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automation. It's this year's buzzword where accounting is concerned. In fact, according to a 2015 study by PwC, accounting clerks and bookkeepers comprised the #1 profession most ...

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Accounting is all about keeping up—with sales and invoices, with bills and customer payments, with paychecks and payroll taxes. Falling behind on any of them leads to unhappy customers, vendors, and employees, and—worse—taxing agencies.

[This article first appeared on the [MarksNelson blog](#).]

In 2018, keeping up with your peers in other businesses means one thing:

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## Old vs New

Manual accounting work takes time, and it costs money, which means less profit for your business. If you're still doing your bookkeeping on paper, you're losing too much of all those things.

Let's break down "automation" into some of the individual tasks you do. You can gauge where your company's accounting department falls compared to organizations that have taken full advantage of state-of-the-art solutions.

### Tracking accounts

*Manual:* You keep a master list of your accounts in a ledger book or printed out and tacked up on the wall.

*Automated:* Accounting software comes with a standard (but customizable) Chart of Accounts. When you create a transaction, you assign the appropriate account to it.

### Maintaining a database of customers and vendors

*Manual:* You store customer and vendor contact information in a card file or a Word document or individual file folders. Every time you communicate with a contact, you have to enter that information again and document your interaction.

*Automated:* You create a record once for each customer or vendor, and can call it up whenever you need it in a form. There's written evidence of every "touch."

### Maintaining a database of inventory items

*Manual:* Again, you're recording these on paper. You might track the number of each item available in these records and change them when you make a sale.

*Automated:* You're still creating records for each item or service available but you're

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*Automated:* Accounting software comes with customizable templates for sales and purchase forms. You enter some data in blank fields and complete other fields by selecting options (customer, item, etc.) from drop-down lists. You can email the completed forms and receive payments online.

### **Assigning sales tax to transactions**

*Manual:* You keep your calculator handy because you're constantly having to determine the sales tax assigned to transactions.

*Automated:* You create sales tax "items" containing the relevant rates and select the ones you need when you need them.

### **Calculating paychecks and payroll taxes**

*Manual:* You're wearing out the key labels on your calculator because there are so very many calculations of all kinds required to complete a payroll run. You occasionally make mistakes on payroll taxes or pay them late, resulting in fines and penalties.

*Automated:* There's simply no comparison here. The hardest part of automated payroll is the setup, where you have to supply detailed information about employees, benefits, taxes, etc. Once that's done, you simply enter the numbers of hours (and their type) worked by each individual. The software does all calculations, creates paychecks, and submits your payroll taxes.

### **Running reports**

*Manual:* You might maintain an extensive calendaring system. Every day, you write down sales and expense and payment totals, then tally them up when you need to. But how do you know which invoices are outstanding? What products do you need

to order, and by when? What's your current profit or loss? So many questions, and no

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using QuickBooks — or considering it.

You can begin to see the difference between manual and automated accounting in these brief examples. If you want to see the whole picture, contact our [Entrepreneurial Services Group](#) at 816-492-2653. Make 2018 the year you catch up with your competition while you're saving hours and dollars – and increasing your profits.

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Jennifer Katrula is a practice leader at [MarksNelson](#), where she provides outsourced accounting departments, at all staff levels, for growing entrepreneurial businesses from startup to \$50 million/year. She also provides strategic business coaching to help clients implement a plan for growth.

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