

How to start your own home-based
**Accounting &
Bookkeeping Business**

A Basic Beginner's Guide



*The #1 most profitable business to start - Forbes Magazine
Earn \$45 to \$75 per hour from your own home!*

Welcome



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The goal of this basic beginner's guide is give you some key information about starting a home-based accounting and bookkeeping business.

Over the past twenty years, a phenomenon has occurred in the U.S. and elsewhere that can best be described as the "American Home Office and Small Business Revolution." Literally, tens of millions of people have traded in their stressful, unrewarding jobs for the convenience, personal satisfaction, challenge, and potentially secure life-style that comes with self-employment.

Technological advances over the last two decades have reduced both the cost and the physical size of powerful business computers and other business machines. Millions of people now find it practical and affordable to equip a room at home with many of the same high-powered tools used by the largest corporations.

There are very few home-based businesses that have the advantages of an accounting and bookkeeping service. It is easy and inexpensive to start, in high demand, and it can be profitable from the very first client. You can choose to run it part-time with just a few clients or full-time with many clients.

*Some interesting facts about home-based businesses**

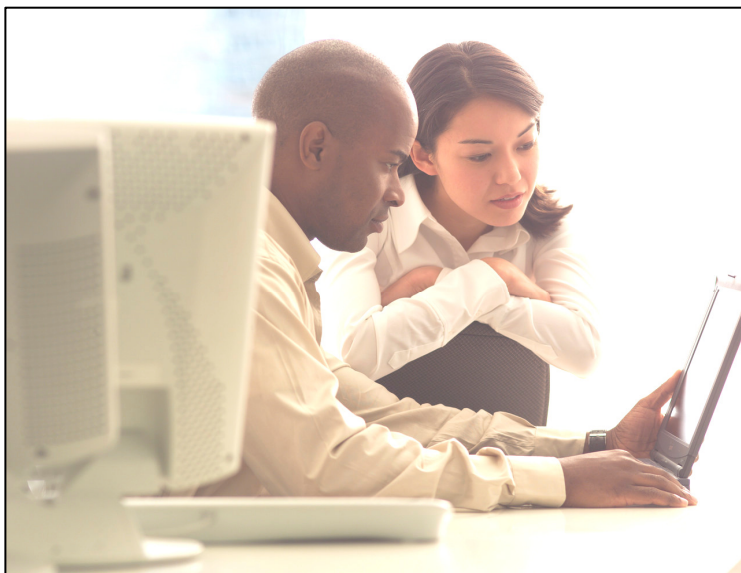
- * A half million new home-based businesses start each year.
- * There are 14 million home-based businesses in the U.S.
- * 48% of the Inc. 500 businesses started as a home-based business.
- * Total U.S. annual revenue from home-base work: \$400 billion dollars.
- * 70% last beyond three years compared to only 29% for non-home-based.
- * Part-time turns into full-time for half of all home-based businesses.
- * 45% of all home-based businesses required less than \$5,000 start up.

** Inc. Magazine & McGraw Hill*

What will this guide cover?

Answers to your most basic questions:

1. Can you really make money at home? What are the opportunities?
2. What are the requirements for starting an accounting and bookkeeping business? Is it a difficult business to start?
3. Do I need a license and do I need several years of accounting and bookkeeping experience? Do I need to know taxes?
4. How do I effectively market the business and get clients? What if I only want to work part-time?
5. How much should I charge for the services?
6. What is the initial capital investment for equipment, computers, and other items to start this business? Is it expensive?
7. Which accounting and bookkeeping software programs work best for this type of business?
8. Can other services be offered to supplement the accounting and bookkeeping services?
9. Are there tax advantages and benefits?
10. Where and how do I get good, solid training?



Introduction

Why start your own business?

The benefits of having your own business are fivefold:

1. Considerable personal wealth can be generated from a well-managed business - even a one-person business.
2. The feeling of freedom associated with "being your own boss," making your own decisions, and building a business from scratch.
3. The tax advantages make a small business one of the last great tax shelters available today.
4. Job satisfaction as a result of knowing that you are in control of your own destiny.
5. Building a valuable asset that will provide solid financial security when it comes time to retire.



Why an accounting and bookkeeping business?

