money is forth-coming. If you miss a payment of any kind, this will show up as a blip on your credit score. It soon falls off the radar if you keep up, and don't let it

happen again, but you only need to miss a couple of minimum payments here and there, before it starts turning ugly. Next thing you know – you're refused credit, or your credit rating score plummets, making the cost of borrowing more expensive for you. **All of this CRAP and BOLLOCKS just because your clients aren't running an efficient operation and aren't getting paid, or aren't paying you on time!** It can be really disheartening and irritating. There are a few tips you can implement to prevent too much damage happening to yourself. Have payment terms.

## **Payment Terms**

Your payment terms should be stated in your letter of engagement e.g. 14 days. BUT – there's more to it than that. STICK TO THEM! There is no point doing a clients work for 1 year, not getting paid a penny and ignoring your own payment terms. If you ignore them – so will they. So you need to be responsible in the process too. Some people will actually lose track of how much they owe and to whom (remember they're not the bookkeeper), so it is your duty to remind them with a friendly call, email, text, letter, note, verbal suggestion that you need paying.

## **Statements**

Sending a statement is a handy way to show them what they owe. If invoice after invoice is being sent, and they're choosing to pay April, ignore May, and pay June, then they might think they're up to date, when the reality is, Mays invoice is still outstanding, so by sending a statement, it helps all sides to keep track.

## **Stick To Your Terms**

There's nothing worse than seeing a client is struggling – you want to help, but you know your demise will ensue if you continue to put up with their shenanigans. I think we've all been there. But, if you end up with '£10,000' being owed by one client, I'm afraid; you only have yourself to blame. You kept on doing the work, and you didn't stick to your terms. You are well within your rights (as per your engagement letter) to be able to politely decline to do any further work if payment stops, or gets behind or isn't forthcoming. Often the worse thing about being in this situation is that deep down you KNOW you're not going to be seeing any money. And you could easily have spent the last 2 weeks at home, sitting on your couch watching Jeremy Kyle / Jerry Springer (daytime TV) basically,

with a can of beer and been happier! Instead there you are, slaving away – and for nothing. It has cost you time. It's even worse if you have staff or subcontractors, which you have to pay out for – and nothing has come in.

## **Paying Out**

This brings on another thorny issue. Lets imagine if you have a subcontractor who has spent '20 hours' doing the work for client X, and he sends in his invoice to you. He's expecting his money. You've agreed terms of 14 days, and we're on day 14. HOWEVER, your client hasn't paid a penny, and chances are, you'd have more luck getting blood out of a stone. Now what?

Sadly, I'm afraid you can't really fob off your subcontractor (unless it's in your terms). And even then, if your client doesn't ever pay you, you are left in a tricky situation with your subcontractor. You might not want to pay them. But what you 'want' and what your 'have to do' can sometimes be different things. And remember this – the shoe could be on the other foot. What if you did a bit of subcontract work for an accountant, and the accountant was trying to fob you off with a sob story about how the client hadn't paid

them. Would you be interested? Would you even care?! It's the kind of scenario that you can find yourself in. I remember I once did some subcontract work for an accountant. It took 7 months to get paid.

## 7 months !!!

Let me say it again – **SEVEN months!** Did he care if I was starving hungry, being threatened with eviction or couldn't afford a new pair of shoes? NOPE! Not his problem. It was my problem. And so one has to learn a valuable lesson. Don't just keep going in and doing a job when you know they're struggling, or they have a past history of not paying others or when you know that there is a backlog of other invoices you're still waiting to be paid for. Be responsible. That's not to say you leave a struggling client. If anything, you're better off saying to them (or to yourself) – this is for charity. If I get paid, great, if not – I won't be out on the street because this isn't money, which I'm banking on! Then, at least you're not going to mess yourself up. And this is the thing that we're trying to avoid here. We want to live to see another day in the game. Not the bankruptcy court!

## **Not Getting Paid**

I remember a guy who did handy-man type work. His client didn't pay him. He went into the premises and ripped off every single tile he had put there. I can't remember the end of the tale and whether he got sued for criminal damage (I think he did, but the charges were dropped), but it all got very dramatic. One can certainly feel extremely angry if our work has been used without payment. As far as we're concerned – it belongs to us! It is ours, until it's paid for! This is how products bought in a catalogue work. Upon final payment, the title deeds / ownership are transferred. Until such point – it belongs to the seller.

If you end up not getting paid – you need to keep these amounts to a minimum. What you don't want is one client to just completely mess up your business, because they went bust owing you thousands. I've seen this happen before. And it's terrible.

Another thing I want to warn you about is that sometimes this non-payment is deliberate. There are some crooked business owners, who use what I call the 'non-payment' as a "strategy". Let me explain how it works. You get all your 'printing' done by company X.

You rinse out your credit terms with them until they finally put your account on STOP. Then you go somewhere else and do the same thing. The idea is that by the time the supplier has finally ‘stopped’ you, you’ve gotten away with a lot of print / resources. Resources which are ‘free’ to you – and help to keep your business afloat, but which can be potentially devastating to the supplier, as they’re losing money.

But things are rarely straightforward. People who do this ‘non payment’ as a strategy are devious and they set out from the outset to con the printer / supplier. To make this strategy work, you always stay friendly with the supplier. In the beginning you place small orders and always pay on time (to gain trust), and then you place a big order (they’ll get excited). You pay a bit of it off, then place another (BIG) order. And all the time the amount you owe is creeping up slowly. And then when the printers finally cotton on and start getting serious about collecting the debt from you... you simply find another printer and do the same thing again.

The idea is that either you don’t pay for anything or you pay very little. People do it with accountants too. You take your year’s backlog of receipts in a carrier bag to the accountant. The accountant asks you (the

bookkeeper) to sort out this mess and let them have some eligible accounts. You spend 2 weeks of your life going through it (including the weekends). The accountant prepares the final accounts. You send in your invoice – and no one is getting paid. The same client takes their stuff to someone else to do the following year OR, now that it's neat and tidy, gets someone else in, (or uses someone in their office), to keep it going. And they just don't pay people! It really is outrageous.

A contact of mine (alarm bells) came across a solicitor who did this. He had a

**BASEMENT FULL** of unpaid supplier files – he didn't pay a soul. Unsuspecting suppliers would be approached by this reputable solicitor and offer them credit. But the man never paid anyone! Including us! However, this contact did warn me. I cannot say she didn't. She couldn't do the job much longer; she made sure she got paid (as she was in the accounts, so she literally wrote the cheque to herself



and stood over him whilst he signed it). So she passed it onto us WITH A WARNING. "He doesn't pay anyone Lisa. Be careful." And what happened? We didn't get paid. We were only there about 4 weeks, as he was in breach of his payment terms, so we halted work. He wasn't bothered – he just got in someone else. But can you imagine if we had lapse terms?! How much damage could a client like that do to you and your business? We still had to pay the bookkeeper (our staff member) that had gone in!

Staff, by LAW have to be paid, and they really don't want to hear your sob story. That's your problem. They want their money! They can take you to the tribunal if you try withholding their wages. Your cashflow issues are not their problem. If it means YOU go without personal payment that month – so be it. But non-paying clients can be a drain on your resources and batter your morale. Cut it out quickly, and don't allow them to ruin your business.

## **Debt Collection**

You can always revert to the services of a debt collector. It could be expensive but (back to the letter of engagement & terms of business), you may be able

to add this cost of interest and collection fee to their debt. But it's an effort, it's time-consuming, and you end up chasing money and looking backwards, taking your eye off the ball. Every moment spent on the administrative burden, is time you spend away from doing the thing you should be doing – which is working with and helping decent fee-paying clients with their books.

### **Be Flexible**

We can all fall on hard times. Remember that if you experience a cash shortage – speak to the bank. If they can't help, speak to another bank. Switch banks if you have to, but don't fester in a bad situation. Remember too that banks don't want problematic clients, so try and get the support and goodwill of your existing bank. They know you, you started with them, see if they can help. You may have to take out a loan or max out a few credit cards in your own personal name, just to see you through the rocky times. And likewise, with clients – don't be too rough. Be willing to compromise. If they owe you '£5,200' and offer to pay it off at £50 a week for the next 2 years – take it !!! SOME thing is better than nothing. Even if a client can part pay you, and you write off the rest – accept the deal, learn the lesson

and move on! Don't dwell on it. Life is too short. Statistics estimate around 5% of invoiced work ends up bad or doubtful so you just have to be prepared for this. And it is horrible when it happens. Especially if you know you went the extra mile to help that client – and then they repay you with this ingratitude.

I remember it was my cousins' wife's funeral. And I didn't go because I was busy helping a client with their VAT return. The client did pay me (late, but eventually), and soon after he just got his wife to do the bookkeeping, so I was out of a job – but in my mind I thought – never again. I was trying to serve the client, and I missed an important event. One that will never come back; and all for what? An ungrateful client who I had to chase down in the end for £60?! Is it worth it? Of course not!

There are many things I'd do differently, and one thing is for certain – limit your credit terms. Keep a strict eye on it. And if you end up out of pocket – you only have yourself to blame. Don't be so concerned with doing the work that you miss the hours clocking up and the fact that you've not been paid. When a client is in a mess they can be your new best friend. Once you've dug them out of the shit and into the clear – you can

soon see them reveal their true colours. One of the questions you must always ask them is 'And what happened to your last bookkeeper?' If you see them get a bit agitated – be wary. And just keep your guard up.

