



# BUSINESS PRACTICES FOR SUSTAINABLE CONTRACTORS

Part Two—Are you asking your accountant the right questions?

Your accountant can be your most trusted business advisor and an integral part of your team; not simply someone you visit once a year to review your tax returns and financial statements. Historically, an accountant was thought of as a financial expert whose main focus was preparing tax returns. Typically, they were very comfortable conducting an annual review of their clients' business, but far less comfortable talking about future goals and objectives. However, times have changed over the past few decades and accountants have had to adapt and become forward-looking advisors.

As a client, it is your responsibility to ask your accountant the right questions to ensure they are forward thinking and focusing on the right areas of your business. You need to ensure they can cover the basics, such as your tax compliance and financial reporting; however, truly successful business owners draw far more value from their accountant than simple financial statements. The following are questions to ask and areas of focus with your accountant:

## Tell me about your level of forest industry experience?

Ask about their experience and knowledge of the forestry industry, do they know the difference between a buncher and a processor? Can they tell you the steps from stump to dump? The more in tune your advisor is with the industry the better they will be able to serve you and your needs.

## How much time will you focus on my business and how often can we meet?

Good accountants will have a lot of clients but they should always have time for the forward-looking clients that want to meet regularly to review where the business is heading and how to get there. They should always make the time to discuss your plans.

## If you were in my situation, what would you do differently?

Accountants assist a variety of business owners and are a wealth of knowledge when looking for insights on how different styles and approaches could help you. You can learn a lot from your accountant if they are willing to give no-holds-barred advice. They may also be able to connect you to new suppliers or customers.

## Is there anything I can do to help with efficiency?

Accountants enjoy working with clients who are well organized and on time. By asking this question you are ensuring your records are presented in a method that assists your accountant and allows them to focus on the big picture rather than being delayed by unorganized information.

## How can this tax season be improved over last year?

An accountant who understands your industry should be able to answer this easily and a truly proactive accountant will have been in contact with you throughout the year with any changes that may impact you. Ask these three questions:

- 1) What industry-specific tax changes affect my business this year?
- 2) Is there anything else I can do to minimize my taxes?
- 3) Is there anything I could have improved last year?

## Is there a business structure that could work better?

As a business grows, how it is structured may change over time. A trusted business advisor should proactively address this but it is always good to ask the question. Depending on the stage of your business life cycle, some structures minimize tax, some help with liability protection and others help when winding a business down or selling. Asking this question too late could be costly.

## Am I withdrawing funds from my business in the most tax-efficient manner?

Your accountant should be able to help you minimize the tax on funds you withdraw from your business. Depending on the amounts, there are more options than simply dividends or taking a salary. Ask your accountant if there is a need for a large withdrawal.

## How am I going to exit my business?

As time goes on, exiting a business is one of the greatest concerns of owners, and oftentimes accountants fail to address the issue. You should be discussing this with your accountant from day one. You never know when the day will come when it is time to hang up the hard hat and work boots and find a beach. By planning ahead, you can ensure this is done as tax-efficiently as possible with few headaches.

A strong business relationship with your advisor will enable you to maximize your advice, and the benefit to your business will be substantial. It is equally important to choose an accountant whose values align with yours and someone who will always deliver you the truth regardless of how tough it is to hear. By choosing wisely and acting on solid advice, you and your business can reap the rewards.▲

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