



SCALE WITH PROS

**Why Accounting is
Important**



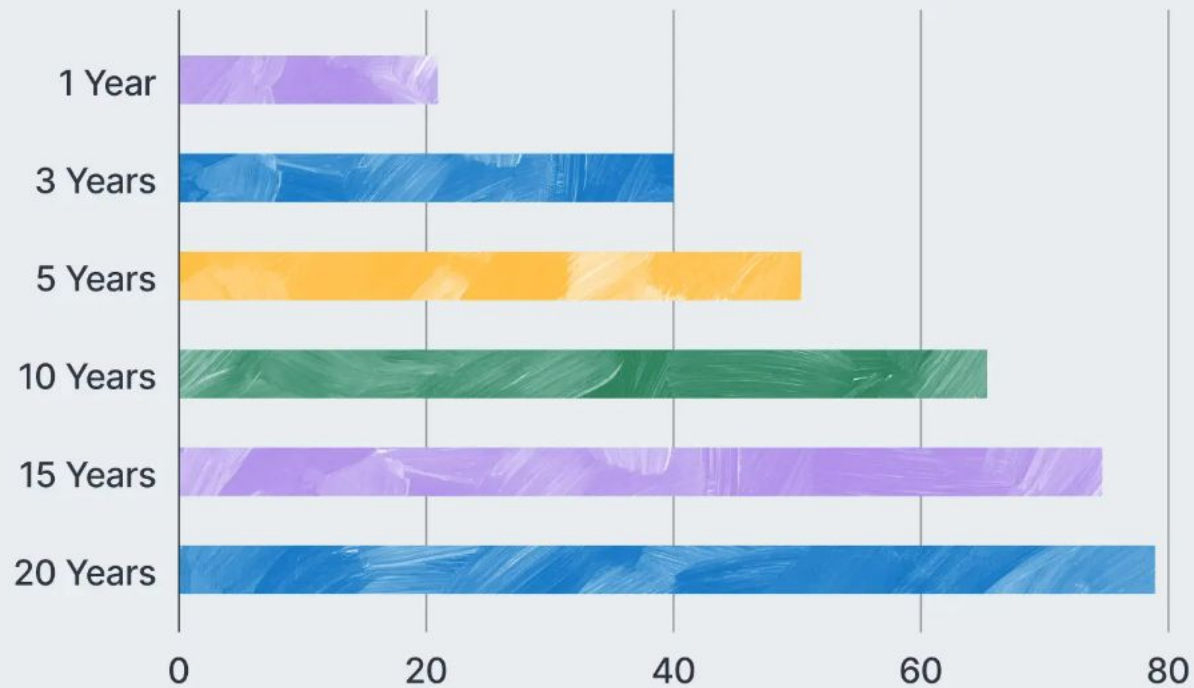
You have to understand accounting and you have to understand the nuances of accounting. It's the language of business and it's an imperfect language, but unless you are willing to put in the effort to learn accounting - how to read and interpret financial statements - you really shouldn't select stocks yourself

— *Warren Buffett* —

AZ QUOTES



Business Failure Rates by Year



The Economics of Business

- Heavyweight Fight!
- The odds are not in your favor
- What are your odds if you can't get good data about your business?


What accounting can help you with!

- Accounting means knowing the ins and outs of your business
- It's the difference between knowing you can or should put money into an investment, knowing you can't afford to, or knowing that the margins are too bad and why are we doing this again?



- Managing liquidity: Can you make payroll?
- Managing your financials: Can you get a loan or equipment financing?
- Managing reporting: Are you paying the right amount of taxes?
- Managing operations: Are you making the correct business decisions?



A landscape photograph of misty mountains with dry grass in the foreground. The text is overlaid on the image.

Capital isn't this pile of
money sitting
somewhere; it's an
accounting construct.

Bethany McLean

Frauds that occurred because of bad accounting

- Enron in 2001: Hid their liabilities in subsidiaries.
- Worldcom in 2002: Capitalized expenses to make themselves look profitable
- HealthSouth in 2002: Created fake revenues
- Waste Management in the 1990s: Capitalized expenses and inflated earnings to make analyst estimates.

The Role of Accounting in Business

- Assess business performance
- Cash Management for Operations
- Forecasting and Budgeting
- Fraud Detection and Avoidance



What this accounting course is going to cover:

- Accounting Basics
- Building out your back office staff
- What to pay these guys and a raise process for you to use.
- Reading Financial Data
- Key Metrics
- What to look at daily to make your company better
- Forecasting and Budgeting



Accounting is Important! Pay attention to the details!

