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## **When clients outgrow QuickBooks...**

Ronald S. Cook, ESQ, MBA, MCT, MCSE, MCDBA, CTT+, President of Technology Is Made Easy, Corp., is a technology expert, attorney, teacher, author, lecturer, and analyst. Over the past fifteen years, the firm has installed more than 500 accounting systems, and delivered hundreds of lectures on various subjects. The firm can help you upgrade clients, where appropriate, to Microsoft Small Business Financials or Microsoft Great Plains. Mr. Cook is a tremendous resource, for professionals, such as Certified Public Accountants, in implementing client technology solutions. Thank you to J. Carlton Collins, CPA for his contributions to this article.

With a reported 2.2 million users, Intuit QuickBooks is the world's most popular accounting system. For the money, QuickBooks provides a nice assortment of features that cater to the needs of smaller businesses. However, QuickBooks has its limitations, meaning burgeoning companies can easily outgrow this product. In this article, Mr. Cook describes these limitations and offers practical advice for squeezing the most out of QuickBooks. He also suggests ways you can ultimately replace QuickBooks and compares the product with Microsoft Business Solutions Small Business Financials North America Edition.

QuickBooks has limited accounting system features and limited database performance. If you run a smaller operation, these product characteristics are actually appealing. For one thing, having fewer features makes Intuit QuickBooks easier to use. If hundreds of new features were added to the product, users would have more difficulty mastering it. In addition, if QuickBooks incorporated a more robust database, its price would increase. If your organization is rapidly expanding, however, you will eventually outgrow the QuickBooks feature set and database performance, as the rest of this section helps to illustrate.

### **QuickBooks Feature Set Limitations**

Growing companies often find they need more sophisticated features that aren't offered by QuickBooks. For example, QuickBooks does not support serial number tracking, multiple warehouse locations, or customer-specific pricing. In 2004, I reviewed an extensive survey of 25 popular accounting software products. The survey ranked the products in order of most robust to least, based on the number of features provided out of the box and the number of additional features provided by customizing the product or by purchasing add-on solutions. QuickBooks Premier ranked **last** in the group, with 731 features provided out of the box and 79 features provided through customizations or add-ons. The top performer in this group of 25 products had 3,151 features provided out of the box and 187 features provided through customizations or add-ons.

Note: Remember that Intuit limited the QuickBooks feature set to make the product more affordable and easier to use. Up to a point, you can overcome feature shortcomings in any accounting software product by using manual workaround procedures or add-on solutions.

### **QuickBooks Database Limitations**

According to Intuit, QuickBooks can theoretically handle up to a billion transactions. The company claims the maximum number of transactions is limited more by your computer's hard disk space and memory than by QuickBooks. However, it has been widely documented by Intuit that after a certain number of transactions, the product's performance declines. Ultimately, as a company's number of transactions continues to increase, QuickBooks' performance will decline to unacceptable levels.

Intuit reports that the total number of employees, customers, vendors, products, and other names you can enter into QuickBooks is limited to 14,500. Likewise, you cannot enter more than 10,000 account numbers. However, performance can decline to an unacceptable level long before your company reaches these thresholds.

### **Determine When You've Outgrown QuickBooks**

You know you're beginning to outgrow QuickBooks when you notice unacceptable menu and screen delays occurring as you navigate through the product. Another clear indication you're outgrowing QuickBooks occurs when your reports begin taking an unacceptable amount of time to print.

For a more scientific approach, you can estimate the size of your QuickBooks database like this:

1. Multiply the number of annual transactions by 2 KB
2. Add up the total number of items in your lists
3. Multiply the total from step 2 by 5 KB
4. Add the total kilobytes from step 3 to the total kilobytes arrived at in step 1

A "transaction" or an "item" includes an invoice, a payment, and a deposit would count as three separate transactions. A bill and bill payment would count as two transactions. And an employee, a customer, and a vendor would count as three separate items in your lists.

