



It's No Fairy Tale

Goldilocks' search for
the perfect accounting software

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Once upon a time, there was a small business owner named Goldi. She opened a boutique furniture store that provided furniture designed to each customer's unique specifications. Goldi had plenty of customers, thanks in part to the excellent PR she received from starring in a book with a couple of bears from her childhood. But Goldi wasn't one to rest on her laurels – she wanted to put her childhood fame (and that nasty lawsuit filed by Baby Bear) behind her. She planned to make a name for herself by running a successful and profitable furniture business. She created a detailed business plan and set out to find the ideal business solution.

Goldi knew it was important to start out with the right tools, but like many small business owners, she didn't know where to start or what to look for. But Goldi was confident she would know the right solution when she saw it. This is the story of Goldi's search to find software that was the perfect fit for her small business.

Goldi is wise to understand the importance of the right tool in building a successful long-term business. She has a clear idea of where she wants to go and wants a solution that will support her in reaching her goals. She has started out with a plan to use the right tool from the beginning, rather than waking up one day to find herself losing control of the business.

Here are some questions Goldi should answer before she begins her search:

- 1. What types of transactions will I have?**
- 2. How many people will need access to my system?**
- 3. What sort of relationships will I need to monitor in the course of doing business?**
- 4. Will I have payroll or jobs to keep track of?**
- 5. Who else needs to see my financial results?**
- 6. What kind of reporting will I need to manage the business?**

With her answers in mind, Goldi put on her best pair of walking shoes and headed out in search of software that was just right for her furniture business.

About Furniture by Goldi:

1. What types of transactions will I have?

A. Goldi will be purchasing goods and materials on account and will be selling furniture and accessories for cash and credit. She needs to manage receivables and payables and needs to track credit limits for each customer. She wants to track her direct costs and her operating expenses separately. She also wants departmental reporting when her business grows.

Mint.com

Goldi's first stop online was at a website called Mint.com. She was drawn to the simplicity of the site and liked having a connection to her bank account. While Mint.com let Goldi see how much money she spent by category, she had no way to tell if she was making money on individual furniture sales, she couldn't produce financial statements, and she couldn't enter unpaid bills.

Like many other cash-based tools, Mint.com does a great job of summarizing past activity, but it doesn't help Goldi analyze her business results or plan for the future. The site is designed for individuals who want to build a budget for each month and then track their progress against that budget.

Mint.com falls short for business use in the following areas:

- 1. Non-cash transaction tracking: It can't manage bills or receivables.*
- 2. Inventory control: It can't handle product sales or purchases.*
- 3. Operational insights: There is no way to track product margins or separate the elements of her business between direct and operating costs.*
- 4. Reporting: It doesn't produce financial statements.*

Mint.com does, however, have some great features that Goldi should look for in the business software application she decides to buy:

- 1. Dashboards and displays: Information is displayed in a visual way, which helps a non-financial person understand the numbers.*
- 2. Alerts: Alerts notify Goldi when she is over budget in categories she creates.*

Goldi's rating of Mint.com: Too little

Goldi understood the importance of tracking and monitoring her spending habits, but she knew her business would involve more than cash receipts and disbursements. She wanted to build customer lists, manage vendor and supplier relationships and hire employees. She wanted a system that could create and monitor financial statements and produce information that she could share with her banker and accountant.

Goldi was ready to resume her search.

About Furniture by Goldi:

2. How many people will need access to my system?

A. Goldi plans to grow the business, so she expects to start with three system users and then add more as she goes.

inDinero

Next, Goldi went to another web-based solution called inDinero. She found it to be similar to Mint.com but targeting businesses, not individuals. Goldi thought she might find a fit here, until she dug deeper into the application. Like Mint.com, inDinero used online banking information and credit card transactions to create categories of spending. It was designed to be simple and straightforward. It produced a slick financial dashboard—but where was the inventory tracking, and where would Goldi put all of those invoices from her suppliers that needed to be paid next month?

inDinero targets small business owners who want to get better control of their cash. It tracks categories of expenditures from bank and credit card accounts but doesn't manage customer or vendors directly. It is not designed to manage product sales or inventory and is best used by cash-basis businesses. It is described as a "cashflow" tool. It is the next logical extension of online banking, but it doesn't go far enough to meet Goldi's needs as a business owner.

