Can Quickbooks Work For My Service Business?

Presented by Scott Gregory
Certified QuickBooks Enterprise Advisor, Intuit Premier Reseller, CPA
Understanding Quickbooks Desktop (Pro, Premier, And Enterprise) vs. Online

I created this guide to help answer some commonly asked questions, and also clear up some confusion when it comes to understanding what QuickBooks can and cannot do in supporting a service business such as HVAC, electrician, plumber, etc.

Before we go too far, it’s essential to understand some basic terminology when it comes to QuickBooks software.

QuickBooks comes in two different configurations – the desktop configurations, and the online version.

The Desktop Configurations of Quickbooks

You may have heard the terms QuickBooks Pro, Premier or Enterprise kicked around. Or even the phrase QuickBooks for Contractors. All of these are describing the desktop versions of QuickBooks software.

With desktop software, you literally run it on PCs, laptops and servers, just as traditional software has run for years. Some businesses choose to put their QuickBooks desktop software “in the cloud” – this means that they are using either Pro, Premier, or Enterprise, and have hired a third party company to store/host it for them. This allows them anytime, anywhere access to their QuickBooks so they do not have to be in the office to access it.

The Online Version of Quickbooks

QuickBooks also comes in an online version. Also referred to as QuickBooks Online or QBO, this version is a very different approach to “keeping score” than that offered by the desktop versions. Sure, both versions will figure debits and credits (being accounting software after all), but their user interfaces are vastly different.

Some businesses really like the desktop versions, as they have used them for years. Others prefer the online edition. I can certainly help you figure out which one is a better fit for you.
I have identified below some of the tasks within a service business that QuickBooks can usually handle quite well. Of course, your business may have specific requirements that are outside the boundaries of the QuickBooks features outlined below. We’d have to review the specific needs of your business in more depth to evaluate what options might be available to solve the challenge.

**Create quotes/estimates** – Some businesses call them quotes, others call them estimates. Whatever you call them, QuickBooks does have the ability to create estimates that can be used for customers and projects where you hope to acquire the business, but need to get them a quote to review before anything else happens. The quote templates can easily be customized for the needs of your business as well.

**Create work orders** – The Premier and Enterprise editions of QuickBooks offer sales order capabilities. For service businesses, a sales order is exactly the same as a work order (manufacturers and distributors refer to these as sales orders). It is a set of instructions for parts, labor and/or other services that need to be provided to a customer as of a certain date to “fill” an order they have placed with you. The work order templates can easily be customized for the needs of your business as well. (Note: this functionality is currently not available in QuickBooks Pro or QuickBooks Online. It is available in QuickBooks Premier and Enterprise).

**Create invoices** – Ah yes, the magic moment when the work is complete and it is time to bill the customer for it. QuickBooks can easily create invoices for all or part of a work order that has been completed. It will also keep track of work not completed on the work order so you can easily see what your “backlog” is. The invoice templates can easily be customized for the needs of your business as well.

And Here Are More Things That Quickbooks Can Tackle For Your Service Business

**Create purchase orders** – Want to use purchase orders to track order requests for parts and other materials/services from your vendors? QuickBooks can handle that need as well – very easily in fact. Orders can be created, and then received/closed when they arrive in your warehouse or other destination. The purchase order templates can easily be customized for the needs of your business as well.

**Track inventory and non-inventory parts** – Contrary to what many believe, QuickBooks does offer the ability to track your inventory coming in and going out. The inventory module is actually very solid.

Naturally, on the topic of inventory, many businesses have a variety of specific needs - such things as multi-location (tracking the inventory on service trucks for example), serialized inventory tracking, barcoding and other functionality. If QuickBooks cannot handle the specific needs, there are likely other apps out there that can offer it, and that plug into QuickBooks.

**Enter and pay vendor bills** – Whether it is the receipt of inventory or materials from your vendor, or the need to pay the rent to your landlord, QuickBooks can easily handle the bill-paying and check writing activities of your business. I know – this aspect is not nearly as fun as providing the service and collecting on it, but you will need to have it handy.
+ **Track credit card spending** – If your business uses credit cards to pay for purchases, QuickBooks has the ability to track your spending and keep a running score of your credit card balances. It even offers you the ability to connect directly with your credit card provider for the automated download of activity to make things even simpler.

+ **Track time** – QuickBooks offers two different approaches to tracking time – the weekly timesheet, or the event timer. Both of these options allow for time to be captured within QuickBooks to make it easy to know who worked how many hours on what jobs.

+ **Track jobs** – I’m frequently asked if QuickBooks can handle job tracking, and I’m glad to say that it can, assuming your expectations in this regard are not too advanced. QuickBooks offers the ability to see a profit and loss by job, time booked to a job, and how jobs roll up to the master customer account. QuickBooks is not a full-blown job costing package like those that cost tens of thousands of dollars more however. (Note: Currently, this functionality is quite limited in QuickBooks Online).