### **Rich Clients. Broke Clients**

Also remember that even if they have a lot of money it doesn't mean anything. You might see their bank statement and think: 'Great my luck is in!' But it's not just broke clients who don't (or rather *can't* pay you) rich ones can do it too! In fact, (as I refer back to this solicitor), some people indeed have this money for that **VERY** fact! They haven't paid people for their services! Ever. Trust me – one day you'll see it, and you will be **disgusted**. Especially if you know that they've paid THEM self a shed load of money and you've not had a penny. These people will continue to dine in the best restaurants and drink the finest wines and leave you eating beans on toast and not give a damn. It's terrible. It really is. But for some, it is a strategy. They just don't pay people! You have been warned!

### **Due Diligence**

You can always credit-check clients prior to offering them any credit. There are services out there whereby you pay a flat annual fee, and then X amount per search. But this will only show you if they have any CCJ's (County Court Judgements). Because many people just tend to 'write off' their bad debt without ever chasing it, it means many of these cases never even reach as far as the court system, so you'd never know if they're a credit risk.

Likewise, they may have a brand new limited company – so you don't know what their track record is like! And even if you get trade references from them – they're hardly going to give out the name of someone who they've not paid! So it can be rather tricky to identify these people until you've been stung by them. Just keep the stings low. People have been known to lose their businesses due to lack of cashflow – all stemming from bad debts and slow / non-paying clients.

We had one client whose 1 year backlog we did, then she didn't pay us, so we sent her to the debt collector. He did a bit of investigation and digging and it turned out she had a STRING of debts and outstanding CCJ's against her. She'd changed her name during the interim to try and distance herself but all we had to do

was google her name and a list of websites came up about her – none of them were good. It was unbelievable. She owed us about £1,500. Again, the amount of money we've had to write off over the years due to non-payment is eye-watering. I think a personal best was about £4,500 – a solicitor client that didn't pay us. We bent over backwards to do their accounts, and it was all just a complete waste of time. They are another bunch of ungrateful bastards. We still had to pay the staff members for all their hard work spent on doing that job. But, I only have myself to blame – lapse credit controls. We allowed them to run up that bill. And we certainly paid for it.

## Oxygen

A business can continue to operate and open its doors with a net loss... that's just like having cancer... it's a slow death, but from the outside, the show can pretty much continue. But always remember that cashflow and CASH is your lifeblood. Your oxygen. Lack of cashflow is like a heart attack. It can kill you. It's fatal. It's not like having a loss. Therefore you must take all efforts to conserve cash and to make sure its flowing through (into and out of) your account.

## Payment Methods – Credit Cards

If you can, accept payment in as many ways as possible this will help you to get paid quickly. Credit cards are an increasingly popular payment method. They do take a bit of investment, as you have to pay to get a terminal, but it can certainly be worth it. If you want to get a card machine to help you to accept card payments see: <http://bit.ly/15hTOG6> or [www.boogles.biz](http://www.boogles.biz)



Failing that – just use paypal! Send your client a paypal request. The fees might be a bit high, but as long as you're getting paid – it's better than nothing.

A credit card can really speed up and aid your cashflow. It avoids you having to wait days for 'the cheque in the post' and then again, having to wait for the cheque to clear – instead, with a card machine, the funds are received instantly (or certainly within a few days). It helps the client, as they don't need to find the cash

until the date of their statement, which can give them up to another 56 or so days of interest-free credit. And it helps you to put people on the spot.

I've had a client on the phone that insists he'll write me a cheque, and I've said, 'Oh, don't worry about that. Have you got your card handy? We can take payment over the phone.' And then you'll soon see if they have ANY INTENTION of paying you. If they make an excuse – you know you're wasting your time. If they pay by card (credit or debit), you know they're alright. And with most of these instances, the sooner you realise that a client has no intention of paying you – the better. Don't get on their nerves and run them down for the money BUT if you set standards for yourself, it's easier.

I remember one bookkeeper in my lecture that had a large amount owing to her. The client hadn't paid her for about 3 months and she was in dire straits. He'd been paying his weekly contractors each week and on time because he knew they'd down tools if he didn't. But she'd carried on (faithfully)and got him out of the mess he was in. She'd literally worked full time there for 3 months. Not a penny. And now she was only needed 'weekly' and she hadn't received any money.

She didn't want to tell him where to go – because she thought she'd never see her money again, but then at the same time, she would ask for her money and he was just fobbing her off.

I said to her – 'you've got yourself in a difficult situation' and I understand it, because I've been there. Sometimes, you can see that they're a profitable business with money coming in and out, and so you don't question the fact that you won't ever be paid. BUT, take it from me – you are in a far stronger position to bargain for and get your money in the beginning. If you do put in lots of hours and do their backlog, then I'm afraid you are in danger of having a long wait for your money. There's no sense of 'urgency' for them to pay you, as the work has been done. Underline this, and don't get caught out!

We had a client like this. Every week there was promise of a payment. He said it was his 'investors' who had the funds, and they just needed to see the figures and then they'd release the payment and we got strung along for months. Then it was 'the accountant doesn't understand some of the figures, as soon as he does, then we can get the payment made' ... and eventually, this magazine closed down because the investors took

our figures, it could see that the company was rubbish and wasn't worth investing in, and so they didn't put any money in – so they went into liquidation and we never got the £1,500 owed (but the staff member still had to get paid).

## **Standing Orders**

You could insist on your client setting up a standing order whereby they pay you a fixed fee each month. This works well if its year-end accounts, or you can fix a monthly bookkeeping fee. But even if you don't and the bill varies – it's better to have "£100 per month" fixed coming in and then settle the difference every so often, then to have nothing.

## **Other Streams Of Income**

In times whereby you are waiting on payment, it can be difficult. One way around this is to have an alternative stream of income. This could be a second job / employment or it could be an additional product / service which pays you reliably. Something which you can 'bolt on' to your business as an additional offering. If you are UK-based, and you want to add something additional to your menu, take a look at:

**[www.WorkPartTimeFromHome.co.uk](http://www.WorkPartTimeFromHome.co.uk)** You can offer your clients a free cost savings review, and if there is a saving to be made by switching their suppliers then its WIN WIN. The client saves, and you get a commission and residual income.

As you begin to grow your business, you'll begin to appreciate the effect and benefit of residual income. Believe me – clients won't bother paying you – but they'll pay their phone bill. If you were getting a commission on this bill that you've helped them to save money on, would this help you and your cashflow situation? Probably. The book *Constant Cashflow* goes into this idea in more depth. The idea of getting paid everyday.

## 15 SYSTEMS: Working Like Clockwork

To help stay on top of things, you need to have a system for your office, and to have a system for your clients.

### Filing

Your biggest thing is likely to do with filing. You need an efficient way to keep your financial and business records in order, and how to keep your clients work in order. Not just physical files, but even on the computer. Start from the beginning, and create different folders that make sense for you, and file documents accordingly.



When clients return back to you the signed letter of engagement how are you going to save this? Will you create a folder in your computerised system called 'client letter of engagements' and scan it in there, or will you have a physical paper folder and keep the hard copy there, or will you do both? Whichever – decide, and then stick to it. Don't do half one-way, and half the other, otherwise you'll only confuse yourself, and end up having to check 2 places for everything because you don't know where anything is! You can use online filing systems e.g. [www.signable.co.uk](http://www.signable.co.uk) for legal documents that need to be signed and saved.

## **Record Keeping**

In the UK financial records have to be kept for 6 years, so make sure you create the space for this in your loft, shed or office or somewhere. Ensure you label your folders neatly, and box them off year to year. Label the box 'year 1' and 'year 2' and make sure your clients do the same. If the Inland Revenue ever asked to look into a client, you don't want to rush round like a headless chicken unable to find anything. You also want to box things off year-to-year to de-clutter the place and make space for the present.

Some people want to get rid of the paper and just hold electronic copies of everything. It all sounds great 'the paperless office' but what if your files are lost or become corrupt? What if your computer gets a virus and crashes? Then what? I remember when my computer first crashed (it caught a virus), and it happened a few days before I was due to go on holiday to Spain, and I had to do the staff payroll. So, I pulled an all-nighter (that's what I call it when you stay up all night working and get no sleep), and I had to reinstall every single programme back onto the machine and restore the factory settings. I was awake non-stop from about 8am on say Monday, right through to about 630am on the Wednesday when I got my flight. This was intense. But I managed it. I just knew I couldn't NOT do it, and not pay people. That was not a possibility. I would have missed my flight before I allowed that to happen.

Speaking of missing flights - I have missed planes, trains, coaches and buses because I've been busy working on an 'urgent' piece of work, unable to leave until it was complete. It has cost me dearly, but one day I'll learn to manage my time better.

## **Risk Management**

So, you need to have a risk management policy in place. If you were to lose your files today, how would you recover? If your client files went missing – do you have insurance cover? Or some sort of risk management strategy in place? It doesn't bear thinking about, but one day – it will happen to you. As long as you have a back-up plan, you'll cope. Laptops get stolen, harddrives can become corrupt, and USB sticks can be accidentally lost or broken.

## **Backing Up Files**

The simplest thing to get into place is a back up strategy. Back up on an external hard drive daily and on another drive monthly, and /or back up online. If you email me: [backup@booglesltd.com](mailto:backup@booglesltd.com) we'll send you a link to a company we use. And this has saved my bacon. I'll never forget in 2011 I went on holiday to the Caribbean for Christmas. I'll never forget because I missed my flight and I didn't think I'd get there because all the flights were full and I had to be rerouted all over the place, but I can't complain. American Airlines got me there via British Airways and I'm very grateful. I spent the "holiday" working mainly

on the business, and I backed up the files onto the hard drive. And guess what? The hard drive crashed when I got back to the UK. (It probably couldn't handle the Caribbean heat). Fortunately, I'd taken a back up of the back up before I left, and the work I'd done whilst out there, was mainly client work, which I'd been emailing across to them, so I had files in my email outbox. Thank god! But these are the kind of things that can happen to you.