1. There is a great demand for small business accountants and bookkeepers.
2. Accounting and bookkeeping services were determined to be the number one most profitable businesses to start." - *Forbes Magazine*.
3. Relatively inexpensive to set up and overhead is generally low.
4. Accountants and bookkeepers can average \$45 to \$75 an hour or more depending on how fast and efficient they are.
5. Small businesses cannot afford the high cost of using a CPA to keep their books, which can average \$150 to \$300 per hour.
6. There is a tremendously large market in the US that requires these services. Over 90% of all US businesses employ less than 20 people.
7. You'll have the satisfaction of building a business from scratch, knowing that your hard work and dedication is recognized and rewarded.
8. The book "The Best Home Businesses for the 21st Century" rates a bookkeeping service as *The Best of the Best* home-based businesses.

The most & least profitable businesses to start

*According to Forbes Magazine**

An accounting and bookkeeping service is at the top of the ten most profitable businesses to start based on a recent survey by Sageworks of Raleigh, North Carolina.

Three reasons were listed: (1) pricing power - everyone needs accountants no matter how the economy is doing; (2) low overhead; and (3) marketing scale, thanks to a huge market and plenty of repeat clients.



Most Profitable Businesses to Start

| | | |
|-----|--------------------------------------|-------|
| 1. | Accounting/Bookkeeping Services..... | 25.0% |
| 2. | Legal Services..... | 21.6% |
| 3. | Dental Services..... | 20.9% |
| 4. | Specialty Design Services..... | 17.6% |
| 5. | Other Health Services..... | 17.5% |
| 6. | Outpatient Care Centers..... | 16.9% |
| 7. | Insurance Brokers..... | 15.9% |
| 8. | Physician Offices..... | 15.8% |
| 9. | Medical & Diagnostic Labs..... | 15.3% |
| 10. | Deposit Credit Organizations..... | 13.6% |

Least Profitable Businesses to Start

| | | |
|-----|-------------------------------------|-------|
| 1. | Community Care Facilities..... | -7.2% |
| 2. | Miscellaneous Support Services..... | -2.6% |
| 3. | Beverage Manufacturing..... | -2.2% |
| 4. | Real Estate Related Services..... | -2.1% |
| 5. | Bakeries..... | -0.9% |
| 6. | Amusement & Recreation..... | -0.9% |
| 7. | Auto Part Manufacturing..... | -0.7% |
| 8. | Specialty Retailers..... | -0.5% |
| 9. | Traveler's Accommodations..... | -0.3% |
| 10. | Liquor Stores..... | -0.2% |

** Based on average pre-tax profits as a percent of revenue.*

America - The Land of Opportunity

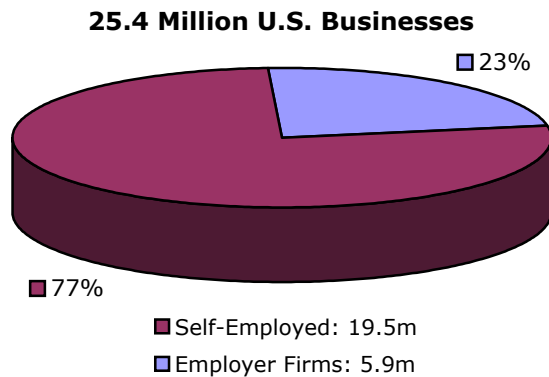
The freedom to go into business for yourself! The free-enterprise, capitalist system.

Small Business drives the U.S. economy:

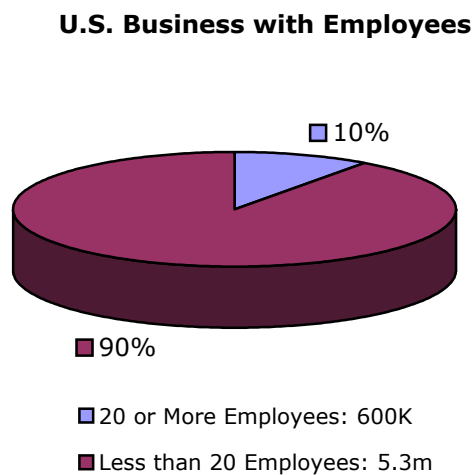
Every year, over 750,000 new businesses are started in the United States, many of them by "first-timers," and many of them home-based small businesses. A small business is defined as a business with a small number of employees. Small business includes home-based businesses, micro businesses consisting of one or two people, and so-called "mom and pop businesses" operated by a single-family with very few or no employees other than the owners.

The 2004 U.S. Census reported a total of 25.4 million businesses

Self-employed individuals with no payroll accounted for over 3/4 of all businesses:



Businesses with payroll totaled 5.9 million, of which 90% had less than 20 employees.



Can you really make money at home?

