



Can QuickBooks Handle My Inventory?



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And So The Conversation Begins...

“Does QuickBooks have an inventory module?”

And my answer is...

Yes, QuickBooks Pro, Premier, Enterprise and Online all have inventory modules built into them.

However...

The better question to be asked is this – “does the QuickBooks inventory module have the features I require for my specific business needs?”

If that question is presented instead, my answer would be - *“it depends”*...

Taking a Closer Look at the Inventory Features Within QuickBooks Pro, Premier and Enterprise

The following is a screen shot of a pre-populated sample record from the inventory master in QuickBooks:



Type
 Inventory Part Use for goods you purchase, track as inventory, and resell.

Item Name/Number Cabinet Pulls Subitem of Cabinets

Unit of Measure
 U/M Set Each to Case/Doz:ea

Purchase Information
 Description on Purchase Transactions
 Cabinet Pulls

Sales Information
 Description on Sales Transactions
 Cabinet Pulls

Cost 3.00 per ea **Sales Price** 0.00 per ea

COGS Account 50100 · Cost of Good... **Tag Code** Tax

Preferred Vendor Patton Hardware Su... **Income Account** 40100 · Construction...

Inventory Information (Quantities in ea)

Asset Account	Reorder Point	On Hand	Average Cost	On P.O.	On Sales Order
12100 · Inventory Asset	15	415	2.55933	0	0

Item is inactive

Review

Let's review the functionality that is found within the item master as displayed on the last page.

- Item name/number – can be letters or numbers here (up to 31 characters)
- Subitem/parent relationship – makes the inventory list easier to view, but is not required
- Manufacturer's part number
- Unit of measure set
- Unique description of the item on purchase orders
- Unique description of the item on sales orders and invoices
- Purchase cost (appears on purchase orders)
- Cost of Goods account – where the cost of an item gets posted when the item is sold
- Preferred vendor – the primary vendor this part is purchased from
- Sales price – the default price of the item that is used on quotes, sales orders or invoices. Can be overridden at any time
- Tax code – determines taxability for sales tax purposes
- Income account – where the revenue for an item gets posted when it is sold
- Asset account – the ledger account where the inventory values are tracked
- Reorder point
- On hand count
- Average cost of the item – average cost is all that is available in the base QuickBooks inventory module
- Quantity on purchase orders that have not yet been received
- Quantity on sales orders that have not yet shipped

In addition, you can:

- Add custom fields for inventory items – the Pro and Premier versions of QuickBooks allow up to 5 extra custom fields. The Enterprise version allows up to 15 custom fields
- Track notes for an inventory item – QuickBooks allows for a “notepad” like interface where you can keep running commentary/notes about the item.

Do You Use Assemblies/Kits In Your Business?

The following is a screen shot of a pre-populated inventory assembly record from the inventory master list.

Type
 Inventory Assembly Use for inventory items that you assemble from other inventory items and then sell.
[What's the difference between an Inventory Assembly and a Group?](#)

Item Name/Number: Interior Door kit Subitem of Manufacturer's Part Number

I purchase this assembly item from a vendor

Unit of Measure: U/M Set

Purchase Information

Description on Purchase Transactions: description of the item that goes on a purchase order

Cost: 0.00

COGS Account: 50100 · Cost of Good...

Preferred Vendor:

Sales Information

Description on Sales Transactions: complete Interior door

Sales Price: 0.00

Tax Code: Tax

Income Account: 40100 · Construction...

Item is inactive

Bill of Materials

Item	Description	Type	Cost	Qty	U/M	Total
Hardware:Doorkno...	Standard Doorkn...	Inv Part	15.00	1		15.00
Wood Door:Interior	Interior wood door	Inv Part	35.00	1		35.00
Hardware:Brass hi...	standard interior ...	Inv Part	3.00	3		9.00
Door Frame	standard interior ...	Inv Part	12.00	1		12.00
Total Bill of Materials Cost:						71.00

Inventory Information

Asset Account	Build Point	On Hand	Average Cost	On P.O.	On Sales Order
12100 · Inventory Asset	5	21	100.8481	0	0

