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striving to perfect your business model and quickly and continually adapting to change.

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Being entrepreneurial doesn't end at starting a business; it means constantly striving to perfect your business model and quickly and continually adapting to change.

While "big data" has become a buzz word and the ability to readily capture data to inform business decisions has significantly increased in recent years, overlooked in this data grab is the importance of financial data and **accountants**, specifically.

You may just think of your accountant when it's time to file your taxes, but he or she actually holds the secret to how healthy your company is and what to do about it.

What the accountant has is a mass of **financial data**, and with the right amount of financial data, a good accountant can almost instantly identify a business's strengths and weaknesses.

Are your costs of goods sold too high? Are your prices too low? Do you have a manager whose team is particularly productive?

Your accountant likely has the answers to all of these questions and the data to back them up.

Entrepreneurs tend to make decisions using their instincts. This is not necessarily a bad thing as being an entrepreneur requires a healthy amount of decisiveness and self-confidence. The problem with this mindset, however, is that we as business owners end up making decisions to serve our immediate needs, when we should be looking at the financial data first and making decisions based on that information.

The role of your CPA or accountant should not just be to prepare your taxes but to

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2. **When talking to your accountant, always focus your conversation on how the numbers affect the bottom line (profit) and/or cash flow.** Avoid what we used to call at the bank “elevator analysis”- incessantly talking about how this or that number moved up or down since last period. Relate everything to two of the only things that really count in a business- increasing profit and cash in the company.
3. **Know your company's strategic objectives.** Know its mission. Know its value statement. This sounds so obvious, but it often surprises me how many people think strategic objectives are divorced from financial objectives. Management of a company is a circle, where all functional points touch each other in some way. When discussing the company's financial condition with your accountant, relate your conversation to these objectives. Numbers are not just numbers- they tell a story of how the company is moving towards or away from its strategic objectives. If we change from a major supplier to cut cost of goods and increase gross margins, talk about how this may affect the quality of delivery to clients. Your accountant can even help develop the objectives of the company, but he or she can only do this if you see his or her role and function as intertwined with overall objectives.

A smart entrepreneur doesn't just consult his accountant at tax time. He or she knows the underlying reasons why your business is succeeding or failing and should be consulted a minimum of two times per year for non-tax-related consulting and advice.

That is, until your company gets big enough to warrant hiring a CFO, at which point, financial data should be at the root of *every* decision.

Brian Hamilton is the chairman of [Sageworks](#), a financial information company that collects and analyzes data on the performance of privately held companies.

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