Q *How much money do people who work at home make?*

Some people earn as much as \$250,000 a year working at home, while others work sporadically and make a few hundred or thousand dollars per year. Still others grow their business so large they have to move out of their homes and lease space.

Q *What are the benefits of starting a business from home?*

- Low overhead costs...no office rent, utilities, etc.
- Substantial tax deductions.
- Lower transportation costs.
- Reduce or outright eliminate commute time.
- Day care savings for people with young children.
- No office politics.
- Provide better customer service.



Q *Can someone build a successful business from home?*

Absolutely. They may not build a profitable business overnight, but if they are patient, work hard, market effectively, and offer excellent service, the business will build slowly, but steadily.

Q *What does it take to build a successful home business?*

- A good product or service at the right price.
- A sizable and substantial market.
- Technical competence to deliver quality service.
- Effective marketing and advertising.
- An emphasis on customer satisfaction.
- Flexibility to change direction when required.
- An optimistic, positive personality and attitude.

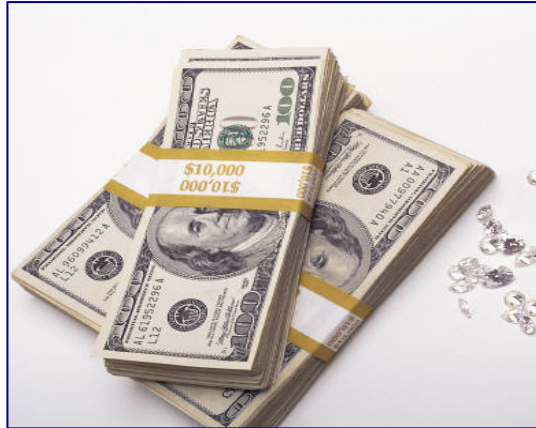
Q *What personal characteristics are required?*

- You are a self-starter and are enthusiastic.
- You like people and get along with them.
- You are realistic and rational.
- You have basic intelligence and good common sense.
- You can take charge and make decisions.
- You are honest and considerate.
- You look and live for the future...not in the past.
- You believe in yourself!



Starting a business can be very rewarding...

The two big motivators for starting a business...



- 1** Considerable personal wealth can be generated from a well-managed business - even a one-person business.
- 2** The feeling of freedom associated with "being your boss," making your own decisions, and building a business from scratch.

According to the IRS, roughly 90% of the people that made over \$50,000 a year were the owners of small businesses, and other statistics show that more than 85% of all small businesses show a profit.

However, with rewards come risks...

- One-third of all new businesses fail within six months.
- More than half of the 700,000 businesses started each year more than half will not last at least three years.
- Less than 10% of the businesses started each year will still be around in ten years.
- 50% of the survivors will be producing only a marginal profit.

Why do small businesses fail?

- 90% failed due to lack of business managerial and business experience.
- Entered a market that was already crowded with competition.
- Did not offer quality product/service or exactly what people wanted to purchase.
- Lack of expertise and technical competence in the chosen area of business.
- Poor marketing and public relations.

Source: Dun & Bradstreet

Marketing - The Key to Success

What do the U.S. Census business statistics tell us?

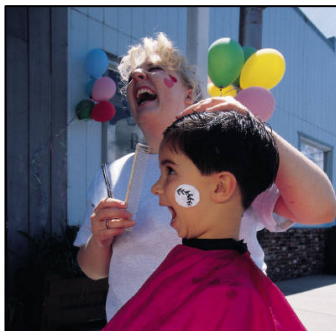
**THE SMALL BUSINESS MARKET IS ABSOLUTELY HUGE AND UNLIMITED...
COMPRISING 24.8 MILLION (98%) OF ALL BUSINESSES IN THE U.S.!**

Do you see the fantastic market potential for your services?

- Accounting and bookkeeping is NOT a discretionary task.
- It is required by both local, state, and federal law.
- Every business owner needs accurate and timely financial information.