As you can see, the information available for an inventory assembly in QuickBooks is identical to that of a regular inventory item, with these additions:

- The ability to create a bill of material to track the individual components of an assembly
- The use of a “build point” instead of a reorder point

Taking a Closer Look at the Inventory Features Within QuickBooks Online (QBO)

Here is a screenshot of a prepopulated item from QBO:

In QBO, these data fields are available:

- Name
- SKU
- Category
- On hand count
- Reorder point
- Inventory asset account for posting to the ledger
- Sales description
- Sales price
- Income account for posting to the ledger
- Tax – yes/no?
- Purchase description
- Purchase cost
- Expense account for posting to the ledger
- Preferred vendor

Product/Service information

Inventory

Name*

SKU

Category

Quantity on hand

Adjust: [Quantity](#) | [Starting value](#)

Reorder point

[What's the reorder point?](#)

31

0

Inventory asset account

▼

Sales information

Sales price/rate

Income account

Is taxable

Purchasing information

▼

Cost

Expense account

Preferred Vendor

Here is how QBO sets up what it calls “bundle” items (these are similar to the Group items in QB Pro, Premier and Enterprise)

Bundle [Change type](#)

Name*
Sample Bundle

SKU
X999

Sales information
Sales description goes here...

Products/services included in the bundle
 Display bundle components when printing or sending transactions

	PRODUCT/SERVICE	QTY	
☰	Installation Installation of landscape design	1	🗑️
☰	Lighting Garden Lighting	1	🗑️

But What If Your Business Needs More than QuickBooks Can Provide?

I have put together the table on the next page that details more than seventy (70) features that businesses tracking inventory may need.

Within the table, I have identified which features are available in QuickBooks Pro, Premier, Enterprise or QBO (subject to change of course by any product updates after publication).

In some cases, the feature set within QuickBooks is perfectly fine, and a business can use them very efficiently for many years.

In others, QuickBooks is missing one or many critical features the business needs to function effectively and efficiently every day.

Here is your detailed breakdown of inventory and related functionality...

FEATURE	QB Pro	QB Premier	QB Enterprise	QB Online	Third Party Add-on?
Automatically create purchase orders?			✓		
Backorder tracking		✓	✓		
Barcoding capabilities			AI		
Bill of materials/assembly management		✓	✓		
Bin/Shelf/Rack part tracking			AI		
Cloud based program				✓	
Commission management					
Consignment inventory tracking					
Credit card processing integration					
Credit holds on customer orders			✓		
CRM integration					
Custom fields	✓	✓	✓	✓	
Custom reporting			✓		
Customer balance checking @ order processing			✓		
Cycle counting					
Desktop/server based program	✓	✓	✓		
Drop shipping	✓	✓	✓	✓	
E-Commerce integration					
EDI integration					
E-mailing of documents	✓	✓	✓	✓	
Excel/CSV data import/export					
- List information (i.e. customers, inventory, etc.)	✓	✓	✓	✓	
- Transactions					
Expiration date tracking					
Forecasting					
Inventory allocation methods:					
- Hard allocation (immediately removed from on-hand at order entry)					
- Soft allocation (shows as allocated until invoiced)	✓	✓	✓		
Inventory costing methods:					
- Average	✓	✓	✓		
- FIFO			AI		
- Landed costing					
- Specific costing					
- Standard costing					
Invoice and form customization	✓	✓	✓	✓	
Job tracking/costing	✓	✓	✓	✓	
Kitting/Groups	✓	✓	✓	✓	
Lead time tracking					
Limits on number of items in the database	14,500	14,500	100,000		
Lot number tracking			AI		
Matrix inventory (i.e. S, M, L, XL dynamics)					
Multi-currency	✓	✓	✓	✓	
Multi-location part tracking			AI		
Multiple ship to addressess	✓	✓	✓	✓	
Outside processing and service management					

