**WHY IS ACCOUNTING SO IMPORTANT FOR ENTREPRENEURS?**

Many aspiring entrepreneurs have a somewhat allergic reaction to matters of accounting. If you are looking to move ahead in the business world as an entrepreneur, you probably did not base this pursuit on a love of managing costs and receivables. Entrepreneurs are idea people, right? Why should their creativity be wasted on boring accounting matters, especially when modern startup business models often require less initial startup capital than traditional small business models?

The reasoning for the inclusion of accounting in advanced business administration study has many facets. Understanding the importance of accounting to entrepreneurial ventures is a matter of understanding its necessity as well as its usefulness to maximizing the potential of a business.

**SUCCESSFUL BUSINESSES RELY ON COMPETENT ACCOUNTING**

Essentially, running any business is based on the bottom line. The success of a business depends on the planning and tight management of budgets, balancing the books, and revising financial strategies as necessary. Effective financial management results in the intended outcome of initial business investment: The return on that investment in the form of profits for company owners and stakeholders. Business is based in the movement of money, and accounting is the language of that movement. Therefore, a company's success depends largely on sound accounting.

**ENTREPRENEURS PLAY MANY ROLES IN A BUSINESS**

The movement of money is not a simple matter of overall cost and income or investment and profit. Accounting is a part of every minute aspect of business management, from large business loans to small business grants, product manufacturing and distribution costs to marketing campaign budgets. Employee salaries must reflect the human resource budget allotment. Rent or purchases of office space, buildings, equipment, and machinery must be balanced with projected profit margin increases and investment returns.

Why should entrepreneurs -- the idea people -- worry about all this? Because, at least in the early stages of a business, entrepreneurs are often responsible for many different business functions. They may not be able to budget for hiring accounting staff, creating a marketing department or contracting out to a marketing company, employing logistics management, etc. Entrepreneurs need to understand the financial ins and outs of every aspect of their company's business dealings.

And, even when a business grows to the point where an entrepreneur can delegate responsibilities to various specialized managers, a depth of understanding of how each department functions financially is necessary for evaluating that department's performance.

**ACCOUNTING IS A RESOURCE AND A TOOL FOR GROWTH**

Beyond being necessary for a company's immediate financial health, accounting practices are important strategic tools for entrepreneurs. They allow small business managers to make future projections and predictions in real time. This leads to smart budgeting in the present and strict adherence to that budget, avoiding the pitfall of the unnecessary debt accrual that can sink a fledgling company.

Moreover, a competency in accounting allows entrepreneurs to evaluate company performance and judge which aspects work well and are worth investment as well as which functions need improvement or are simply unnecessary or unprofitable.

Accounting is perhaps more important for a startup entrepreneur to understand than a traditional business manager, given the many roles entrepreneurs will be responsible for during their business's growth.

Entrepreneurs will need competency with business accounting on a large scale as well as accounting practices specific to each function of that business. And with the rapid change and scalable movement of startups, an entrepreneur can make use of accounting principles to grow his or her business with each phase of planning, trial, feedback and revision.

The study of accounting is truly a must for the successful entrepreneur.