+ **Run financial reports** – Rest assured, you’ll be able to see profit and loss, balance sheet, listing of receivables and payables, and other pertinent financial reports relating to the performance of your business. After all, QuickBooks is accounting software, so it does a nice job with these reports that should be the core of all small business reporting.
What Quickbooks Can’t Offer (Or Can’t Do Very Well)

OK. I spent some time above discussing what QuickBooks features work well for many service businesses. Now it’s time to take a closer look at those areas where QuickBooks doesn’t perform so well, or doesn’t perform at all… (don’t worry though – you’ll see in just a bit that we do have some options to plug into these holes!!)

- **Routing** – Many service businesses need the ability to plot out the most efficient routes for their technicians to move around the local area each day. Unfortunately, there is no routing module of any type within QuickBooks. You won’t find one, no matter how hard you look.

- **Dispatching** – Good news! Your customer calls and says they need some work done by your company. You can definitely create a work order in QuickBooks to get things going. However, if you need to get word out to your crew in the field about this new addition to the schedule, QuickBooks comes up short. It has no dispatching capabilities.

- **Scheduling** – Trying to figure out which techs to assign to which jobs on what dates? QuickBooks can’t help there. It does not have a “scheduling module” to help you plot out this very important information for your business each day or week.

**Some Other Weaknesses of Quickbooks in a Service Business…**

- **Workforce tracking** – Where did I send Bill today? What job is Nancy working on? If you want this type of information at your fingertips, QuickBooks will not be able to help you there. It has no concept of GPS tracking of crews or similar needs for knowing where your team members are at a specific moment in time.

- **Client reminders** – While it is true that QuickBooks does have some very rudimentary customer relationship tasks available to it, I believe most businesses would be looking for more functionality than it offers in this critical customer service area. Keeping your clients informed about upcoming appointments, service contracts, and other revenue-enhancing activities is a must, but we’ll have to look outside of QuickBooks to solve for that need.

- **Commission management** – If you have some type of commission incentive program for your business, QuickBooks doesn’t offer much help in the way of helping track, calculate, and pay those incentives. While it does offer a “sales by rep” report, that’s about as far as it goes. Most businesses use some other type of system (Excel, etc.) to supplement this process so they can get the information they need every month.

- **Mobile Access/Mobility** – This is a big one for sure! As a service business, you’re out on the road most of the time, and need access to your information to service your customers. QuickBooks Pro, Premier and Enterprise do not offer any mobility by themselves.

*Good news coming your way though...*
Add-Ons/Plug-Ins Can Save The Day!

So you've read through the list of areas where QuickBooks doesn't shine so well, and are asking why even consider it…

A good question, but not so fast.

An entire ecosystem of add-ons have been developed by third-party companies (businesses that are not related to Intuit, the makers of QuickBooks) to help quickly plug these holes! Some refer to these programs as add-ons, others refer to them as “plug-ins” and still others call them “bolt ons” or other similar terms. All of these descriptors are really talking about the same type of thing.

As I define it, an “add-on” is another piece of software that helps extend the functionality of the base QuickBooks software. At last count, there are well over 500 different add-on programs that work with QuickBooks, ranging from customer relationship management software to sales and route delivery systems.

Some add-ons are desktop-based software, and others are “in the cloud”. Some have mobile capabilities. Others do not.

Some add-ons only work with the desktop version of QuickBooks, some work with both the desktop version and the online version. Generally, add-ons have their own pricing and support plans as determined by the vendor.

Most importantly, the add-on has usually been designed so that data flows from it in QuickBooks (and back again in some cases) without the need to rekey or re-enter the data in both systems. A huge plus indeed!

In the world of service businesses, there are a number of excellent add-on products that can handle the dispatching, routing, scheduling, mobility and commission tracking deficiencies discussed earlier.
About Scott Gregory
Certified QuickBooks Enterprise Advisor and Intuit Premier Reseller

Scott has been helping businesses “get it right” with their QuickBooks and business finances for over thirty years.

During that time, he has assisted well over 1,000 businesses, with services such as QuickBooks software installation, training and coaching sessions, and his “Better Profits Now” program.

Prior to starting his own practice, Scott served as the CFO for a $15 million manufacturing firm for more than ten years. During his tenure as CFO, Scott was responsible for: $4 million in inventory, $4 million in accounts receivable, inventory control, purchasing, information technology and banking relationships.

He is a member of the Certified QuickBooks ProAdvisor program, a CPA, and certified in integrated resource management (CIRM) by APICS. Scott has taught hundreds of business owners, bookkeepers, and CPAs how to use QuickBooks effectively and efficiently through local community colleges and via webinars.

Thousands of QuickBooks users rely on Scott’s QuickBooks Blog for insight, tips and tricks each and every month.

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