

Bring colour into business

STAFF WRITER

ACCOUNTING knowledge and financial literacy are essential in facing the challenges of the business environment, for large corporations and SMEs.

Entrepreneurs are vulnerable, as their main focus is business development and consequences can be disastrous if the entrepreneur doesn't understand the full financial picture of the business.

For instance, business owners who focus only on income statements when sales happen may not realise that their sales are resulting in accounts receivable but not cash. And purchasing all inventory with cash instead of charge cards will have a negative impact on cash flow.

Chartered accountant Mark Samowitz has brought a US programme to SA to teach accounting

to businesses. He says Accounting Comes Alive has been used by business schools such as Harvard and Wharton, and is endorsed by major US banks, insurance companies and law firms.

"The programme incorporates a teaching methodology called Colour Accounting that uses diagrams and colours to present financial information in an immediately accessible manner," says Samowitz.

Billy Nield, managing director of chartered accountants and business advisers PKF (Cape Town) has become a certified Accounting Comes Alive trainer. Along with two colleagues, he trains groups of his clients' employees to better understand their companies' finances, and in the process enhances PKF's relationships with those clients.

"We decided to become involved with the course as a way to provide

a further value-added service to our clients. A big selling point for us was the assurance that participants who complete the Colour Accounting course will understand accounting as well as or better than many MBA graduates.

"Employees who have been on the course understand their own businesses better, so they work more effectively. After all, a little colour usually does liven things up a little. Managers who have worked in a bank for 30 years suddenly have a more complete understanding of the finance function."

Samowitz says the one-day interactive course uses diagrams, a storyboard and coloured tickets that have to be placed in coloured buckets as each person discovers the principles of accounting for themselves, one step at a time.

"This makes the concepts in-



THROWING LIGHT ON CONCEPTS: Mark Samowitz with participants in an Accounting Comes Alive workshop.

involved far easier to understand than with traditional teaching models, the same way a mouse-based graphical interface made computers easy to use."

Participants will learn about debits and credits, accrual accounting, revenue recognition principles and cash-flow statements, balance sheets and income statements.

In the two years since Samowitz

introduced this material in South Africa he has taught sales teams, human resource professionals, entire executive teams and even people in finance departments.

"It is actually extremely important for managers to understand the numbers that underpin every commercial concern, because financial literacy is fundamental to business literacy," says Samowitz.