Example: Suppose your company enters an average of 300 transactions per month. This means the data file would grow by approximately 600 KB per month ( $300 \times 2$  KB) or 7200 KB per year ( $600 \text{ KB} \times 12$ ). Now add to the total 5 KB for every vendor, item, employee, customer, and account number in your database. If the resulting data file is smaller than 15,000 KB, QuickBooks performance should be acceptable. (You can check the size of your QuickBooks file by pressing CTRL+1 on the keyboard.) Note: This is a rough estimate. Complex transactions eat up exponentially more memory than simple transactions. For instance, a user who enters 500 one-line invoices per month will find that his or her data file is smaller than that of a user who enters 100 five-line invoices per month.

### **Squeeze the Last Few Drops from QuickBooks**

What if you determine that you are indeed outgrowing QuickBooks? There are several measures you can take to temporarily relieve the problem until your company can select, purchase, and install a new accounting system. I have listed the following measures in order from least to most drastic:

- Defragment the computer's hard drive.
- Archive and condense the QuickBooks data file using the built-in File Utilities command.  
(First make a copy of your QuickBooks data on your hard drive so you can access it later, if necessary.)
- Turn off QuickBooks preferences, such as alerts, reminders, and auto-refresh reports to gain a little more speed.
- Run QuickBooks in single user mode, or run the program in single user mode during certain times of the day.
- Purchase a faster computer with a faster hard drive and faster RAM.
- Add more RAM to your computer, or replace its RAM with faster RAM.
- Install faster 100 MB cards, hubs, and cables.
- Consider turning off the QuickBooks Audit Trail.

### **Replace QuickBooks**

Once you've determined your company needs a new accounting software system, you should embark on a full evaluation and selection process. **Contact Mr. Cook for a 30-step blueprint for selecting the right accounting software.**

### **GAP Accounting Solutions**

GAP accounting products are a class of products designed to meet the needs of companies that have outgrown QuickBooks. GAP products, which range in price from \$2,000 to \$5,000, earned their name for filling the gap between entry-level solutions priced at around \$500 and higher-end solutions starting at \$15,000.

Because of their price, GAP products often are not as well known as their entry-level higher-end counterparts; they're priced too high to sell on retail shelves and too low to be frequently recommended by resellers. As a result, the distribution channel for GAP products is limited, even though they may offer the best value of all accounting software.

Many GAP accounting systems crowd the market today. A top performer in the accounting industry is Microsoft Small Business Financials.

### **Examining Microsoft Small Business Financials**

Microsoft Small Business Financials offers a compelling option to companies outgrowing QuickBooks. With prices starting at \$995, Microsoft Small Business Financials is a light version of the powerful Microsoft Business Solutions—**Great Plains**, one of the world's most popular accounting systems.

Microsoft Small Business Financials offers a variety of sophisticated features QuickBooks lacks. Specifically, Microsoft Small Business Financials offers fixed asset management, a cash flow calendar, and budgeting features. It also supports up to 10 simultaneous users in a true record locking network environment.

The following table summarizes some of the key differences between QuickBooks Premier and Microsoft Small Business Financials.

Product Feature	Microsoft Small Business Financials	QuickBooks Premier
Pricing for five users	\$2,600	\$2,500
Maximum number of users	10	5
Supports true networking with record locking	Yes	No
Supports allocations	Yes	No
Supports statistical accounts	Yes	No
Supports multiple segments in account number for departments, divisions, profit centers, and cost centers	Yes; supports up to six segments	Supports only one segment
Allows you to attach supporting documents to transactions	Yes	No
Supports multiple ship-to addresses	Yes	No
Supports multilevel bills of materials (BOMs)	Yes	No
Supports item pictures	Yes	No
Tracks serial numbers	Yes	No
Supports commissions calculated based on payments received	Yes	No
Has an ODBC-compliant database	Yes	No

As you can see, Microsoft Small Business Financials offers a stronger solution than QuickBooks Premier and makes an excellent migration path for users who have outgrown QuickBooks. In addition, Microsoft Small Business Financials offers a very affordable migration path to Microsoft Business Solutions–Great Plains, should your company continue to grow. With more than 50,000 customers worldwide, Microsoft Great Plains and Microsoft Small Business Financials share a secure future.

## Free training grants from New York State for you and your employees!

Firms can receive up to \$100,000 in free grant money for training. Training can be utilized to learn Microsoft Great Plains and Microsoft Small Business Financials.

For more details, visit this web site: <http://www.roncook.com/free.htm>

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