I learned on my MSc Investment Management course to be aware of 'risk management' – my tutor (Dawson) always used to say 'we're in the school of risk management. Bring two calculators to the exam' and he was right! In your business, back up your back up plan. Try not to get confused as to where the most up to date file is, and for your external hard drive – get a top of the range one, and remember they have a life of about 5 years. Change it at 4 years if you have to. And don't ignore the warning signs. Mine was squeaking when I was on holiday. But I can't even begin to put into words the FEELING I felt, when I plugged this hard drive into the desk top PC when I returned, and it said 'file error' or 'hard drive not found' – I was distraught, to say the least. I'm not surprised I've got grey hairs. These kinds of experiences can make your heart miss a

beat. Don't put it off. Sort out the back up of your back up now! I told a friend of mine about my experience. I warned everyone I knew. I had to share the stress of the entire episode. And guess what? My friend didn't listen and about a week later her hard drive crashed and she lost everything.

She was devastated. I couldn't console her. A client we had, had her laptop stolen. Her accounts were on there – but fortunately we'd done a back up for her and it was kept separately so she was saved. These things can literally save your business. So, don't keep your 'Hard Drive one' next to 'Hard Drive two'. What if there was a fire or flood? Save them in different locations.



## **Passwords**

Password-protect your hard drive. And just always hope for the best! You can also password-protect your data files e.g. on software, but just be careful that you don't lose or forget it. Typically, a client may register online with HMRC and they may have a VAT Return to

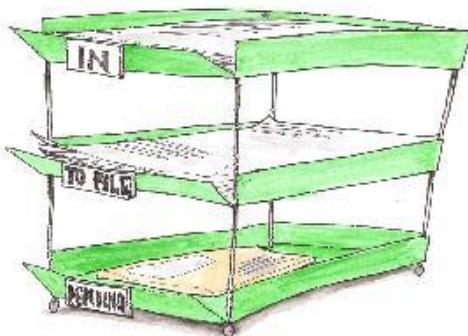
submit quarterly, or a payroll return to do monthly online – and there's nothing worse than 'someone' losing the password. You will probably be blamed for this, so you need to be careful. In terms of systems, just make sure you have a system for recording the clients' passwords. Different clients, different passwords – plus your own passwords; you will forget them if they're not recorded in a safe place. If your clients are last minute dot com people, you could be working on their files, and just as you've got their final numbers together and you want to go and submit it online – you realise you don't have their password! Then, you have to rummage around and find it, or ring them (nearing midnight), and ask them what it is – hoping they'll know. To avoid all this drama, keep these things in a safe place.

## **Deadlines**

In bookkeeping, there are constant deadlines you have to meet. It's due to all the compliance, and the reporting requirements. You need to have a diary (online or paper), and remind yourself of these deadlines. Your own deadlines and your clients' deadlines. They'll be relying on you to know when their VAT has to be filed. Don't wait on them, as you'll only

make it worse for yourself. We have one client (I'll call a persistent repeat offender) who will leave it until literally the week of the VAT Return to surface with the paperwork! Remember if you have a few clients to juggle, such deadlines can coincide, and if you don't have a system, and get organised to schedule time for everyone, you'll find you have to pull an all-nighter to get them all in on time! And remember with the self-assessment in the UK, there is a January 31<sup>st</sup> midnight deadline NO EXCUSES!

I once had to complete a self-assessment online for a client. It was an annual event, I THOUGHT I'd kept their password safe – I hadn't. So despite the fact that my FIGURES were ready, I couldn't file it as neither of us had a password or could remember it. We had to apply for it to be resent. I ended up missing the deadline and he got fined £100. He blamed me (fair enough), so I paid his penalty through charging him a reduced fee. I was gutted because it was a stupid mistake on my part – but I learned the lesson. Don't lose anyone's password. Write it on their file. Email it to them (so then it's recorded in your outbox). Do whatever it takes. But get organised!



Sometimes, I can be so busy doing this stuff for other people that I almost forget to do it for myself. One year, I was away on holiday, I was busy right up to my departure (I made the plane this time), and I was working all the while whilst I was there. It was 31<sup>st</sup> December (new years eve!) and I was at my uncle's work place, borrowing his PC to submit the annual accounts to Companies House !!! I had to meet the deadline, and the Corporation Tax was being submitted too. But this is the kind of thing you have to do when you run your own business.

I had a few hours to spare before the deadline, but it was just not to be recommended. I have no excuse for rushing this online submission and causing myself the stress. I could have done this at any point in the previous 9 months, but no, I chose the final hour to get

this done. When will I ever learn? Rarely (in fact if ever), have I taken a stress-free holiday. There's always something I have to do which I didn't have time to do before I went – so I will bring work with me. I sincerely hope you'll be more organised. I've never been able to just 'switch off'... if anything I'll be in 'standby' mode, or 'sleep' mode. But never just completely switched off. This is one of the downsides of working for yourself. It all rests with you. The buck stops with you. You do it, or it doesn't get done. And when it comes to government filing – the fines and penalties will keep being sent until you comply. Even NIL returns have to be sent in.

## 16 NEED HELP: Where To Turn

**N**ot to the bottle! (Despite the temptation!) But don't beat yourself up. Bad stuff will happen to you, and so will good stuff, and one just has to hope that the good outweighs the bad. But it's important to know when to realize that you need help - and to seek it sooner, rather than later. The biggest thing you may struggle with is time management.

### Time Management

Are there enough hours in the day to get everything done? Sure. You have 24 hours in the day, just like everyone else. All you need to do is just use your time productively and wisely. There are lots of courses on time management. I always joke and say 'and I don't have time to go on any of them!' but I have found the time to read some books on the subject.



The time management tips I've found most useful are:

- Do the one thing you don't want to do – FIRST! (Get it out of the way)
- Reward yourself after each little mini-big task
- Turn your email, facebook, phone 'all the noise' OFF and get your head down!
- Stop tittering around on social media. If you must, then cap it off at 30 minutes a day – then do some 'work'!
- Check your email maybe twice a day – and just don't allow it to suck you in. You could be on there for hours clearing your inbox, but not **achieving** anything!
- Phone, rather than email – it can be quicker! (One author on the subject said that he only had a fax machine and employed a secretary to field his calls and deal with all of his communication! She'd give him a summary of what was important and this left him free to lock himself away undisturbed to write his book and get some 'real work' done!)
- Block off chunks of time – uninterrupted, and work on the task in hand.
- Take one task and work on it until completed.
- Delegate what you can – don't try to do everything yourself.

- You don't have to return unsolicited calls or emails. Just because someone has contacted you, you don't HAVE to reply. (Initially, I thought it was rather harsh), but over time, I can see the point because you can get several contacts out the blue daily wanting 'advice' or 'a 1-2-1' or 'to interview you' and you could just end up doing this and nothing else if you allowed it to happen!
- At the end of each day write a list of the things that you need to do the next day, so that as soon as you get to your desk, you can hit the ground running in the morning without faffing about and start with the biggest thing which you don't want to do FIRST!

Brian Tracey is a good author on this subject. He's written books such as '*Eat That Frog!*' and '*GOALS! How to get everything you want, faster than you ever thought possible*'. If you have written your goals (as in your one-page business plan, covered in chapter 2), then this is the first step. The second step is to keep track and to realize the goal. Often, many people feel 'stuck' or they need help because they don't feel like they are progressing towards the goal. One thing which might help you to FOCUS and manage your time better is to always ask yourself one simple question: "**Is this**

**task** [which you are about to do] **going to help you realize the goal set?"** If it is, DO IT, if it's not, DON'T do it. And this will help you avoid getting distracted by the trivial many (80%), instead of the critical few (20%) of things that land up on your desk or in your inbox.

### **Unsubscribe**

Take your name off all those email newsletters that you don't quite understand how you got on in the first place and have no interest in! De-clutter. Tidy up your desk. And get clear. Regain focus. File things away. Make the space in your life and in your brain for new stuff to come in. Block all calls from callers who waste your time. And when you are trying to concentrate, put your phone on mute or divert it to a virtual receptionist. We have a service which you can try for free for one month: <http://www.boogles.co.uk/FreeTrial.html> Just clearing some mental space can really help you to be more productive.

### **Coaching**

Some people (just like in sport) enlist the help of a coach who can help them to raise their game. I have

my own group who I coach who are all part of the Boogles Franchise network. I just wouldn't have time in my life to do any more.

### **Like Minds**

One can always draw upon the support of other business owners who are in the same boat. No matter what type of business you are in, all small businesses have similarities and the same problems and issues. If you find a friend in business that you can commiserate with and mutually support each other, this can be a good source of mental comfort. Just don't allow any meeting to turn into a complete bitching session. Laugh, share, encourage, listen and you'll feel better for it. A problem shared is a problem halved. Another objective point of view can really help you to resolve a situation and / or to look at things differently.

Try not to take advice from well-meaning friends and family who don't run their own business or who has never ran their own business. Often, they might tell you to jacked it all in. They'll ask you why you don't just get a job? And that's not really what you want to hear when things aren't quite going to plan. In fact, that's probably the last thing you want to hear. They'll often

ask you why do you work so hard? They don't always 'get' it. The people, who can understand your situation, are those who have been in the very same boat. If you are interested in learning how to think accurately, join the online course: [www.Udemy.com/Think-And-Grow-Rich](http://www.Udemy.com/Think-And-Grow-Rich) whereby it covers the 13 steps to riches and how to think yourself into success.