FEATURE	QB Pro	QB Premier	QB Enterprise	QB Online	Third Party Add-on?
Pick Lists	✓	✓	✓	✓	
Picking Module (a separate module in the software)					
- Single order picking	✓	✓	✓		
- Batch/wave picking					
Point of sale integration					
Product configurator					
Product pricing rules			AP		
Product substitution rules					
Production scheduling and management					
Purchase order management	✓	✓	✓	✓	
Receiving	✓	✓	✓		
Revision level management					
RMA management					
Sales order management		✓	✓		
Sales order to purchase order conversion		✓	✓		
Separate pick/pack/ship modules					
Serialized inventory			AI		
Shipping software integration					
Shopping cart integration					
Track and trace for lot/recall management					
Unit of measure conversions	✓	✓	✓		
Vendor part number cross-reference	✓	✓	✓		
Warehouse transfer functionality			✓		
Web store management					
Work in Process management					
Work order management		✓	✓		
- Automatic creation of work orders					
- Repair work orders					
- Teardown/Disassembly work orders					
Workflow approvals and automation					
Yield management					

AI = The Advanced Inventory module found only within the Platinum subscription level of QuickBooks Enterprise

AP = The Advanced Pricing module found only within the Platinum subscription level of QuickBooks Enterprise

DISCLAIMER: This information is only provided as a guide for you to begin your review of inventory software and the related form, fit and functionality for the specific needs of your business. Many of the terms above can have varied meanings in different businesses (example - Work In Process management), so the specific needs of your business must be identified and compared to the functionality available in QuickBooks or other platforms.

Get to Know The World Of “QuickBooks Add-Ons” For The Optimal Solution

If your business requires one or more of the features listed above that QuickBooks doesn't provide (or some that aren't even listed!), there are several options to consider:

- Use some type of manual method (i.e. Excel spreadsheets) for tracking and reporting purposes (warning: this approach may work, but it may drive you crazy pretty quickly and not be cost-effective in the long run!)
- Completely leave QuickBooks behind and move to another system that does have these capabilities (prepare for a pretty substantial investment for this option!)
- Keep QuickBooks for your core accounting requirements and purchase an “add-on” package that takes care of what QuickBooks is lacking when it comes to inventory management. It would look something like this...



The Beauty of QuickBooks Add-Ons (sometimes called “plug-ins” or “bolt-ons” too)

The beauty of the “add-on” approach is that you retain your investment (and all your work) in QuickBooks and also get the functionality you need that QuickBooks simply can't provide.

Just like you download “apps” for your phone to provide additional information or functionality, a QuickBooks add-on is very similar.

QuickBooks has put together some “add-on marketplaces” that make it easy to begin your search for inventory solutions beyond what QuickBooks can offer.

Access the listings of inventory programs that work with QuickBooks today by clicking below:

👉 [Inventory apps that work with QuickBooks Pro, Premier and Enterprise](#)

👉 [Inventory apps that work with QuickBooks Online](#)

IMPORTANT NOTE: These marketplaces are NOT designed to show or include every possible add-on that is available for QuickBooks. Some companies have chosen not to list their offerings here. Due diligence and research is recommended as you look for solutions for your business!

“Your training has literally revolutionized the way we run things here. Everyone in our entire company - from Customer Service, Purchasing, Marketing, Shipping to Management has benefitted greatly from what you have taught us! I couldn’t recommend your expertise more - I would tell any QuickBooks user that a session with you is mandatory. The ROI is literally 50 fold for our company.” – **Victoria Marquardt, Applied Home Healthcare Equipment**



Need Help Sorting It All Out?

Before starting my QuickBooks consulting practice, I was a CFO responsible for over \$4 million in inventory, so I completely understand the complexities involved in managing and tracking this valuable asset.

If you want the expertise and insight of someone that has over thirty years of QuickBooks, accounting, inventory and systems management experience, I’m here for you!

Services provided include:

- A review to make sure you’re getting the most out of QuickBooks now! (sometimes, that’s all a business needs...)
- Needs analysis to help figure out your “must have”, “nice to have” and related requirements as you evaluate potential options beyond QuickBooks
- Project management to help coordinate the acquisition of an add-on and the related integration with QuickBooks
- Custom consulting and coaching projects to help ensure you’re making the right decisions along the way.

▶ ABOUT SCOTT

Contact Scott Today!

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