

Mar"key"t place

We continue our discussion on Stephen Covey's book, *Seven Habits of Highly Effective People*. We are on Habit 7: Sharpen the Saw. This chapter discusses renewing the four parts of your life: physical, spiritual, mental, and social/emotional.

By renewing ourselves, we improve upon ourselves. In the marketplace, we need to keep renewing our product or service. We will always have competition and that competition will surpass us if we stick to the old ways of doing things. Imagine where accounting



would be if the industry never renewed how it recorded transactions? We'd still be using the

manual system of paper journals.

The market changed, so our industry renewed itself.

How can you renew your company?

This is not to say you need to have the latest, greatest widget to do your job. It might be that you need to renew your techniques in the industry. Perhaps it's time to take a class or two to glean new information about a new concept or revise the old standards.

We also need to be encouraging our staff to sharpen their saws.

Investing in their education and/or training will reap rewards for your company and your customers.

Next month: Summary of all seven habits.

Q&A

Client: How best do I utilize my new employees?

BKC: Train, train, and more training. Take the time to train new and existing employees on new company



procedures. Often times, old policies perpetuate a problem because old employees don't get re-trained. Then they say, "that's the way it has always been done." Just because it was the old way doesn't mean it's the best way.

KEEPING LEDGER

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ACCOUNT-ABLE

We want to throw the gear into slow motion and go over the normal balance concept we introduced last month.

A normal balance in any given account on your Chart of Accounts has a balance that normally is a positive.

Here's a transaction broken down:

1) You made a \$225 Sale to a customer. The Type of account for a sale is an Income account. The normal balance in an Income account is a credit balance.

2) The sale to the customer allowed you to collect money and deposit it into your Checking Account. The checking account Type is an Asset and the normal balance for an Asset is a debit.

3) You now have the makings of your double entry accounting:

- Debit Checking account for \$225.00.

When you debit an account that has a normal balance of a debit, you are

increasing the account. A debit + a debit = a larger debit balance. So if you are debiting the Checking account for \$225, and you already had \$500 in the Checking account, you now have \$775.00.

This is what we mean by "normal" balance. The normal balance for an Asset account is a debit, when you add another debit to it, it increases the account.

We'll do the credit side next month.



Quote

To whom, then,
will you compare God?
What image
will you compare him to?
—Isaiah 40:18

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Calendar

Saturday, May 5th

Cinco de Mayo

Sunday, May 13th

Mother's Day

Monday, May 28th

Memorial Day (observed)