



Accounting systems for start ups —a hype or a need?

Do you really need an accounting software for your start-up?

The straight answer from a professional perspective is yes. That is the typical perspective of a professional software seller. Accounting software are usually sold in packages which are called “ERP” or enterprise resource planning system. This is one good way to tie-in a client for a hefty amount of investment for a “forecasted” need of such system.

While I do not plan to go lengthy at this point (which might cause rage amongst our ERP-vendor friends!), allow me to highlight a few circumstances when you might actually need one as discussed below.

1. Inventory set-ups are complex

The key driver to employ an ERP system is when your start-up’s inventories are too complex to manage using simple spread sheets or manual stock cards. There’s not much struggle when your start-up is doing simple retail, restaurant, fast-food, more so if your start-up is in a project-based business.

Many people sell these shiny software for a good reason, including that this can be more efficient, this can provide fabulous graphs and charts, and this can be really costly for your start-up. Before you decide to go ERP, have a chat with a good accountant or even bookkeeper if you need one. Just make sure they’re not selling the same (or you would just be more convinced to get one!).

2. Bookkeeping process is highly efficient

If you want to focus doing your business while monitoring your financials on the go, then probably a cloud-based ERP systems will do wonders for you. But don't expect magic. If you don't update your financial records—such as scanning in your invoices, receipts and other documents—then don't expect the system to magically generate an updated report.

At the end of the day, your bookkeeping speed won't change just because of changing the system.

Now, do you think that your business can cope up with your expectation? Think not just once, not twice, but a lot of times. In most circumstances, a start-up can only afford a cheap stake accountant or bookkeeper. More ever, your records are most likely not up to date since you are more focused on operating your business rather than exerting effort on scanning and taking picture of your receipts and invoices.

3. Just damn rich

And of course, you might not be the typical start-up bootstrapping on limited cash. So feel free, indulge and spend all those capital for an ERP for the sake of beauty and pride.

There are a lot of reasons why you don't need an accounting system. There are loads of free software available in the market. Most of the time, your good old Microsoft Excel can do its trick. Just make sure you keep your records ready when you need to move on.

Take time before making any investment decision on buying an accounting software. At the end of the day, don't you trust your accountant? Or is your accountant moving he's business into sales?

(Note: The Board of Accountancy will hold an “SMP Summit (Expanding the Horizons of SMPs)” on May 9 and 10, 2017 at the Metropolitan Club in Rockwell, Makati City, Details are posted in <http://boa.com.ph/join-the-smp-summit-on-may-9-10-and-hear-the-major-pronouncements-affecting-smpts-from-the-board-of-accountancy/>)

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This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to boa.secretariat@gmail.com.