

Some advisors, especially accountants and attorneys, are widely used by businesses of all sizes because of licensing and legal requirements. No business can function without maintaining financial records, filing required reports, paying income and other taxes, or having complete financial records for use in dealing with banks, suppliers, investors, etc. who need to know the financial position of your business. You may also need legal advice concerning the legal structure of your business, contractual arrangements with suppliers and distributors, leases, litigation protection, etc.

While the services of attorneys and accountants may seem obvious, it does not diminish the need to select individual advisors carefully. You should choose your legal, accounting or other business advisors with great care, including checking for adequate credentials and references. Engineers, technical specialists and management consultants, as well as anyone else who provides specific specialized advice, should be carefully screened as well. The expertise that advisors bring to you should be verified also. If you decide you need an advisor, the following is a guide for selecting an advisor and to using his/her services.

Define What Type/Kind Of Advice You Think You Need

Advice may include general (legal, accounting, etc.) or specific (sales contract, audit, marketing analysis, technical consultation, etc.) By writing out your thoughts, you will be able to shorten your search time and reduce your costs.

List Potential Advisors

- Ask business associates and friends
- Ask your industry association or chamber of commerce
- Ask your current advisors (lawyer, accountant, banker, etc.) about other advisors
- Ask professional associations (CPA Society, Bar Association, etc.)

Screen Your List To Determine

- If they have expertise with similar businesses
- How long they have been in their business?
- What professional certification they have achieved?

Small businesses usually don't have the necessary capital to hire full time experts to work within their organizations. In the beginning, you will probably not have all the necessary expertise either. Therefore, you may need to hire external professional services, such as marketing and management consultants, accountants, attorneys, engineers, graphic designers, technical consultants and others.



SCORE holds monthly business workshops across Colorado. Call (303) 844-3985 for a schedule of classes.

- What references they can provide?
- What fees do they charge and how are they determined?
- How much time will they need to handle your project?
- When will they be available to do your work?

Verify Your Potential Advisors' Credentials

Conduct personal interviews. Make your decision based on the following:

- Are they knowledgeable about your needs?
- Do they have the necessary and professional credentials?
- Can they provide references?
- Have they demonstrated an ability to work within an organization?

- Without interrupting ongoing business or alienating employees?
- What rapport and trust have you developed with the potential advisor during your interviews, phone conversations and reference verifications?

Potential Advisors Should Submit A Written Proposal Which Outlines:

- The objective and scope of the assignment
- The nature and form of the final report as well as an outline for completing the project, including progress reports
- A synopsis of what the advisor will do, what you and your business will do and provide, what work will be completed jointly
- The anticipated cost of the project (fees and expenses), and the terms of payment
- The conditions under which you and/or the advisor may cancel your agreement, including any liabilities or restrictions incurred by each party

Review The Proposal

With the advisor, review and resolve any outstanding questions or ambiguities before agreeing to proceed or to signing any contract.

Cooperate With Your Advisor As Work Proceeds

- Inform your regular staff about details of the project in order to reduce anxieties and to ensure cooperation
- Be available to review progress, answer questions, clarify information and assist with roadblocks as the project progresses
- Don't try to short circuit the work or change the agreed upon work schedule. However, do insist upon timely completion of the project

Review The Finished Project

Ask yourself if you got what you wanted and requested.

Would You Hire This Advisor Again?

Obviously some types of advisory work can be evaluated more easily and readily than others. An accountant dealing with financial statements and audits or other detailed work may require a longer period of time to evaluate than someone working on a short-term project such as a lease or purchase contract. However, all advisory work can be and should be evaluated over time. Some projects may initially appear successful but fail in the long run. If you would choose to hire an advisor a second time you have had a successful experience. If you would not re-hire the advisor, evaluate the situation to determine what went wrong and try to prevent the situation in the future.

Choosing and using professional advisors is critical to businesses of all types and sizes. A good working relationship with your advisor(s) can help determine the long-term

All advisors should be chosen with great care, including adequate credential and reference checking. List of Common Advisors:

- Accountant
- Attorney
- Banker
- Insurance Agent
- Graphics/Publishing
- Marketing and Management Consultants

chances of reaching your business goals. Experienced business advisors can assist you with contacts at banks and other financial institutions. An effective ongoing working relationship with your advisors can give you, the entrepreneur, a wealth of knowledge, experience, insight and contacts that can greatly enhance your success.

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