

Accounting 101 for Retail Business Owners

Most independent home improvement business owners and employees don't have a background in accounting or finance. While the financial metrics of a company are only one piece of the puzzle, they're one of the most important to ensure that your business remains healthy and competitive.

Why Does Understanding Accounting Matter to Independent Retailers?

There are a number of reasons why understanding the basics of accounting is essential for independent retail business owners.

- It helps you understand the overall health of your business.
- It allows you to identify pain points and help you answer questions such as, "How can I improve?" Or, "Where could I be cutting expenses?"
- It shows you long-term and short-term trends in areas across the business.
- It makes it possible to compare yourself to other industry retailers when it comes to numbers like revenue, average transaction size and payroll dollars.

“This course teaches you concepts you'd learn in a college accounting course in under an hour.”

—Johnathon Bell, Sutherlands Hardware

In order to understand these various aspects, retailers need to have a clear understanding of the two most common financial statements: the income statement and the balance sheet. The income statement outlines what you made, what you spent and where you spent. The balance sheet tracks assets, liabilities and net worth.

When you're not familiar with these documents, the information on them can seem daunting. That's why the North American Retail Hardware Association (NRHA) created the Basic Retail Accounting online training course. Whether you're an owner hoping to better understand your financial documents or are new to the industry and are looking for ways to become acquainted in your new career, this NRHA course can help. ➔

Basic Retail Accounting

This course offers an introduction to the often-complicated topic of accounting by explaining the income statement and the balance sheet. It also defines basic financial ratios you can use to compare your operations against others in the industry. Business owners and any employees involved with financial management will benefit from this course. The course is available to NRHA Training Members. For more information about the course, visit nrha.org/online-training.

