Now that you’re clinically ready to take on any dental case that may present itself in your new office, there’s a whole other side to dentistry you need to handle: being the business owner. Working out the details for all the loans, the bank account, your office’s floor plan, the various insurances and taxes—thinking of it all makes your head swim, not to mention the total amount of your new practice loan!

What is the most simple, effective way to organize your practice’s financial information? For a professional practice, there are two sides to accounting: accounts receivable and accounts payable.

You probably already have practice management software, which tracks patient information, charting, treatment planning, insurance information, and payments. The payments received through the practice’s software are called accounts receivable. That’s half of the accounting formula—tracking money coming in.

But what about money going out? Writing checks to employees and vendors is the second half of accounting, called accounts payable. You can buy many well-known accounting software programs off the shelf as well as online to manage your accounts payable. So which one do you choose?

I recommend QuickBooks Pro. What makes QuickBooks Pro stand out? Primarily its ease of use, which is why 90% of practices using accounting software choose QuickBooks.

QuickBooks uses common language, avoiding accountant-type lingo. QuickBooks makes it easy to create reports to understand your finances. When you understand your finances, you make wiser future decisions. Those wise decisions are imperative.

The benefits of QuickBooks Pro

No accounting knowledge is needed, and that means you don’t have to understand debits and credits. Think of it as a financial organizational tool, not accounting software.

Payroll is another reason to use QuickBooks. It features payroll options exactly like other payroll services with one clear distinction—the QuickBooks Enhanced payroll option creates all the staff’s payroll detail within QuickBooks without you needing to input anything manually.

Ultimately, QuickBooks is the best solution for dental practices. First, most dentists don’t want to be accountants, but still need to be business owners. Secondly, all practices need an easy-to-manage accounting program, which is why dental software companies recommend QuickBooks. If the accounting software is visually easy to use, the practice’s financial picture is accurate or accomplished in a timely manner.

QuickBooks Online

QuickBooks does have an online version and, if you go to Intuit’s homepage, you would think it was the only option available. However, the online version doesn’t have as many features as QuickBooks Pro. QuickBooks Online has fewer reports, less ability to customize, and is missing a variety of other options. It’s also much more costly.

The benefit? It does give you access to QuickBooks at any time. However, so does Logmein.com as well as many other...
remote services. The idea is phenomenal but isn’t there yet. I suggest you turn to other means to access your information through the Internet, rather than using a version of QuickBooks that has not yet matured.

The chart of accounts
The chart of accounts is the most important part of your accounting. The financial reports are created based on how the accounts are organized. Your chart of accounts should be designed for business management, with a back to back accountability between the practice software and your QuickBooks.

In my book, Getting The Most Out Of QuickBooks In Your Practice, I make the following recommendations:

1. Keep the chart of accounts simple, using words you understand.
2. Don’t use accounting numbers. Make them available for your CPA to use, but then turn them off. Most of us think with words, not numbers.
3. The QuickBooks income accounts match how patient revenue is deposited into the bank, which should match the payment types in your practice software. For example, you will have cash, checks and insurance checks in your practice software. Together, these make up the Cash & Checks QuickBooks income account. If all your credit cards are deposited together, you will have a payment type called Credit Cards and a QuickBooks income account called Credit Cards. There is more information in the book, but basically you should be able to run an annual report in the practice software that matches the QuickBooks Profit & Loss, minus the last straggling deposits of the month.

Why use accounting software at all?
You might be wondering why you can’t just hand over your financial receipts to your CPA. Because a dental practice is a professional business. All businesses need to know how they make money and where it is spent. Successful businesses know exactly where it goes, and to whom, for cost effective evaluations, at any given moment. Practice owners should know their business more than anyone else. Someone will be the boss of your business. Will it be you?

QuickBooks for Mac
Many dentists want to use a Mac computer for their accounting. The QuickBooks Mac version has greatly improved over the past few years and has almost as many capabilities as the desktop version of QuickBooks Pro.