A sample list of small businesses in need of your services:

| | | | | |
|--------------------|--------------------|------------------|------------------|--------------------|
| Accountants | Brick Masons | Engineers | Landscapers | Rock & Gravel |
| Bookkeepers | Builders | Excavating | Lawyers | Sewing Machine |
| Appraisers | Butchers | Fitness Centers | Machine Shops | Software Developer |
| Architects | Cabinet Makers | Florists | Manufacturing | Sprinkler Service |
| Auto Glass | Cafes/Coffee Shops | Funeral Homes | Moving & Storage | Stereo/TV Sales |
| Auto Rental | Car Washes | Fun Centers | Music Stores | Stocks & Bonds |
| Auto Parts | Carpet Cleaners | Furniture Stores | Opticians | Swimming Pools |
| Auto Body | Carpet Layers | Gas Stations | Plumbers | Taxi Companies |
| Auto Repair | Chiropractors | Home-Based Bus. | Pool Maintenance | Theaters |
| Barbers | Computer Dealers | Pet Grooming | Printers | Towing Services |
| Bars/Liquor Stores | Contractors | Health Foods | Real Estate | Travel Agencies |
| Beauty Salons | Day Care | Hotels/Motels | Repair Shops | Upholsterers |
| Boat Dealers | Dentists | Insurance | Refrigeration | Used Cars Sales |
| Bowling Alleys | Distributors | Janitors | Roofers | Veterinarians |
| Botanists | Doctors | Jewelers | RV Repair | Video Stores |



Why is accounting and bookkeeping so important?

Three basic reasons accounting and bookkeeping is super critical to the success of every business:

TAX PLANNING

- | | |
|----------|---|
| 1 | Every business is required by law to maintain accounting and bookkeeping records. |
|----------|---|



CASH MANAGEMENT

- | | |
|----------|--|
| 2 | Every business must be able to manage its cash flow efficiently and effectively. |
|----------|--|



CONSULTING

- | | |
|----------|---|
| 3 | Every business needs an accounting and bookkeeping advisor to maximize profits. |
|----------|---|



Anyone can start a bookkeeping business

You only need these three important things:

ABILITY

1

You need to obtain and develop your expertise by getting good skills through proper training.



BUSINESS LICENSE

2

You need to get a business license. It's easy to obtain and the cost is minimal.



A DESIRE TO HAVE YOUR OWN BUSINESS

3

You simply must have the desire to begin and the energy to build the business.



As the owner of a home-based accounting and bookkeeping business, you can expect to earn: \$45 to \$75 per hour.

How do I get clients and grow the business?

Effective marketing is the single most important strategy to insure a profitable, growing business. Good marketing techniques drive a business to success!

The three best strategies for getting customers:

WORD OF MOUTH

1

This is the best and most effective way to begin and build your business.



YOUR 'COMPETITIVE' ADVANTAGE

2

You can get clients others cannot...because your friends, relatives, neighbors, businesses know you.



MARKET 'SPECIFIC' SYSTEMS

3

Tell your prospective clients that you have a 'special/specific' system for their business.



NEW BUSINESS 'FICTITIOUS' NAME ADVERTISING

4

Every *new* business must advertise their 'fictitious' name in the newspapers. Contact each one quickly.



What do I charge? How do I set the fees?

Determining the right charges and fees for your service can be complex and tricky. If you charge too little, you will not make enough money and get discouraged. If you charge too much, you may price yourself out of the market.

Do NOT charge by the hour!

- Too time-consuming and an administrative headache.
- Too open-ended: clients like to know the cost in advance.
- Small business owners think they can hire a bookkeeper in the low \$10 to \$12 hourly rate range.
- Small business owners who do their own books assume you take as long as they do to complete the work.



Client's much prefer a FIXED monthly fee!

- They know in advance the monthly charge.
- They can budget and plan more effectively.
- They pay many other vendors on the same basis.
- No worries about you 'padding' the hours.
- Takes the hourly rate issue out of the equation.



Here's how to calculate a fixed fee (based on amount of work):

| | | | | | | |
|---------------------------------------|-------|--|------|--|---|---|
| Number of business transactions | times | \$ \$.75 to \$1.00 per transaction | plus | \$ \$100 to \$150 to cover general time | = | \$350 to \$400 |
| | | | | | | Fixed Monthly Fee (EVERY MONTH!) |

Bookkeeping fees to a small-business client average \$350 to \$400 per month with approximately 5 to 8 hours of work. However, even with very small clients, do not go below \$100 to \$150...your knowledge and expertise is valuable.

Additional services you can offer

An accounting and bookkeeping business opens up a whole array of additional and supplemental services. The more extra services you offer your clients, the more money you make.

Services you can bill in addition to bookkeeping:

- Budgeting.
- Billing and collection.
- Cash depositing and bill paying.
- Word-processing and editing.
- Notary services.
- Payroll processing.
- Payroll tax deposits/reporting.
- Workman's compensation reporting.
- Employee benefit managing/reporting.
- Income taxes.
- Sales taxes.
- Real estate taxes.
- Bank loan applications/packaging.
- Business licenses.
- Business plans.
- Feasibility studies.
- General consulting.
- Recruitment and staffing office staff.