## **Franchise**

To avoid and overcome a lot of these problems, some people will just buy into a bookkeeping franchise. They're buying into the name brand, the ready-made system, the answers, the help, and the support – the whole package. Sometimes this can help, but no matter how good the franchise, if the person is unwilling to do what it takes – it won't work. Many franchises (ours included) do have some stipulations, such as – don't come here if you're in a bad or failing business and are looking for the 'quick fix'. This isn't the 'last chance saloon'. But in saying that, some people have tried to 'go it alone' – with limited success, bought into a franchise and found more success. So do check out what they have to offer. [www.Boogles.Info](http://www.Boogles.Info)

## **Buy an existing business (for the client list)**

It's always an option to buy an existing entity and take over their current client list and to build on the business from there. The only word of caution here is to know what you are buying. Don't pay over the odds for a failing business. And always question the sellers' motives. But, if you are struggling to find clients – it could be answer. Check out

[www.businessesforsale.com](http://www.businessesforsale.com) and (long established in the UK) [www.daltonsbusiness.com](http://www.daltonsbusiness.com)

## **Bookkeeping Associations**

There are various associations and supportive bodies and networks that can help bookkeepers in business. There are many training courses and distance learning courses to help (many associations have exams and courses), but there are lots of independent training organisations running courses and plenty of forums, which you can post your questions in and get answers from. Some are local to each country, some are international, but please note, there are far more than we have the space to list here.

American Institute of Professional Bookkeepers (AIPB)

How To Start Your Own Bookkeeping Business

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[www.aipb.org](http://www.aipb.org)

Association of Certified Bookkeepers Inc

[www.cbk.org.au](http://www.cbk.org.au)

Australia Association of Professional Bookkeepers

[www.aapb.org.au](http://www.aapb.org.au)

Canadian Bookkeepers Association

[www.c-b-a.ca](http://www.c-b-a.ca)

International Association of Bookkeepers (IAB)

[www.iab.org.uk](http://www.iab.org.uk)

Institute of Certified Bookkeepers

[www.icb.org.au](http://www.icb.org.au)

Institute of Professional Bookkeepers of Canada

[www.ipbc.ca](http://www.ipbc.ca)

National Association of Certified Public Bookkeepers  
(NACPB)

[www.nacpb.org](http://www.nacpb.org)

National Bookkeepers Association

[www.nationala.org](http://www.nationala.org)

## What's The Problem?

In your business, you want to be striving for constant, never-ending improvement in areas that matter. If you are struggling, identify and verbalise what the problem is. It's not just 'I'm struggling' is it *client retention*? (Do you keep losing clients?) Is it *client attraction*? (Not finding clients) Is it *cashflow issues*? Or all of the above?! If clients keep leaving – find the reason why and address it. Is it you? Is it your subcontractors? If you're not getting clients – is it something you're not doing? Or doing? If its cashflow, is this because you are not collecting in the money?

You'll notice that I use the word **YOU** a lot. And I'm going to have to be slightly 'in your face' and tell you that **it is all your fault**. I am going to (maybe) upset you a little, but when you start your own business you have to be prepared to take responsibility. On the bright side, because it is all about YOU, it also means it is possible to solve (as long as you are willing to do what it takes). You cannot hope for a different result and yet carry on doing what you've always done. This is actually the definition of insanity! So stop blaming everyone else when things go wrong and start blaming yourself.

## **Excuses**

There is a saying, "You can make excuses, or you can make money – but you can't do both" – so think about it and be prepared to make some changes. If a subcontractor let you down – whose fault is that? Yours, you hired them. How can you prevent that from happening again? If a client owes you thousands of pounds – whose fault is that? Yours, you need to stop the work when the money isn't forthcoming. If you are not finding clients, whose fault is that? YOURS! Name me FIVE things you've done to market your business today? Would it be fair to suggest there's more you could do? Then why aren't you doing it?

## 17 ENDING IT: Getting Out Of The Game

**S**ome people have made a life choice, to make a career out of bookkeeping. Others may only want to do it for a couple of years, to sell the business and move on or retire. Whatever the reason, you need to think ahead to plan for your exit strategy. Not everyone will be able to (or want to) buy your business outright, but some might want the odd client or two. You'll then have to put a value on this, in order to sell the client on.

I once got a call out of the blue. A guy was selling his firm, as he and his wife had the opportunity to go abroad, so they wanted to sell up quickly and leave the country. However, his wife (who then contacted me a few days later) had other ideas. And she wanted to pick off each client and sell them off separately for the highest price to different people. Needless to say – I left them to sort it out for themselves and stayed well clear. The problem you could have with an exit from your business is two-fold. What terms do you have with your client in terms of handing them over? If you tell

your client you are leaving the country – will they accept the new bookkeeper that you want to handover to, or will they say ‘never mind, I’ll do the books in-house from now on’, and that’s it – your business doesn’t exist? There’s nothing TO sell!

And secondly, how do you put ‘a value’ on such a client? It’s whatever you can argue. The buyer will always think the value is less than the seller. Usually, what can happen, is the outgoing person gets an upfront figure, and then a few months down the line they get another payment, and again another payment and a year later – another payment. It takes a lot of trust because what if the buyer refuses to pay the staggered payments? What if the seller ‘sells’ the client, and then the clients don’t last very long with the buyer? Exactly what have they bought? A huge amount of due diligence is needed.

## **Goodwill**

Goodwill does have a value. It is an intangible asset, but it can exist in a business – (not necessarily all businesses)! In some businesses the opposite is true. The business is tainted. And not worth being associated with. The buyer and seller just need to agree on this

figure. I've seen people not get anything for their business. They've had a few clients, and they've just told them all that they were retiring and told them to find someone else! I'd argue that this wasn't really a business though – it was a job.

I had a client who was turning over just over £1 million, but making about £100 profit, and he wanted to sell his business. He was convinced it was worth something (this, I don't dispute), but he couldn't agree on a value with any seller, and ended up not selling. In hindsight, he should have taken the money and ran, as a few years later the business went into administration and he got nothing. But hindsight is a wonderful thing.

## **Winding Down**

Sometimes, you might just want to wind down slightly – and just not take on any more new business. Or you may have bitten off slightly more than you can chew, and you need to let a few clients go before you topple over. Either way, you know your limits. And you just owe it to your clients to give them plenty of notice and to not drop them in it. Sometimes, you might be in a position to be able to point them to another bookkeeper, and sometimes, it's actually safer not to

and to let them find someone else, so that if it all does go horribly wrong, then there is no come-back on you. You'd be amazed at what clients can try and blame you for.

### **Age**

One of the best things about bookkeeping is that it's not really age-specific. In fact, it's one of the few occupations where perhaps older people are welcomed and expected and even preferred! So, if you are older – go for it. And if you want to wind down, you don't have to stop completely. You might just be happy to do it part time, and take it easy on your days off. People who do this tend to keep the best clients for themselves, and try to get rid of the rest. So just be wary if anyone offers you clients that they can no longer service. Sometimes there's a little bit more to it than what they say. I have learned this the hard way.

We had a trusted contact who said to me 'Lisa, I have a client, we can't continue to do their books. They really need a bookkeeper to go on-site and we don't offer that.' So in I went. I'm sure there must be a name for this type of referral – whereby you pass on a shit client to an unsuspecting new party and breathe a huge sigh

of relief that both of them believed you were doing them a favour...

Well, this client was in a complete mess. We battled with getting them into some sort of order for about 11 months, after which the amount they owed us kept on escalating, and we could just see that they were broke and it was pointless keeping two people on the job. They were consuming our resources and we had to get rid. And (typical), they didn't pay us as promised. 'Get our books up to date (end of the financial year) and we'll hand it over to the new bookkeepers' they said. Me, like an idiot took them on their word. Worked hard to get the job done. 1<sup>st</sup> April came and went – no money.

And at this point they owed several thousand pounds. (This was the client I mentioned earlier, where I said my personal best was £4,500). I'd allowed them to run up a debt to us of around £4,500. No money was forthcoming, so we referred it to a debt collection agency. Their response, was that they counter claimed against us for £40,000. Yes, you read that correctly

**FORTY THOUSAND POUNDS!** It was all such a load of crap. They were running out of

money left, right and centre. It wasn't just us they didn't pay – they didn't pay the VAT people. And when you don't pay the HMRC they charge you fines and penalties. They tried to say that we should pay that fine because we were the bookkeepers!!! It was ridiculous. That said, that's not even the biggest demand we've ever received. We had another solicitor client (making it up as they went along). They sent a bill for £56,000 (but kindly offered to reduce it to £33,000 if we paid it within 14 days). This is where volume two comes in, because I could write further stories about these people.

### **They think you can afford it!**

But, the good thing about nonsense like this, is that once it's happened once, you don't even blink when it happens again! I had a business friend who was worried about being threatened with a £10,000 bill. I just said 'is that all?' Not to seem flippant – it's a serious issue, but what you'll find is that once you've been running your business for 5 minutes 'all of a sudden' everyone thinks you're a millionaire!! Watch them all come crawling out of the woodwork with their hand out. Expect employees to steal clients from you (they think you can afford it), or take you to court for

some made-up a grievance (they think you can afford it), and clients to accuse you of something you've not done so that they can make a claim on your insurance (they think you can afford it too). On the one hand, be flattered that all these people think that 'you can afford it', but on the other – be prepared to fight your corner. You are not a bank, and they need to learn how to go and work hard for a living – just like you've done.