Here are some of the missing features for a small business owner like Goldi:

1. *Non-cash transaction management: It can't manage bills or receivables, although it does integrate with Freshbooks, which is a small business invoicing solution.*
2. *Inventory control: It can't handle product sales or purchases.*
3. *Bank transfers: There is no way to originate cash transfers or EFT payments from the application.*
4. *Bank reconciliations: There are no built-in tools for reconciling cash accounts and accounting for items in transit.*
5. *Operational insights: There is no way to track product margins or separate the elements of her business between direct and operating costs.*
6. *Retail tools: There is no tracking of sales amounts or ability to integrate with Point of Sale systems.*
7. *Unit tracking: There are no tools for monitoring which items are selling.*
8. *Quote and invoice tracking: There is no ability to generate quotes, orders or invoices in the system.*
9. *Customer tracking: There is no place to track or monitor a customer list and no place to record or set credit limits.*
10. *Payroll: There is no ability to add payroll processing.*
11. *Reporting: It doesn't produce financial statements.*

Here are some features that Goldi will look for in the solution she selects:

1. *Dashboards and displays: Information is displayed in a visual way, which helps a non-financial person understand the numbers.*
2. *Online banking integration: Her system should make it easy for Goldi to reconcile her bank accounts and import transactions.*

Goldi's rating of inDinero: Too light

Goldi was starting to wonder if her search was impossible. Would she have to choose between ease of use and good information? Why couldn't someone build a solution that would help her take control of all areas of her business? Weren't all fairy tales supposed to have a happy ending? Goldi, who was not one to be easily discouraged, pulled herself together and continued her search.

Mycheckfree.com

Next Goldi happened upon an online solution called Mycheckfree.com, which was designed to help her pay her vendors and suppliers. While this product would streamline her bill-paying activities, it wouldn't help Goldi manage her products or customers or give her a true financial picture of her business. It seemed to Goldi that she needed a complete package—a solution that would address all of her business management needs in one place.

Mycheckfree.com is an electronic payables management solution. Goldi is right in thinking she needs more. While Mycheckfree.com focuses on one area of a business, it doesn't address many other critical areas—like customers, items, or financial reporting. It can be integrated with full-service accounting applications to extend its power, but Goldi wants one tool with everything in one place, and she doesn't want to have to worry about synchronization or messing with technology to get everything to work.

Here are some reasons this solution won't meet Goldi's needs:

1. *Customers and items: The solution only manages vendor and supplier invoices and payments. Goldi will still need help handling the other areas of her business.*
2. *Financial reporting: There are few options for gaining insight into transactions and no financial statements provided.*
3. *Integration with inventory: Goldi needs a system that allows her to connect her inventory and payables system so she can automatically reorder materials whenever her quantities on hand are too low.*

Here are some features Goldi might want in her solution:

1. *Automated bill payment: Goldi's solution should provide multiple payment options; she might wish to pay by check or electronic funds.*

Goldi's rating of Mycheckfree.com: Too specialized.

Goldi was growing tired, but after a refreshing bowl of porridge, she resumed her trip down the information super-highway.

About Furniture by Goldi:

3. What sort of relationships will I need to monitor in the course of doing business?

A. She wants to stay on top of customer and vendor relationships and provide financial information to her banker when she is ready to borrow funds to grow her business.

QuickBooks®

Goldi found her way to QuickBooks. She installed a trial version of QuickBooks on her computer and began entering transactions. She liked working from a virtual checkbook register, but when it came time to run reports and track her inventory, Goldi got a little frustrated. She couldn't keep track of item builds, account for costs the way she wanted, or make adjustments easily. She thought the basic financial reports were pretty limited, so she would need to buy an additional report writer to create the reports she wanted.

QuickBooks is a widely used and respected application. Business owners are drawn to its simple interface and ease of use. Unfortunately, ease of use on the front end sometimes means extra work on the back end—when reports aren't right, inventory isn't costed properly, and employee controls aren't in place. A business solution shouldn't require Goldi to choose between ease of use and quality of information; she should be able to have both.

