BOOKKEEPING FOR DUMMYS

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BOOKKEEPING FOR DUMMYS

Please don't think I am calling you a "moron" to hurt your feelings in any way. I was a moron when I first started setting up my files. I hated accounting in school and am the type that would much rather add 2+2 on a calculator than in my head _ but you have to do it. You have to force yourself to do it NOW _ right at the beginning! Many of a business has collapsed simply because they lacked organization in their basic accounting business practices. Don't be one of them!

As a small mail order business you don't have to really do much in the beginning. Here is how to set up your files from ground zero:

1. Take out a hanging file folder and a label of any kind. (Hanging folders and labels for them can be purchased at K-Mart, Wal-Mart and any office supply store.)
2. Type or hand print "Receipts" on the label and place it on the hanging folder.
3. Now, place 5 MANILA file folders inside the hanging file folder (which you labeled "Receipts") and label each of the manila file folders with the following headings: a. Advertising b. Postage c. Office Supplies
d. Utilities and Rent for the Office
e. Miscellaneous

You now have one large hanging file folder with 5 separate manila file folders inside it. Carefully place your hanging file folder in your metal file cabinet or cardboard banker's box. (A banker's box can be purchased at any office supply store also and normally cost around $4.)

Now, wasn't that easy? Some of you reading this will think that I am attempting to insult your intelligence. This is NOT my intention. This report is broken down in a simple, step-by-step way so everybody can understand it _ regardless of their previous knowledge and experience. Remember, some people have never worked in an office their entire life. What seems simple and accepted to some of us, may be something another person would never have known.

Okay, let's go back to where we were. You now have one master file completed and we're ready to make another just like it. This time we'll name the hanging file folder "Income" and label 3 manila folders inside it with the following headings: (A) Completed and Shipped Orders (B) Inquiries and Correspondence.   (C) Open Orders Still Pending.

See how easy? From now on, you simply make another folder as the need arrives and you're files will always be easy to maintain. (Once you get this concept down pat _ you can easily think about getting a computer.

A computer organizes its information in the SAME manner. Believe me - this same system works! You'll be amazed at how many mistakes it will help you prevent.)

Yes - bookkeeping is a very simple process. All you have to do is keep the system going. For instance, every order that I process, I completely finish before moving on to the next order. Example:

1. Mail is received and opened. As each piece is opened it is placed into individual piles. Orders with pre-payment are placed in one pile, information and daily correspondence in another, and so forth.

2. Each order that has been pre-paid for is processed first - with each one being processed individually to completion. (That means it is in an envelope, a label typed out and the completed order is ready to be mailed at the post office.)

3. During the process, the "date," "amount of check or payment" and "product ordered" is recorded on the outside of the envelope - making sure the customer's full name, address and telephone number (if available) is on the envelope too.

4. Just before closing up the office for the evening, the envelopes are then keyed into the database on our computer (you can substitute a computer for the hanging files in the beginning.) We record all the information that was written on the envelopes during the processing of the order. (Don't think you will remember "what" the order was. That thinking will open you up to make human errors.)

As your business grows, your understanding and abilities will grow also. At that time you can grow into a more sophisticated means of keeping the books.