But the biggest lesson learned is the one of cashflow. The minute this client started getting out of hand – we should have ended it sooner. We could see that they weren't paying

	<u>Current</u>	<u>1-30</u>	<u>31-12</u>	<u>£1-30</u>	<u>7.50</u>	<u>Total</u>
Alice Springs Ltd	474.00	0.00	0.00	0.00	0.00	474.00
forborders place	0.00	508.44	0.00	0.04	0.00	508.44
Jerrys Kitchens	0.00	224.00	0.00	0.02	2.22	226.22
Sherry's Hotel	110.40	714.40	0.00	0.00	0.00	824.80
Tina Eckmann	187.00	199.75	211.50	0.00	0.00	597.25
Victor Arcadia	0.00	0.00	0.00	0.95	0.00	0.95
<b>TOTAL</b>	<b>718.40</b>	<b>1466.59</b>	<b>211.50</b>	<b>0.97</b>	<b>0.22</b>	<b>2459.05</b>

the HMRC – they had no money. They were broke. The overdraft was maxed out at near £150,000. They were paying their staff late or in part payments. All of these things are clues. Signs. Signals. And the loudest alarm bell should have sounded when they hadn't paid and still just wanted us to get them up to the end of their financial year. ALWAYS BE AWARE if this happens to you. All the client wants to do is for you to get their

work done, to a point where they can then they're going to take it to another person to continue. Just like the magazine who filed for bankruptcy shortly after we'd finished the. They kept saying 'the investors just need to see the figures and then they'll release the funds and we can pay you'. Always beware of people who want you to get them to the end point before they pay you. They may just be using you. Your bargaining power is stronger at the beginning of these types of arrangements. Even if you only get 50% of the money up front, even if they don't pay the balance, then that's SOMETHING. In the magazine's case, we easily wasted a good 60 hours i.e. 2 full time weeks doing their work, and never received a SINGLE PENNY. Not one pence. And we travelled over to their office to do their job. So, just learn from our experience and don't let it happen to you.

### **Handing Over**

Always be willing to hand over to the incoming bookkeeper. Remember, even if you don't have a particularly good relationship with the client, it's not the incoming bookkeepers fault. If you leave the place in a state, they'll only slag you off, so it's better to help them as much as you can and be available by phone for

a few weeks after. Should you get paid for the handover? I think so. But (again) refer to your terms of business. Maybe, if you have decided to leave, you'll do a free handover because you just want to leave. If on the other hand, they've decided to get rid of you, then perhaps you want to make sure you charge for your time, because every moment in there 'handing over' isn't helping you to replace this lost business.

Always leave on good terms. You'd be surprised how many people come back!



## 18 FINAL THOUGHTS: Tips from other entrepreneurs

### Get Into Your Flow

**T**here is no ‘magic business’ which is right for everyone. There are different businesses you can run, and it’s up to you what you choose. Remember that an ‘accountant’ is slightly different from a ‘bookkeeper’. They’re not a million miles apart, but there is a subtle difference. So be aware of what the different games are. And be clear on what your game is. Your game needs to flow for **you**. Get learning and put into action the new skills that you learn.

When you become good at playing your game, then the ball gets kicked to you more often. And people will be drawn to you because you’re doing something you enjoy and this always shows. The more you practice, the better you get and the more ‘on top’ of your game you become. This leads to higher visibility and more opportunities. Being in flow creates more moments to be lucky.

If you're into improving your game, a good book to read is Entrepreneur to *Ultrapreneur - 100 Ways to Up Your Game* by Julian Hall. I spoke to Julian and a few other entrepreneurs when I was doing my research for this book, and asked the question to various business owners – **What tips would you give someone who was just starting out now?** The responses I received were varied, and I've included the most relevant.

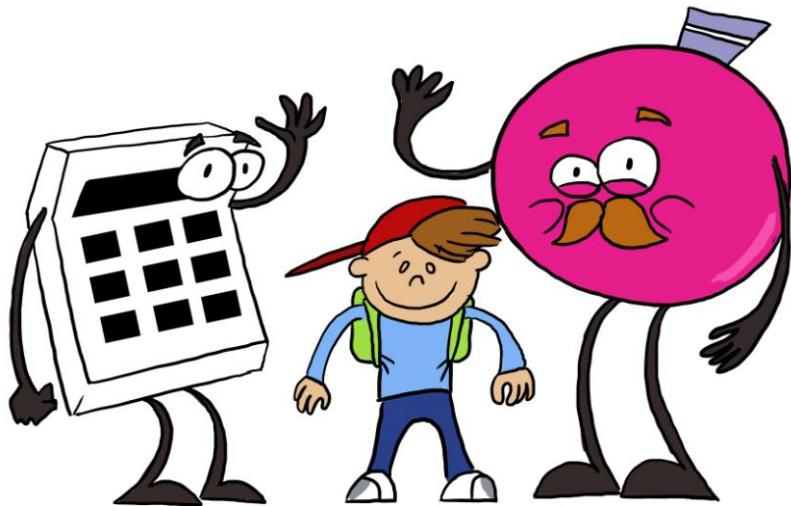
## **25 Success Tips**

- 1) Get the right advice from your industry experts
- 2) Do your research
- 3) Be professional from the outset – make sure you look the part and that you have the right procedures in place
- 4) Get contracts signed
- 5) Focus on your strengths – and get in help for everything else that you're no good at
- 6) People are busy. Give them a reason to buy from you. They may need an incentive or to buy into your USP (unique selling point)
- 7) People always need STUFF. Regardless of whether there is a recession or not, people are still buying things. Just get on with it
- 8) Find a mentor

- 9) Keep learning. You may have to wear a lot of hats and adapt a lot of skills that might be quite far from your original idea
- 10) Always be on the look-out for future trends and changes. Find the gap in the market
- 11) Use your contacts well
- 12) Be prepared to adapt at all times
- 13) Keep your costs down to a minimum
- 14) Don't give up your day job, but at the same time don't give up on your idea
- 15) Reputation is everything. Be someone people want to work with
- 16) It's unlikely you will make money in the first year, but you will spend a great deal of time and money getting things set-up
- 17) Know your target market. Communicate in the language that they understand
- 18) Create a database
- 19) Credit check your clients
- 20) Get out there: cold call, visit people, collect business cards, send e-shots, attend business breakfast meetings to try and grow the business [Find your local chamber of commerce or contact the Federation of Small Businesses or your local equivalent to find out what's going on in your local business community]

- 21) Analyse the health of the business as you go – year on year, month on month
- 22) Always get customer feedback and take what they say seriously
- 23) Work in alliance with your local competition
- 24) Always check the conditions of your lease
- 25) If considering a franchise always check the loyalty level you are expected to pay out

## 19 CASE STUDY: Mr Candy



I wanted to end the book with the short story of Mr Candy. He is the pink character waving on the back cover of this book (just in case who you wondering who they were – he's with Scott and Boogles). Their video can be found on the Boogles You Tube Channel: [www.youtube.com/booglesb](http://www.youtube.com/booglesb)

Mr Candy resides in Boogie Town. He owns a sweet shop. He needs some help with his business. I want to give you a flavour for the kind of characters and the kind of problems, which you could come across in bookkeeping. Whether a business is new, or has been

going a while – it can always benefit from a cash flow forecast and an analysis of some of their key ratios.

Have a go at doing the forecast for Mr Candy (exercise below). Once you've done it. Look at it carefully. If he were your client, what advice would you give him to improve his cashflow? A blank cashflow for your own use is in the appendix.

### **Cashflow Example Exercise – Mr Candy**

Overleaf – enter these transactions onto the cashflow forecast template.

- We inject capital of £2,000 in April
- We have a commission of £500 every June & December
- We have sales of £100 per month, but in Jan, Feb & Mar our sales are £300.
- We have a rush order of £1000 in September, and in November we have a Christmas order of £3,000
- Wages are £100 per month, in June & July its £200
- Rent is £50 per month

- Charity is £10 per month
- Corporation Tax of £800 is due in December
- Sundry expenses - is £20 per month
- Gifts in December are £500 for clients and staff party
- Training Course in Sep is £250
- Mobile phone is £50 per month
- Advertising is £80 per month in Apr, June, Sept & Mar
- We take £1,000 drawings in July
- In May, we spend £500 on equipment
- In Sep, we spend £2,000 on equipment

What advice could you give Mr Candy? ?