What do I need to get started?

The beauty of starting an accounting and bookkeeping business is that you do not need to invest a lot of start-up money. Also, the fact that you begin the service out of your home substantially reduces your overhead costs for rent, utilities, insurance, etc.

Typical list of items to get you started:

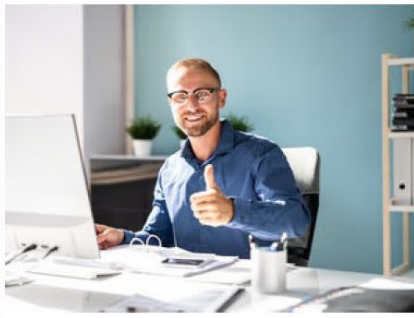
| | <i>Approx. Cost</i> |
|---|-----------------------|
| 1 Computer..... | \$500 |
| 2 Computer Back up/storage device..... | \$100 |
| 3 Software (QuickBooks or Peachtree)..... | \$200 |
| 4 Software (Microsoft Office Suite)..... | \$300 |
| 5 Printer/Scanner/Fax..... | \$300 |
| 6 Desk/Chairs/file cabinets..... | \$500 |
| 7 Telephone/answering machine..... | \$100 |
| 8 Dedicated telephone/fax/DSL lines..... | \$200 |
| 9 Business Cards/Letterhead..... | \$200 |
| 10 Business License/supplies/other..... | \$200 |
| Total approximate investment..... | <u><u>\$2,600</u></u> |



***Plus...
You'll need to
get training!***

What is the best way to get training?

At The Accounting Academy "The Best of the Best Careers!"



No college degree? Want to earn good money now?*

*Average Annual San Diego Accounting Clerk Salary: \$50,847 (salary.com)

Check Out Our Attached School Brochure of Accounting Related Training Programs

High-demand occupations...businesses of every size in every industry need people with these technical job skills:

- | | | |
|----------------------|--------------------|-----------------------|
| ♦ Junior Accountants | ♦ Admin Assistants | ♦ Accounts Receivable |
| ♦ Accounting Clerks | ♦ QuickBooks | ♦ Accounts Payable |
| ♦ Bookkeepers | ♦ Tax Preparers | ♦ Payroll Specialist |

Why you will succeed in our certificate programs:

- ♦ Hands-on, comprehensive, real-world, repetitive learning.
- ♦ Heavy practical applications and techniques colleges don't teach.
- ♦ Intense use of drills, exercises, multiple accounting practice sets.
- ♦ Small classes, strong instructor support, professional materials.

Call 858-836-1420 or go online to request more information!



Nationally Accredited



Website: www.theaccountingacademy.com



Celebrating Our 16th Year!

Do you have the skills to start a business?

Every business owner has to learn three major skills: (1) technical skills in the service the business offers; (2) the skills to build the business; and (3) the skills to be able to manage the business.

The Skills Assessment worksheet below provides questions you should ask yourself as you consider your decision to start an accounting and bookkeeping business. If you answer no to any question, you should think about how you will develop skills and knowledge in that particular area, as each is critical to your success.

Assess Your Skills and Goals

| | | Yes | No |
|----|--|-----|----|
| 1 | Are you comfortable promoting yourself and your business to prospective clients? | | |
| 2 | Can you obtain the necessary training or experience in accounting and bookkeeping? | | |
| 3 | Are you proficient in managing your own schedule? | | |
| 4 | Do you know how to develop a marketing and promotion strategy for your business? | | |
| 5 | Can you manage multiple client engagements at the same time? | | |
| 6 | Do you have access to sufficient financial resources to start your business? | | |
| 7 | Do you know how to budget and forecast your revenues and expenses during the start-up and ensuing periods? | | |
| 8 | Can you handle drawbacks and failures? | | |
| 9 | Do you have strong "people skills" to deal with clients, suppliers, and employees effectively? | | |
| 10 | Are the people around you supportive of your entrepreneurial ambitions? | | |
| 11 | Are you willing to spend the time it takes to get a new business off the ground? | | |
| 12 | Are you focused and detailed-oriented to make certain that your business is on track with your forecasts? | | |

*"Some people dream of success...
while others wake up and work at it."*



Stop dreaming and get to work!

"Productive achievement is man's most noble activity" - Ayn Rand