Here are some reasons QuickBooks might not be the perfect fit for Goldi:

1. *Inventory control: She needs a comprehensive inventory management solution. She will be keeping a close watch on her inventory and will need to convert components into finished goods, assemble kits of items into groups, and convert quantities.*
2. *Rights and passwords: Goldi hopes to have multiple employees using her system. She wants to be able to restrict their access within their job functions. In the sales area, she might want to set up one employee so that he can only read invoices, while another employee can make changes to line items or customer accounts. Specific rights within individual screens will give Goldi better control over her employees.*
3. *Accounting periods: Goldi has found that it is very easy to delete checks and invoices that were entered months and even years ago. She is afraid that she won't be able to rely on information she sends to her accountants and bankers if the numbers keep changing.*
4. *No benchmarking data: Goldi wants to be able to compare her results with those of other similar businesses.*
5. *Room to grow: Once Goldi expands her business in multiple locations, she is afraid she won't have room to grow in the software. She would like to have a solution that offers a long-term growth path for her business as it evolves.*

Here are some features Goldi would want to find in her solution:

1. *Customer snapshot: All customer information is available from one screen.*
2. *Ability to export information to Excel: Goldi knows there are times when she will want to work with her information in Excel and likes the options for exporting from transaction screens.*

Goldi's rating of QuickBooks: Too soft.

This wasn't getting any easier. Goldi longed to turn over her search to a fairy godmother like that nice lady that always got Cinderella out of a bind. Alas, she was on her own, so the search continued...

About Furniture by Goldi:

4. Will I have payroll or jobs to keep track of?

A. Goldi plans to process payroll for her employees.

Microsoft® Dynamics GPS

Goldi started to wonder if she had been heading down the wrong path. Maybe what she needed was an ERP (Enterprise Resource Planning) solution like the one the Bear family was using to run their home security company. They seemed to be quite happy with all of the features that they needed to run their 500-employee multi-location business. But could she afford it?

Here's why this solution isn't right for Goldi's needs:

1. *High overhead: Goldi doesn't understand databases or technology and doesn't want to spend money hiring a big IT staff to keep her system running. She doesn't need a dedicated server and doesn't want to buy a bunch of different software like Microsoft Frx, Microsoft Forecaster, SQL, and Sharepoint, when all she needs is an accounting system that will help her run her business.*
2. *Implementation time: Goldi can't devote months to a software implementation. She wants to set up the system herself and start running her business as soon as possible.*

Here are some features Goldi would like to see in her accounting software:

1. *Executive dashboards: Goldi likes the idea of each employee having their own customizable desktop with unique views of the information they need to see.*
2. *Transactional integrity: Goldi likes the idea of an audit trail that helps ensure her numbers are accurate.*

Goldi's rating of Microsoft Dynamics GP: Too big.

About Furniture by Goldi:

5. Who else needs to see my financial results?

A. Goldi needs financial and operational results for her own use and financial statements for her banker. Down the road, she might need to borrow additional funds or add investors and will want to keep them informed about her financial results.

It was starting to get late, and Goldi was just about to give up. She didn't know where else to turn. She thought she would have to use an Excel spreadsheet for the rest of her life...and that's when it happened. She found Sage Peachtree Accounting.

About Furniture by Goldi:

6. What kind of reporting will I need to manage the business?

A. Goldi wants inventory reporting that shows margins by product, inventory turns, and slow moving items. She also wants to know her current and projected cash flow at any point in time. She would like to monitor her key financial ratios on a regular basis.

Sage Peachtree Accounting

Goldi took a look at Sage Peachtree Accounting. It had a clear, easy to use interface. It walked her through the setup process and helped her understand the importance of any decisions she needed to make. It helped her get a handle on her inventory and let her create her own custom dashboard. Goldi dared to hope she had found the right solution. It felt like a perfect fit.

Here's what Goldi found:

1. *Setup: She won't need an IT staff and can easily install and configure the software herself.*
2. *Training: She can go online and get training she needs on the software.*
3. *Reporting: Sage Peachtree offers comprehensive operational and financial reporting that she can easily customize.*
4. *Dashboards: Goldi can build herself a custom dashboard that includes graphs, reports, and shortcuts to tasks she performs on a regular basis.*
5. *Business analysis: With a click of a button, she can benchmark her furniture business against other similar businesses to see how she is doing.*
6. *Error checking: She can use the internal accounting control to check for any data entry errors. Goldi knows this feature will save her accountant time and make her financial reports more meaningful.*
7. *Audit trail: She can review all transactions that have been changed by her employees.*
8. *Vendor and customer management: Goldi can establish customer credit limits, monitor payments, and send emails and letters directly from the software.*
9. *Attachments and notes: She can add documents and notes to customers, vendors, and transactions and spend less time looking for paperwork.*
10. *Inventory: She can record inventory costing a number of different ways, convert units purchased to units sold, and see how much inventory is on hand at all times.*
11. *Integration with Microsoft Excel: Goldi can export information directly into Excel for further analysis and planning which will help her make better decisions.*
12. *Alerts: She can set up alerts to automatically email her if something unusual occurs in the software.*
13. *Passwords and rights: She can add multiple users to her system and assign them different rights on each page.*

Goldi's rating of Sage Peachtree Accounting: Just right.