# Mr Candy's Cashflow – Blank Template

<b>Period (month)</b>	<b>DEU</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>
<b>Receipts</b>				
Sales - Cash				
Commissions				
Capital injected				
1 Rush orders				
<b>A Total Receipts (CR)</b>				
<b>Payments</b>				
Cash items				
Wages & Salaries				
Rent, rates				
Training Course				
Insurance				
Charity				
Mobile Phone				
Advertising				
Gifts				
Drawings / fees				
Stationary				
Sundry/ other expenses				
Corp Tax				
Capital expenditure				
<b>B Total Payments (DR)</b>				
<b>C Net Cash Flow (A-B)</b>				
<b>D Closing Bank Bal from E DR</b>				
<b>E (C+/-D)</b>	<b>DR</b>			

<b>Period (month)</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>
<b>Receipts</b>				
Sales - Cash				
Commissions				
Capital injected				
1 Rush orders				
<b>A Total Receipts (CR)</b>				
<b>Payments</b>				
Cash items				
Wages & Salaries				
Rent, rates				
Training Course				
Insurance				
Charity				
Mobile Phone				
Advertising				
Gifts				
Drawings / fees				
Stationary				
Sundry/ other expenses				
Corp Tax				
Capital expenditure				
<b>B Total Payments (DR)</b>				
<b>C Net Cash Flow (A-B)</b>				
<b>D Closing Bank Bal from E DR</b>				
<b>E (C+/-D)</b>	<b>DR</b>			

<b>Period (month)</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>
<b>Receipts</b>					
Sales - Cash					
Commissions					
Capital injected					
1 Rush orders					
<b>A Total Receipts (CR)</b>					
<b>Payments</b>					
Cash items					
Wages & Salaries					
Rent, rates					
Training Course					
Insurance					
Charity					
Mobile Phone					
Advertising					
Gifts					
Drawings / fees					
Stationary					
Sundry/ other expenses					
Corp Tax					
Capital expenditure					
<b>B Total Payments (DR)</b>					
<b>C Net Cash Flow (A-B)</b>					
<b>D Closing Bank Bal from</b>					
<b>E DR</b>					
<b>E (C+/-D) DR</b>					

## Solution – Mr Candy's Cashflow

<b>Period (month)</b>	<b>DUE</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>
<b>Receipts</b>				
Sales - Cash		100	100	100
Commissions				500
Capital injected		2,000		
1 Rush orders				
<b>A Total Receipts (CR)</b>		<b>2,100</b>	<b>100</b>	<b>600</b>
<b>Payments</b>				
Cash items				
Wages & Salaries		100	100	200
Rent, rates		50	50	50
Training Course				
Insurance				
Charity		10	10	10
Mobile Phone		50	50	50
Advertising		80		80
Gifts				
Drawings / fees				
Stationary				
Sundry/ other expenses		20	20	20
Corp Tax				
Capital expenditure			500	
<b>B Total Payments (DR)</b>		310	730	410
<b>C Net Cash Flow (A-B)</b>		1,790	-630	190
<b>D Closing Bank Bal from E DR</b>		1,000	2,790	2,160
<b>E (C+/-D)</b>	<b>DR</b>	2,790	2,160	2,350

<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>
100	100	100	100	100
		1000		3,000
<b>100</b>	<b>100</b>	<b>1,100</b>	<b>100</b>	<b>3,100</b>

200	100	100	100	100
50	50	50	50	50
		250		
10	10	10	10	10
50	50	50	50	50
		80		
1000				
20	20	20	20	20
		2000		
1330	230	2560	230	230
-1,230	-130	-1,460	-130	2,870
2,350	1,120	990	-470	-600
1,120	990	-470	-600	2,270

## How To Start Your Own Bookkeeping Business

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DEC	JAN	FEB	MAR
100	300	300	300
500			
<b>600</b>	<b>300</b>	<b>300</b>	<b>300</b>
100	100	100	100
50	50	50	50
10	10	10	10
50	50	50	50
			80
500			
20	20	20	20
800			
1530	230	230	310
<b>-930</b>	70	70	<b>-10</b>
2,270	1,340	1,410	1,480
1,340	1,410	1,480	1,470

## **Advice For Mr Candy?**

He's likely to go into the red (overdrawn) in September and October, so he needs to either make sure he has an overdraft in place, or to prevent this unauthorised overdraft (fines, penalties and the risk of payments bouncing), he need to look at his spending leading up to September.

Two suggestions - either 1) sell more or 2) spend less!

Can he increase his cash sales? Or push for another rush order? The capital expenditure really hits his cashflow. What is he buying? Can he spread out the cost of that purchase?

Sometimes, it's asking questions to the client – not necessarily having all the right answers, but just helping them to anticipate an event or situation, so that they're better prepared. And do note – IF you were doing his books, there'd need to be a line on this forecast called accounts/bookkeeping – so that your expense was taken into account too!

## **Interpreting Accounts For Mr Candy**

### **Profit & Loss Account for Candy Stores for y/e 31 March 12**

Sales Turnover	
Fees	48,815
Grant	<u>120</u>
	48,935
Cost of Sales	
Stocks	390
Direct Labour	950
Discounts allowed	<u>265</u>
	1,605
Gross Profit	47,330
Expenses	
Accountancy fees	2,525
Advertising & PR	1,981
Bad Debts	0
Bank Charges	317
Book Keeping	2,446
Conference	389
Employers NI	6,989
Fines	0
Health & Safety Equipment	205
Interest - loan	200
Light & Heat	2,367
Postage	95
Rent	9,330
Software	3,483
Telephone & fax	1,579
Travel	300
Wages & Salaries	<u>14,543</u>
	46,749
Net Profit before tax	581

**Balance Sheet for Candy Stores****as at 31 March 12****FIXED ASSETS**

Intangible	2,300
Equipment	<u>2,000</u>
	4,300

**CURRENT ASSETS**

Stock	900
Debtors	2,700
Deposit account	2,900
Cash in Hand	<u>193</u>
	6,693

**CURRENT LIABILITIES**

Creditors	3,000
Inland Revenue	1,758
Overdraft	200
Wages & Salaries	<u>407</u>
	5,365

WORKING CAPITAL 1,328

TOTAL ASSETS - CURRENT LIABILITIES 5,628

**CREDITORS DUE AFTER MORE THAN ONE YEAR**

Loans	3,000
	<u>2,628</u>

**TOTAL ASSETS**

FINANCED BY:	
Capital & Reserves	2,047
Retained Profit	<u>581</u>
	<u>2,628</u>

If you had prepared these figures manually, or on a computerised system – what could you tell Mr Candy about what was happening in his business? What can you see in these figures? This is boarding on the line of accounting and management accounts and ‘higher level’ bookkeeping, but still – you should have an opinion, and your client can either listen to you or chose to ignore you. That’s up to them. Or this type of activity could just be an additional service that you could charge for.

### **Useful Ratios**

Gross Profit Margin

Net Profit Margin

Current Ratio

Acid Test Ratio

Stock Turnover

Debtors Days

Creditors Days

### **Mr Candy's Ratio Analysis**

**Gross Profit Margin** is Gross Profit as a percentage of sales.  $(GP/Sales) * 100\%$

$$47,330 / 48,935 = 96.7\%$$

What does this mean? It means that for every £1 received in sales, 96.7p was gross profit.

**Net Profit Margin** is Net Profit as a percentage of sales.  $(NP/Sales) * 100\%$

$$581 / 48,935 = 1.19\%$$

This means that for every £1 that Mr Candy receives in sales, after everyone has been paid, there is 1.19p left.

**Current Ratio** is Current Assets divided by Current Liabilities:  $6,693 / 5,365 = 1.25$ . This is a measure of liquidity.

It shows that for every £1 liability, Mr Candy has £1.25 of asset to cover it. The general rule of thumb is for this ratio to be 2 and above. However, this might vary by industry.

**Acid Test Ratio** is (Current Assets minus stock) / Current liabilities:  $(6,693 - 900) / 5,365 = 1.08$

If companies carry a lot of stock, then the aim of this equation is to take out the stock and to look at the baseline figure. The general rule of thumb is to be more than 1. Mr Candy is more than 1, so we can conclude he's within the norm.

**Stock Turnover** is cost of sales/ average stock.  $1,605 / 900 = 1.78$  times per year.

This is a useful ratio for companies that carry stock (like Mr Candy). All shops want their stock to be sold, so the higher this figure, the better.

**Debtor Days** is (Debtors / Sales) x 365 days. It shows how long (on average) customers take to pay. Thus the lower, the better. In Mr Candy's case  $2,700 / 48,935 = 20.14$  days.

Is this good or bad? It could be either. All ratios shouldn't just be accepted at face value, but they're a useful indicator, and they're useful if you can compare them to something else. What was Mr Candy's ratio last year? Are these ratios better or worse? Can you compare 3 months? Are the ratios improving or worsening?

**Creditor Days** is (Creditors / Purchases) x 365 days.  $3,000 / 46,749$  (our total expenses figure) x 365 = 23.42 days.

This shows how long (on average) we take to pay our suppliers. The higher, the better. Ideally, we want it to be higher than the debtor days.

As this is the closing chapter, lets just refer back to page 3. I did say I would ask you the question again. What is stopping you from starting your own bookkeeping business?

*And what is stopping me is \_\_\_\_\_*

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I hope that this book has helped you to clarify what you need to do and who you need to be, in order to be successful in a business like this. There is only one person who can really stop you, and that is you. I'd urge you to do your research into your competition and to know yourself. There are a lot of psychological tests out there, which can help you to identify what your strengths are and what type of occupation your personality would be most suited to. You may or may not accept the analysis, but I've found a lot of these tests to be fairly accurate. A budget template for you

personally, and one for your business (remember YOU are not your business, so you need to keep your financial affairs separate) are in the appendix, so do have a go at filling them in. Add extra lines if you need to, and / or cross out what is unnecessary. There are quite a few exercises and templates and thinking & planning which this book requires you to do. Don't skip over them. Go back and have a go. It is for your benefit. Taking the plunge to start any business isn't one to take lightly, but you are likely to be more successful, if it's something you've thought through, and something which 'fits' your skills. Some people will hate looking at Mr Candy's figures. They don't really care. They're not interested! Well, I'll suggest that you may find this type of business harder than you think.

