Record Keeping 101: Information Your Small Business Needs To Maintain

When I visit with current and perspective small business CEOs, I occasionally ask the question, “What do you dislike the most about owning your own business?” What do you predict is the most common answer that I get?

Here it is…”record keeping and accounting”. I have to confess that I also fall into that same group of responses. We like to do what our business is about, and don’t spend the need time to take care of the records. Unfortunately, however, one of the most important administrative responsibilities small business owners face is keeping accurate and current records. Not only is it critical for assessing opportunities and risks that can affect your company’s profitability and potential for growth, it’s also necessary for ensuring legal and regulatory compliance.

Regardless of the type of business you’re running, record keeping comes with the territory. Some types of documentation and information are required for all businesses and others may or may not be necessary depending on your industry.

Here’s a list of some commonly required records businesses need to maintain. While this list is not all-inclusive, it will give you a good idea of the basic items you need to track and keep in your possession.

- **Accounting records**
  - Expenses
  - Income
  - Invoices
  - Customer payments and transaction records
  - Tax filings (annual, quarterly, and monthly if applicable)
  - Bank and credit card statements

- **Contracts** (with clients, vendors, partners, etc.)
- Purchase orders
- Licenses and permits
- Employment applications
- Vehicle mileage logs
- **Articles of Incorporation or Certificate of Organization** (depending on your business’s legal structure)
- Operating Agreement
- Annual Meeting minutes
- Trademark, service mark, and patent registrations
- Inventory logs

Without a doubt, there’s a lot to stay on top of as a small business owner. To help prevent important details from slipping through the cracks, you need to stay organized and educate yourself about what information and documentation you need to keep.

Software programs (such as accounting tools, sales and customer relationship databases, inventory software, etc.) alleviate some of the work, but remember they all require some manual attention to make sure information is logged and entered correctly. If information is missing or inaccurate, you (not your software) are ultimately responsible for the integrity of your records.

I always recommend that a CEO should purchase a small business accounting software. This will save you time compared to handling the books manually and is usually more efficient than using a simple spreadsheet because it reduces or eliminates redundant data entry. Narrow down your preferred accounting software choices by making a list of the features you need to run your business ranging from Inventory management, sales tracking, payroll, and tax reporting. Word of mouth referrals can be a valuable tool so
talk to other small business owners and inquire what software they use and ask about the pros and cons.


I have also found that the Internal Revenue Service offers a Virtual Small Business Tax Workshop, composed of nine interactive lessons designed to help new small business owners learn their tax rights and responsibilities. Go to their website and check this out.

Also make sure you back up your digital data. Many cloud-based software applications provide backup of the data you’ve entered, but your computer files (Word documents, Excel files, etc.) should be backed up, too. Consider backing up your data on an external hard drive AND through a cloud-based data backup service such as Carbonite or Mozy and others.

Consulting with professionals who specialize in taxes, accounting, and business law can also help ensure you meet regulations and requirements. If you find it difficult to dedicate time to maintaining good records, you might also consider transferring some routine record keeping tasks to a trusted and capable a bookkeeper, virtual assistant, or a consultant. To locate reputable professionals in your community, consider asking either a SCORE mentor, your local chamber of commerce, or business colleagues for recommendations.

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