Goldi let out a satisfied sigh as she reflected on all she had learned. She had not wasted her time as she searched for the perfect accounting solution. With every stop she made, Goldi had gotten a better idea of the features she should expect in a robust accounting package. Goldi felt secure in the knowledge that Sage Peachtree would meet her current needs and would grow with her business well into the future.

She was amazed to learn that Sage Peachtree Complete Accounting brought so many features together in one easy-to-use, affordable solution.

**Thanks to Peachtree, Goldi and her furniture business would live...
...Happily (and Accurately) Ever After.**

Goldi put together the guide below to help other small business owners in their search for the perfect accounting software.

Goldi's Guide – What to look for in Small Business Accounting Software

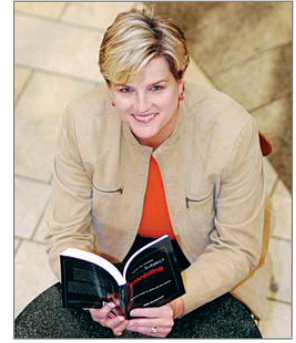
Business Need	Wish List	Available?
Manage cash	Show me my current and future cash flow.	
Bill customers	Let me create quotes, orders, and invoices without rekeying information.	
Pay vendors and suppliers	Help me keep track of unpaid bills and let me pay them by check or electronic funds transfer.	
Manage items	Keep track of items I buy and sell, manage unit conversions and give me multiple options for indentifying part numbers—by customer, vendor, etc.	
Assign costs to Inventory	Give me multiple options for inventory costing—beyond just average costing	
Track profitability	Let me see how much I make on each individual item, order, and within departments	
Analyze results	Give me multiple ways to view my results—detailed reports, quick dashboards, and industry comparatives.	
Pay employees	Give me options for paying employees--either from my desktop or using outsourced solutions.	
Process payments	Make it easy for my customers to pay me with credit cards	
Manage customer accounts	Create credit limits and monitor any amounts due from customers. I want information all in one place.	
Make me smarter	I would like to see how my business is performing in comparison with others.	
Put information at my fingertips	I want everyone on my team to have access to the information they need without digging.	
Help me plan ahead	I want to know what to expect tomorrow—not just account for yesterday's results.	

Goldi's Product Comparison

Feature	Mint.com	inDinero	Mycheckfree.com	QuickBooks	Dynamics GP	Sage Peachtree
Categorize transactions.	✓	✓	✓	✓	✓	✓
Manage payables.			✓	✓	✓	✓
Store vendor history and produce 1099s.				✓	✓	✓
Track historical spending patterns.	✓	✓		✓	✓	✓
Provide alerts/notifications.	✓	✓		✓	✓	✓
Track cash transactions.	✓	✓	✓	✓	✓	✓
Track non-cash transactions.				✓	✓	✓
Manage inventory items from receipt to sale to return.					✓	✓
Create user customized dashboards.					✓	✓
Integrate with Microsoft Office products.				✓	✓	✓
Support FIFO, LIFO, or Average inventory costing methods.					✓	✓
Offer a report writer, fixed asset tracking, and payroll* for one price.						✓
Install quickly and easily.	Online	Online	Online	✓	✓	✓

*Features and fees vary by solution. Compliant tax forms and tax tables require a subscription. Additional fees apply. Registration, authorized signature, valid email address, Internet access, and credit card required. May be subject to approval. Forms, except W-2s, for PR and US VI are pproval. Forms, except W-2s, for PR and US VI are not supported. For details see www.peachtreepayroll.com or call 877-231-3761.

About the author: Geni Whitehouse is a CPA and speaker and the author of "How to Make a Boring Subject Interesting: 52 ways even a nerd can be heard". Originally from Greenville, South Carolina, Geni now resides in Napa, California. Geni's favorite fairy tale is The Princess and The Pea, because she really values a good night's sleep. She is an avid blogger and Twitter fan, and prefers grits to porridge.



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