One should always be 'in flow' when they work. When you are 'in flow' then "work" isn't really "work" in the traditional sense – instead, you're just getting paid to do something you actually enjoy – it's great. Try to find the thing that you enjoy. Don't embark upon a business venture for the money you think it'll make, but do something that you're passionate about, and that you'll enjoy. And, if there are parts of bookkeeping that you have discovered that you like more than others – focus on those bits, do as much of that as you can. This will

make working all the hours that little bit more bearable because it won't be 'work' for you, it'll be fun! Like it is for me. Good luck!

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You've made it to the end of the book! Well done! If you enjoyed this book, please leave a favourable review online on Amazon. Then email a copy of the review (or just alert us that you've written a review) to [mail@howtostartyourownbookkeepingbusiness.com](mailto:mail@howtostartyourownbookkeepingbusiness.com) and as a special thank you (SPECIAL BONUS GIFTS) we'll give you:

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## RESOURCES

[www.AAT.org.uk/footsteps](http://www.AAT.org.uk/footsteps) (As an active member of the AAT I'd wholeheartedly encourage others to take this qualification. Quote my AAT membership number to them: 170646)

[www.Boogles.info](http://www.Boogles.info) (Bookkeeping Franchise)

[www.Boogles.tv](http://www.Boogles.tv) (blog – share your nightmare stories) and Categories > Templates – download a cashbook, cashflow and/or budget template

[www.BusinessesForSale.com](http://www.BusinessesForSale.com) (Businesses For Sale)

[www.CompaniesHouse.gov.uk](http://www.CompaniesHouse.gov.uk) (UK companies – check the names that have been taken)

[www.CoursesPlus.co.uk](http://www.CoursesPlus.co.uk) (courses)

[www.DaltonsBusiness.com](http://www.DaltonsBusiness.com) (buy a business, sell a business)

[www.FloodLight.co.uk](http://www.FloodLight.co.uk) (courses)

[www.FSB.org.uk](http://www.FSB.org.uk) (Federation of Small Businesses champion the little business)

[www.GOV.uk](http://www.GOV.uk) (National Skills Academies)

[www.HMRC.gov.uk](http://www.HMRC.gov.uk) (UK Tax Office)

[www.HowToStartYourOwnBookkeepingBusiness.com](http://www.HowToStartYourOwnBookkeepingBusiness.com) (Additional resources available in the online shop – various template contracts, discounted accounts software programmes, other books by the author, training courses, general business templates)

## How To Start Your Own Bookkeeping Business

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[www.ICO.org.uk](http://www.ICO.org.uk) (Keep in mind the Data Protection Act when collecting personal information from your customers)

[www.LisaNewton.co.uk](http://www.LisaNewton.co.uk) (about the author)

[www.PayLessForYourBills.co.uk](http://www.PayLessForYourBills.co.uk) (reduce your costs)

[www.SmallBusiness.co.uk](http://www.SmallBusiness.co.uk) Small Business advice (UK)

[www.Twitter.com/Lisa\\_Newton1](http://www.Twitter.com/Lisa_Newton1) (latest tweets)

[www.WorkAsABookkeeper.com](http://www.WorkAsABookkeeper.com) (UK bookkeepers are sent leads for bookkeeping work each month)

[www.WorkPartTimeFromHome.co.uk](http://www.WorkPartTimeFromHome.co.uk) (for UK bookkeepers who want to add an additional income stream to their business model)

[www.YouTube.com/BooglesB](http://www.YouTube.com/BooglesB) (latest videos)

## Online Training: How To Start Your Own Bookkeeping Business Course

[www.Udemy.com/start-your-own-bookkeeping-business](http://www.Udemy.com/start-your-own-bookkeeping-business) Use the code: HSYBBB15 to get 15% off this course

## Email resources (free)

[backup@booglesltd.com](mailto:backup@booglesltd.com) (data back up link)

[cover@booglesltd.com](mailto:cover@booglesltd.com) (reliable bookkeeping cover if you are sick, need a holiday or inundated with work)

## FREE resources that help with your business

<http://db.tt/227vL0S> (save & share your files online)

## **Bank sites**

[www.barclays.co.uk/business](http://www.barclays.co.uk/business)

[www.business.hsbc.co.uk](http://www.business.hsbc.co.uk)

<http://www.lloydsbank.com/business>

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'Listen' to an extract of the audiobook:

<https://soundcloud.com/booglesb>

**APPENDIX****Cashflow Forecast Template**

<b>Period (month / week)</b>	<b>Due</b>			
<b>Receipts</b>				
Sales - Cash				
Commissions				
Capital injected				
<b>A Total Receipts (CR)</b>				
<b>Payments</b>				
Cash items				
Wages & Salaries				
Rent, rates				
Training Course				
Pension				
Credit Card				
Insurance				
Advertising				
Telephone/postage/travel				
Professional fees				
Bank / financial charges				
Drawings / fees				
Stationary				
Sundry/ other expenses				
Corp Tax				
Capital expenditure				
<b>B Total Expenses</b>				
<b>D Closing Bank Bal from E Dr</b>				
<b>E (C+/-D) DR</b>				
<b>Agreed Overdraft Facility</b>				

<b>Period (month / week)</b>	<b>Due</b>			
<b>Receipts</b>				
Sales - Cash				
Commissions				
Capital injected				
<b>A Total Receipts (CR)</b>				
<b>Payments</b>				
Cash items				
Wages & Salaries				
Rent, rates				
Training Course				
Pension				
Credit Card				
Insurance				
Advertising				
Telephone/postage/travel				
Professional fees				
Bank / financial charges				
Drawings / fees				
Stationary				
Sundry/ other expenses				
Corp Tax				
Capital expenditure				
<b>B Total Expenses</b>				
<b>D Closing Bank Bal from E</b>				
<b>DR</b>				
<b>E (C+/-D)</b>				
<b>DR</b>				
<b>Agreed Overdraft Facility</b>				

## **Business Budget Example**

**Year      Month      Week**

<b>Period (month)</b>			
<b>Receipts</b>			
Sales - Cash			
Commissions			
Capital injected			
Asset Disposals			
1			
2			
<b>A Total Receipts (CR)</b>			
<b>Payments</b>			
Cash items			
Wages & Salaries			
Rent, rates			
Training Course			
Investments & Shares			
Pension			
Credit Card			
Insurance			
Charity			
Mobile Phone			
Advertising			
Telephone/postage/travel			
Professional fees			

	<b>Year</b>	<b>Month</b>	<b>Week</b>
Deposit a/c			
Books			
Gifts			
Bank / financial charges			
Drawings / fees			
Stationary			
Sundry/ other expenses			
Corp Tax			
Capital expenditure			
<b>B Total Payments (DR)</b>			
<b>C Net Cash Flow (A-B)</b>			
<b>D Closing Bank Bal from E DR</b>			
<b>E (C+/-D) DR</b>			
<b>Agreed Overdraft Facility</b>			

## Personal Budget Template

**Year      Month      Week**

<b>Period (month)</b>			
<b>Receipts</b>			
Wages			
Salary			
Gift			
1			
2			
Interest			
Loan			
<b>A Total Receipts (CR)</b>			
<b>Payments</b>			
Cash items			
Car			
Loan repayment			
Food			
Training Course			
Investments & Shares			
Pension			
Credit Card			
Insurance			
Charity			
Mobile Phone			
Travel			
Advertising			
BNI			
Telephone/postage			
Internet			
Subscriptions			

	<b>Year</b>	<b>Month</b>	<b>Week</b>
Books			
Gifts			
Bank / financial charges			
NI / TAX			
Stationary			
Sundry/ other expenses			
1			
2			
3			
4			
5			
6			
Capital expenditure			
<b>B Total Payments (DR)</b>			
<b>C Net Cash Flow (A-B)</b>			
<b>D Closing Bank Bal from E DR</b>			
<b>E (C+/-D) DR</b>			
<b>Agreed Overdraft Facility</b>			

## **Marketing Plan**

<b>PRODUCT</b>	
<b>PRICE</b>	
<b>PLACE</b>	

<b>PROMOTION</b>	
<b>UNIQUE SELLING POINT (USP)</b>	

## INDEX

- accountants ... 13, 99, 126, 167  
Accounting ..... 41, 72, 247  
accounts *xii*, 5, 12, 41, 60, 61, 63, 64, 77, 79, 86, 99, 152, 168, 185, 188  
action ..... 249  
advert....7, 16, 69, 91, 97, 102, 108  
auditor..... 151  
**Awards** ..... 247  
back up ..... 8, 66, 183  
bad debt ..... 173  
bank ... *xiii*, 23, 25, 26, 27, 28, 29, 30, 31, 61, 73, 74, 78, 79, 82, 87, 88, 92, 118, 119, 120, 122, 123, 160, 170, 172  
**Bank** ....*ix*, 25, 26, 27, 28, 29, 30, 73, 80, 81, 82, 118, 119, 120  
bank rec*xiii*, 25, 26, 31, 32  
bank statement 26, 29, 30, 32  
Boogles.. *ii*, *ix*, *x*, 194, 195  
book ..... 249, 251  
bookkeepers ..... 249  
bookkeeping . *xi*, *xii*, *xiii*, 1, 3, 14, 15, 17, 22, 23, 24, 34, 35, 75, 79, 91, 99, 102, 122, 146, 157, 171, 186, 195, 200, 203, 249  
borrowing..... 162, 188  
budget.....41, 44, 92, 108, 133  
business...*ix*, *x*, *xi*, *xii*, *xiii*, *xiv*, 1, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 22, 32, 33, 37, 38, 41, 45, 47, 49, 50, 51, 52, 53, 58, 60, 65, 66, 70, 71, 73, 75, 77, 78, 79, 83, 88, 89, 90, 91, 92, 93, 95, 98, 100, 101, 102, 103, 108, 109, 112, 121, 122, 123, 135, 137, 140, 146, 147, 153, 154, 158, 160, 166, 180, 184, 188, 192, 194, 195, 196, 198, 200, 201, 202, 208, 247, 248, 249, 250  
business owner ..... 250  
Business Plan ..... 18  
**Calculator** ..... 70  
Cash....27, 28, 29, 30, 32, 41, 79, 80, 81, 118, 119, 120  
CASH FLOW ..... 160  
cashier..... 27  
Certificate ..... 72  
Cheque ..... 29, 30, 120  
class..... 251  
client6, 17, 18, 20, 22, 31, 33, 34, 35, 38, 39, 42, 44, 46, 50, 55, 58, 60, 61, 62, 64, 65, 66, 72, 77, 78, 79, 83, 85, 87, 93, 94, 95, 98, 100, 110, 112, 116, 123, 126, 135, 137, 139, 141, 143, 147, 148, 149, 150, 151, 153, 156, 158, 161, 163, 164, 165, 166, 168, 169, 170, 171, 175,

