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I recently attended what I'll call the "geeks meet-and-greet dinner" with the editorial staff of this magazine, and boy was it a blast! Just imagine all those experts sitting around the table, expounding on the state of the art in technology. The funny part was that we all had such different ideas about the best way to solve nearly every topic of the evening. Of course, we discussed all that geeky stuff like security, wireless devices, file synchronization, and what most other people would call boring topics, but I was in heaven. I am extremely thankful to those responsible for this fine event, which allowed us writers to dine in style while pumping our intellectual iron together.

Now, back to my podium.

I wrote about the idea of providing data file analysis services a couple years ago, but it continues to be a topic of discussion among professional consultants, so I thought I would give the topic another spin here and repeat my recommendation that EVERY consultant provide data file analysis services for their QuickBooks clients.

### **Why You Should Provide Data File Analysis Services**

Before you prepare the client's tax return or provide any type of assurances about the accuracy of the QuickBooks data, you must have confidence in the "health" of the QuickBooks data file. We use the word health to mean more than just the accuracy of the accounting data. In addition to accurate accounting entries, a healthy data file is free from data corruption and conforms to best practices in several areas of setup and usage of the software.

At first glance, the data file analysis engagement may appear to be quite lengthy and time consuming. Many consultants are accustomed to immediately diving right into the client's books and fixing the problems. And, of course, this is typically the only

thing clients want to pay for. However, the successful consultant will approach client

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approach every client file so as to provide consistency and reliability across your consulting practice.

### **Selling Data File Analysis Services**

So if you like the idea but you're having trouble with how to sell this engagement to your clients, here are a few thoughts:

Regular, periodic data file analysis is best. I suggest monthly or quarterly analysis of every data file. If you regularly analyze the file, you can locate data-entry or setup problems while they are still relatively easy (and less expensive for the client) to troubleshoot and repair. Also, analyzing and troubleshooting the data file allows your clients to have confidence in their financial reporting throughout the year as opposed to just at the end of the year.

Ideally, you want your client to understand and appreciate the importance of this service, but quite often, he or she must be convinced that it is worth it, and not just something that unnecessarily increases their costs. This is a real issue because in order for the client to understand the value, they must understand the technical underpinnings of their system and how it all fits together. It is a lot to understand, and usually they don't really want the details. Issues such as file setup, list maintenance, proper coding of entries, proper backup procedures, and data file integrity are all critical to the overall health of the data. And for you to provide any assurances to the client about the accuracy of reports, you must verify that the data file is healthy.

The best approach is to be honest with the client and help them understand that your services are a two-way street. You can only provide top-quality service if you fully understand their data and have confidence that the information and reports are accurate. Assuming you are not the data-entry person (the basic assumption that

leads to the need for data file analysis), you cannot really be confident in the data

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you will separate the components of the service into separate billable events. As for how often, I recommend monthly or quarterly, but at least every 6 months so that it doesn't all get stuffed into the tax season crunch. As for separating the components of the engagement, it's probably best to separate your billings for the analysis steps (looking at but not changing data) from the repair steps (troubleshooting and repair). The reason for this is that QuickBooks troubleshooting and repair is a very time-consuming process, no matter how knowledgeable or experienced the consultant.

### **Preparing a Report of the Analysis**

The analysis steps are fairly predictable in terms of the amount of time it takes to perform, so it is probably best to charge a fixed fee for the analysis service, with the deliverable being a report on the results of your analysis.

After you deliver the report of your analysis, you can more accurately estimate the amount of work required to troubleshoot and repair any errors you found during the analysis. Since many errors are "hidden" behind other errors (for example, one misapplied payment may be hiding another misapplied payment), it's very difficult to anticipate the full extent of the problems, which makes it very risky for the consultant to perform troubleshooting and repair services at a fixed fee. Therefore, use your report from the analysis of the file to propose a "troubleshooting and repair engagement" at an hourly rate. Also, it's best to bill troubleshooting and repair services separately from other tax or accounting work because troubleshooting and repair is mostly focused on transactions and data entry as opposed to taxes or accounting. Of course, everything in the QuickBooks data file affects tax and accounting, but the focus of troubleshooting and repair is very specialized, so it should be billed separately from all other services.

Consider billing your data file analysis services on a monthly schedule throughout

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One helpful data file analysis tool is the Small Business Diagnostic Tool developed by Bonnie Nagayama, CPA. Bonnie has developed a great reputation among QuickBooks ProAdvisors, and she has been a member of The Sleeter Group Consultants network for more than 10 years. Her Diagnostic Tool helps generate the client report by leading you through hundreds of analysis steps in a checklist format. Check [www.4luvofbiz.com](http://www.4luvofbiz.com) for more information. Our Consultant's Reference Guide also has a complete data file analysis checklist (visit [www.sleeter.com](http://www.sleeter.com) for more information).

No matter which tools or methods you use, I cannot overstate the importance of staying current with your client's data by doing periodic, consistent and comprehensive data file analysis.

Technology

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