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stereotypical accountant: the green eyeshade blocking out the glaring light bulb over a desk or table filled with handwritten ledger sheets, footing and cross-footing with a 10-key before handheld calculators existed...

Gail Perry • Jun. 07, 2014

There are many in the accounting profession who can remember being the stereotypical accountant: the green eyeshade blocking out the glaring light bulb over a desk or table filled with handwritten ledger sheets, footing and cross-footing with a 10-key before handheld calculators existed, ticking with a variety of colored pencils, Pink Pearls and extra lead for the Pentel handy at your side, reconciling checking accounts on four-column paper (book to bank, bank to book, deposits in transit, checks not yet cleared), all with the lofty goal of presenting a set of financial statements worthy of taking to the bank for evidence that the small business can qualify for a loan or is still able to make payments on an existing loan. Back then it was all about debits and credits, left and right, balancing the ledgers and journals.

There were dozens of financial software programs, mostly module-based such as Great Plains and MAS 90, that were used by small businesses and their accountants as personal computers came on the scene in the 1980s. Electronic spreadsheets – first VisiCalc and later Lotus 1-2-3 – also provided a seemingly worthwhile means of keeping the books. Meanwhile, a little company named Intuit in Mountain View, CA launched a personal finance program called Quicken, developed to help its founder, Scott Cook, provide an easier way for his wife to pay bills.

CPA Practice Advisor: How did it begin?

Scott Cook: We had built a great consumer product called Quicken that was quite popular and was entirely aimed at consumers. When we did a survey to better understand our user base, we found that half of [the users] were businesses. Well,

that made no sense, and I said that must be a mistake. They're using a home product

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little home product. We all believed the dominant paradigm was, "If you're going to do business accounting, it's got to be done with debits and credits and journals and ledgers, the stuff that accountants use. And every accountant will tell you that's the only way. So why were these people using a home product that did none of those?

Brad: We accidentally discovered the use of small businesses in our consumer software. Scott coined the phrase, "Savor the surprise." Small businesses didn't want to think about debits and credits, they wanted to write a check, send an invoice. We transformed that surprise into QuickBooks, the first accounting software without the accounting in it.

CPA PA: What role did QuickBooks have in shaping the landscape of small business accounting?

Scott: The accounting market was very crowded when we created QuickBooks, but what other solutions didn't understand was that small business owners hated bookkeeping. They wanted to save time on bookkeeping, but existing accounting software forced them to learn about accounting and debits and credits, it only complicated the task. They wanted to keep the books the way they knew, with checks, check registers, invoices. So that's why we built QuickBooks.

Brad: QuickBooks enabled what had been a shoebox full of receipts to become digital. The small business owners could run their business, send invoices, make accounts invisible. That first version optimized the small business owner rather than the accountants. Then we heard the other group – the accountants – wanting to look at all their clients in one screen. We developed the QuickBooks accountant edition. It was a skeleton key – it opens QuickBooks for all clients.

CPA PA: What would the small business accounting world look like if QuickBooks had never been created?

Brad: It's hard to know if someone else might have come to the same conclusion. My

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Brad: [Based on annual research we've done with think tanks Institute for the Future and Emergent Research,] we foresee four major trends that will not only shape customer behavior but will shape technology.

First – Participation-driven innovation with user contributions. Products are configured to you. We no longer have cell phones that all ring the same way. We want unique screen savers, different apps, music, customized to a market of one. Companies need to have a platform that enables users or accountants to customize, to make it what they want it to be. Products become platforms that users can configure and make their own.

Second – Work borders have come down. Forty percent of QuickBooks users in the U.S. do business globally. The cloud has no borders. The ability to serve [these users] with a virtual interaction expands their opportunities outside their geographic area.

Third – The mobile experience has won. Smart phone and tablet usage is surpassing the computer and is moving into wristwatches and eye ware. [This technology] enables the 60 percent of small businesses that operation on wheels. Now they're able to accept credit card payments at the front door after mowing the lawn – they can do things on the fly instead of waiting until they get home or back to the office.

Fourth – We're in the era of big data for the little guy. You have the ability to figure out where you can get a small business loan and we can actually look at your finances to see if you're paying on time and how your books compare to everyone who looks like you. Business owners can make smarter decision with available data.

CPA PA: So, it sounds like you're right where you want to be.

Brad: We love it. When you understand that accounting is the central nervous system for a small business and it is where everything is decided between success and failure

and you find ways to make that so simple – and mobile is making it even more fun –

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