181, 183, 184, 185, 187, 198, 200, 201, 202, 207	holiday...4, 13, 14, 52, 85, 87, 129, 155, 156, 158, 182, 183, 188
clients.....249	home insurance .....71
Companies House..73, 188	hourly rate .....152
<b>competence</b> ....22, 23, 41	image.....34, 70
competition .....43, 212	income.....250
Corporation Tax ..188, 215	<b>Insurance</b> .....71, 81, 82
costs 38, 40, 43, 140, 153, 161, 211, 233	<b>Internet</b> .....68, 239
credit...78, 79, 83, 84, 86, 119, 133, 152, 161, 167, 168, 170, 173, 175, 176	invoice...61, 85, 122, 143, 150, 161, 163, 164, 168
<i>credit cards</i> .....84, 170	Legal .....71
customer... 43, 44, 78, 79, 83, 85, 148, 212	letter of engagement . 118, 123, 135, 148, 149, 162, 181
debit 38, 78, 86, 118, 160, 176	liability.....ii, 12, 72
Debt .....169	license .....72, 73
double entry .....79	limited company ....14, 51, 73, 173
employee ...xii, 4, 15, 129, 156	<b>Limited Company</b> .....12
employees..... xii	logo..... 7, 89, 91, 133
energy .....251	management information .....22
entrepreneur .....17, 247	marketing .....249
Equipment.... 68, 223, 224	Marketing..... 247
expenditure . 92, 216, 217, 218, 219, 222, 235, 236, 238, 240	MARKETING..... 96
expenses..... 161	money .....137, 248, 251
facebook .....251	<b>Money Laundering</b> ... 126
failure..... xiv	Net Profit20, 21, 223, 225, 227
forums..... 84	networking .....20, 53, 90, 104, 113, 136, 139, 143, 149
Franchise .....194, 195	Newspapers..... 97, 103
freelance.....83	Newton .....247
full time17, 66, 92, 93, 99, 103, 176	niche .....45
Goodwill..... 201	online .....251
Google..... 102	overdraft..ix, xiii, 206, 222
Gross Profit .223, 225, 226	overheads .....140
HMRC ..... 12, 73, 185	paperwork. xiii, 12, 14, 68, 71, 135, 187
	part time.66, 93, 103, 203

<b>Partnership</b> .....	13
payment terms .....	ix, 123, 130, 162, 169
payroll .	15, 41, 43, 65, 86, 87, 99, 158, 182, 186
pension .....	50
premises .....	65, 72, 166
Price .....	42, 149
professional body ..	72, 84, 127
profit ....	xiv, 76, 122, 140, 154, 202, 226
Promotion .....	50
qualifications .....	<i>xii</i> , 77
QuickBooks.....	62, 83, 85
receipts..	31, 84, 157, 158, 167
Reconciliation...	27, 29, 30, 80, 81, 82, 119, 120
Referral.....	107
<b>Referrals</b> .....	54
Revenue.	xiv, 12, 181, 224
Sage.....	62, 83
sales	65, 90, 101, 108, 149
school .....	250
secret .....	249
self assessment.....	12, 13
selling....	45, 65, 153, 200, 202
Skill.....	9
software....	23, 61, 62, 63, 64, 66, 83, 185
Software .....	61, 83
SoliBooks .....	62
staff.....	<i>ix</i> , 6, 15, 71, 101, 129, 136, 147, 164, 169, 182
stationery.....	70, 134
stocks.....	250
stuff .....	250
subcontractor ....	130, 136, 137, 138, 139, 143, 147, 164
success.....	250
suppliers .....	ix, 6, 25, 118, 129, 135, 168, 179, 229
systems ..	62, 64, 152, 186
tax return .....	12, 13
Telephone ..	223, 235, 236, 237, 239
template .....	19, 127, 250
terms ...	<i>ix</i> , 66, 71, 73, 94, 123, 133, 134, 135, 151, 161, 162, 163, 164, 167, 169, 171, 186, 200, 208
Training .....	215, 216, 217, 218, 219, 235, 236, 237, 239
universe.....	251
USP .....	65
value ....	<i>ix</i> , 200, 201, 202
VAT .....	10, 100, 158, 171, 185, 186
<b>Website</b> .....	51, 108
word of mouth .....	20, 54
workaholic.....	156
workshops.....	248
world .....	250
year-end .....	99, 151, 152
Yellow Pages.....	108

## ABOUT THE AUTHOR

Born in Nottingham, UK, Lisa Newton moved to London to study Accounting with Marketing at Middlesex University. Graduating with a first class honours degree, she then went on to do an MSc in Investment Management at City University. In the same month of graduating Lisa formed her first company (Boogles) with £150 which was helping people to do their bookkeeping. An Accounting Technician since the age of 16, Lisa is a member of the AAT and also the ICB.



Lisa is a serial entrepreneur and author and holds several finance directorships sitting on the board in various industries including software, hair & beauty, food retail, family support services, publishing as well as finance. She has won various awards in Business including: Young Entrepreneur of the Year Award 2007 with Precious Online and in 2008 Enterprising Business Award and has been nominated and a finalist in numerous others including her bookkeeping business being short listed to the final 5, out of 14,500 entries for Best Bookkeeping Practice Lucas Awards in 2009 and 2011 and Boogles being short listed for Best Accounting Franchisor in 2011 by the BKN awards. In 2012 & 2013 Boogles won the BKN Best Accounting Franchisor award.

## How To Start Your Own Bookkeeping Business

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A strong supporter of women in business and entrepreneurial people, Lisa is an Ambassador for Enterprising Women (the UK campaign to give women confidence and ambition to be enterprising - to have ideas and to make them happen). Lisa does talks on cashflow and general money management and has written books specifically on this topic. She runs a Think And Grow Rich course online at: [www.Udemy.com/Think-And-Grow-Rich](http://www.Udemy.com/Think-And-Grow-Rich) and runs an online course specifically for those who want to start a bookkeeping business.

Lisa supports the charity The MS Society. A speaker, consultant and an avid net-worker, Lisa enjoys meeting people and encouraging them to follow their dreams and start a business. In her spare time, Lisa likes travelling, dancing salsa, cosmic ordering, writing books and learning languages. More about the author can be found at: [www.LisaNewton.co.uk](http://www.LisaNewton.co.uk)

Email me: [lisa@lisanewton.co.uk](mailto:lisa@lisanewton.co.uk)

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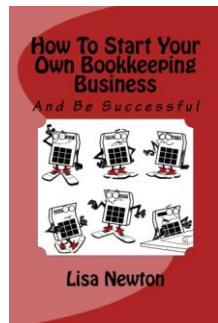
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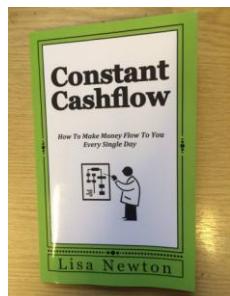
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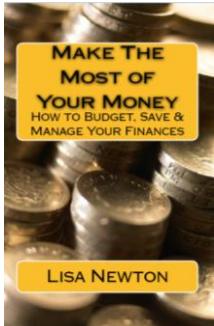
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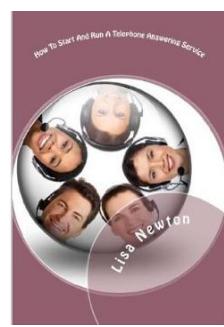
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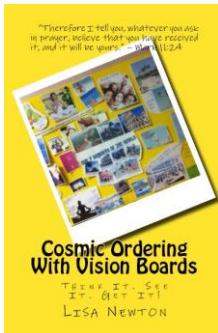
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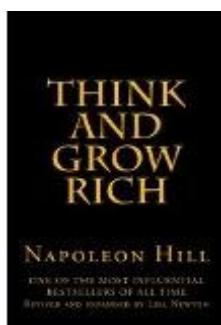
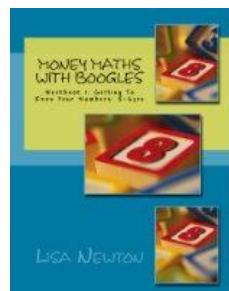
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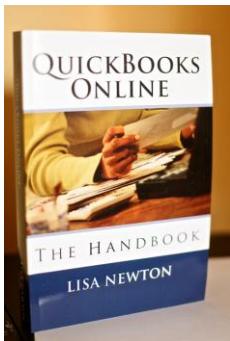


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