

BRING YOUR BUSINESS INTO FOCUS: WHY OPTICIANS NEED BOOKKEEPING

By Bob Wang, [ctrl by Deloitte](#) leader for the British Columbia region



Most opticians agree that bookkeeping is a necessary part of running a business. Yet with so many demands on your time, I'm willing to bet that bookkeeping often falls to the bottom of your to-do list. It shouldn't. **The reality is, by staying on top of your books, you actually set your business up for success.** Without it, you expose your business to risks.

Bookkeeping: A health check for your business

There's a direct relationship between bookkeeping and business health. Quite simply, you can't monitor something you don't have data for.

You might be surprised to hear how many business owners manage their business through their bank statements alone. If the statement shows money in the bank, then the perception is that everything is good. That's dangerous.

Hopefully you're not doing this, but if you are, remember that a lot of the money in your bank account isn't even yours. Much of it is earmarked for GST or HST, payroll taxes, and other commitments you've already made. So when the end of the year rolls around, you could get a surprise tax bill that you haven't put aside the cash for.

Up-to-date bookkeeping, on the other hand, gives you a clear picture of where you stand. **Think of it like a medical check up: bookkeeping gives you the details you need to understand the overall health of your company.**

Bookkeeping gives you insight

One of the biggest benefits of regular bookkeeping is that you'll see a clear, timely picture of how your business is actually doing, day to day. This can help you manage your costs more effectively.

For example, as an optician, you want to keep your labour costs under a certain percentage of your product costs. Knowing what your labour costs are, and comparing them to how much you're charging, is the first step toward ensuring that you're actually generating positive margins on everything you sell.

Similarly, as your business grows, you'll find more and more costs seeping into your expense line. Prices on supplies will go up. Your rent will increase each year. **By closely monitoring your expenses, you'll know when to factor those increased costs into your pricing.** Without that insight, your margins will start to erode.

Bookkeeping provides the big picture

Bookkeeping is vital to your big-picture planning as well. **For example, comparing profits and expenses can show you exactly where your business is making money, and whether you're spending that money in the right place.** Your lab, for instance, might have more capacity than you're using, which could suggest a need to downsize. Or worse, maybe your lab is too small to keep up with orders, making you miss out on potential sales.

Bookkeeping can reveal other important trends as well. For instance, if you have multiple locations, the last thing you want is for a profitable location to be covering the losses of a less successful one. But without detailed bookkeeping, how would you know that was happening? Bookkeeping allows you to track the profitability of each location independently, making it easier to spot discrepancies in performance and highlight where improvement is needed.

Bookkeeping will even allow you to track sales and revenues per salesperson, which impacts how you distribute bonuses and provide performance incentives.

A need-to-have when you need money

Let's face it, making high quality lenses and carrying the latest designer frames costs money. You need financing to buy capital equipment and expand your inventory. Here, bookkeeping is absolutely key.

Banks want to see that you're a successful, growing business. When considering loans, they'll ask for both prior year and year-to-date financials. Even if, say, you had a bad year last year but nine months into this year you're doing great, having up-to-date books helps to give banks the whole story, increasing their confidence in you.

Books that are clean, understandable, and completed on time communicate confidence and make banks much more willing to loan you the money you're looking for.

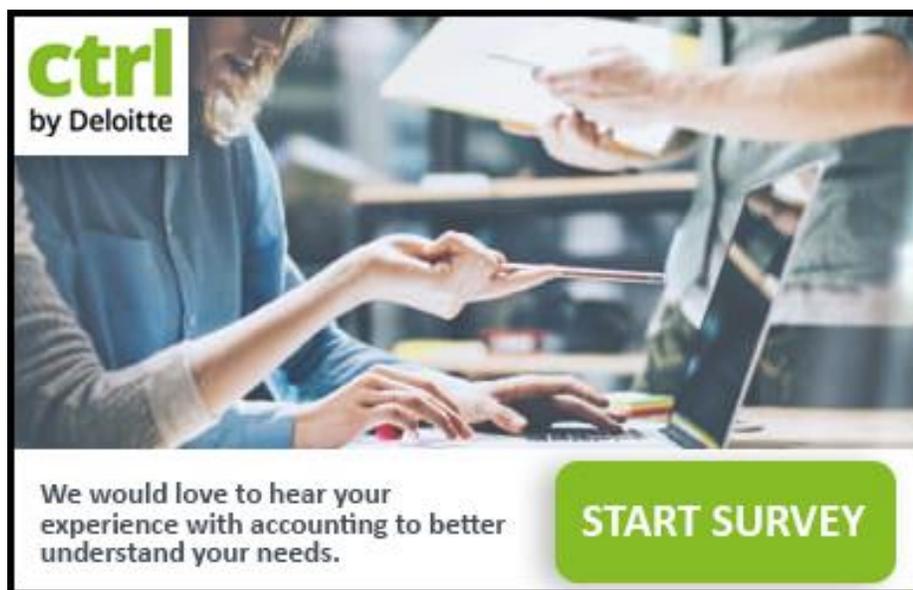
Look forward by looking back

Every business owner has big long-term goals. But **it's almost impossible to project into the future if you don't have good historical data.** That's where bookkeeping is crucial.

Let's say, for example, you have one milling machine, but you want to invest in a second. Or you're thinking even bigger and want to open up a second lab in another city. Without good accounting data, you won't know how long it'll take you to put the money together to do so, or how big a loan you might need. When you know your financials, you're better able to plan ahead.

No matter what your future holds, make a point of completing your bookkeeping regularly, and you'll be well on your way to success.

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