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Scott Gregory QuickBooks® Expert

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QuickBooks Sales Orders:

A Critical Tool for Service, Manufacturing and Distribution Businesses

Presented by **Scott Gregory**

QuickBooks Expert and Small Business Finance Specialist

"What makes Scott Gregory unique amongst the QuickBooks Experts we have hired is his very practical approach to tailoring QuickBooks to our needs. His very in-depth knowledge of the "inner workings" of QuickBooks has transformed our operation in a very short time.

He may appear a bit more expensive than other QuickBooks experts until you realize that he covers in an hour what takes others many, and has made our operation smooth and stress-free through clever short-cuts so few know of.

I highly recommend him for setting up QuickBooks right. My employees know much more about QuickBooks now, as he has made it simple to use, and has showed us how to avoid issues in the future. In just a short time with Scott, he has made something which appeared daunting and difficult to use, simple and effective.

I now can sleep at night knowing that my business is under control, and I can accurately view the state of my business at any moment by simply opening QuickBooks. Scott has not only made this possible, but did so in a very cost-effective manner. "

- **David Marcarian,** President
  Precision Biometrics, Inc. / MyoVision

Contents:

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Scott@BetterBottomLine.com

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A Note From Scott

Don't let QuickBooks be a pain in the asset!

Is your business missing out on an extremely helpful feature built into certain versions of QuickBooks?…

That feature is known as the "sales order." The sales order is designed to help track in-house orders between the time the customer places an order and the time you have completed it.

The QuickBooks sales order functionality is a perfect fit if:

- Your service business has any lag time between the time your customer says "begin the work" and the time you actually invoice for some or all of it.
- Your manufacturing business has any lag time between the time your customer says "build it" and the time you actually ship it.
- Your distribution business has any lag time between the time your customer says "order it" and the time it actually arrives from your supplier.

As you can see by the examples above, the sales order functionality can be used by MANY TYPES of businesses to help them better manage their work flow.

Let's see how sales orders can be used to benefit 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 ourcompany."*
>
> **- Victoria Marquard-Schultz, Esq.,**
> *General Counsel & Regulatory Director*
> Applied Home Healthcare Equipment, LLC

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QuickBooks Sales Orders

How exactly does a sales order work in QuickBooks?

The sales order is simply a form within QuickBooks, and it fits between the estimate/quote form and the invoice as you can see by the layout on the QuickBooks home screen:

Even if your business does not use the estimate form, you can still use the sales order form and turn it into an invoice!

Let's take a look at a common example to lay out the flow of information (keep in mind there are many different scenarios as mentioned above where a sales order can be plugged in):

1. You have previously sent out a quote to your customer, the ABC Company for 100 widgets. Today, they email you the order and let you know they need them immediately. (of course!)

2. You locate the estimate for ABC Company in QuickBooks and open it. Now, you look at the top of the estimate, and you see these options available to you.

3. You click on the Create Sales Order option and the following message appears – all is well at this point.

4. The Sales Order has now been created in QuickBooks – note the similarities between it and the QuickBooks estimate and invoice forms. No worries - you can customize the layout of a sales order if necessary, using the same QuickBooks tools used to customize invoices and estimates:

5. Once the Sales Order has been finished and saved, it appears in the transaction list for this customer when looking at their information in the Customer Center

❯ So Far, So Good!

However, ABC needs 100 widgets, and you only have 30 in stock. The ABC Company says to go ahead and ship the 30 now and the 70 when you receive them from your supplier.

The process of invoicing a portion of a sales order is a snap in QuickBooks! Here's how:

1. Open the sales order and click the Create Invoice button at the top of the screen. The following appears:

2. Since we can't invoice for the whole sales order, your solution is to create an invoice for selected items. The following screen appears:

3. Once you click OK to complete the invoicing process, your on hand is reduced by the 30 widgets to 0, and then if you go back to the sales order, you now see what is backordered andwhat has been previously invoiced.

4. At this stage, you can create a purchase order directly from the sales order as well by clicking the Create Purchase Order button at the top of the sales order screen, and completing the purchase order as normal.
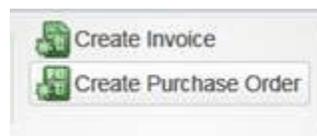
❯ Great News At This Point!

QuickBooks has two extremely helpful reports you can monitor to keep track of your open sales orders:

1. Open Sales Order by Customer

Rock Castle Construction
Open Sales Orders by Customer
All Transactions

Type	Date	Num	Memo	Amount	Open Balance
ABC Company					
Sales Order	12/15/2020	7004		1,000.00	700.00 ◀
Total ABC Company				1,000.00	700.00

2. Open Sales Order by Item

Rock Castle Construction
Open Sales Orders by Item
All Transactions

Type	Date	Due Date	Num	Name	Qty	Invoiced	Backordered	U/M	Amount	Open Balance
Total Cabinets (Cabinets)					4	2	2		1,600.00	800.00
Total Inventory					4	2	2		1,600.00	800.00
Parts										
Widgets										
Sales Order	12/15/2020	12/15/2020	7004	ABC Company	100	30	70		1,000.00	700.00
Total Widgets					100	30	70		1,000.00	700.00

Closing the sales order upon receipt of the final 70 widgets is easy. Here's how:

1. Receive the 70 widgets into inventory just as any other inventory is received into QuickBooks

2. Return to the sales order created earlier and click the Create Invoice button

3. Choose to "Create invoice for all of the sales order"

4. Complete the invoicing process for the remaining 70 widgets

❯ Key Point

Your business does NOT have to use inventory to use sales orders as demonstrated above. The same process as outlined can be used to track jobs, service work, projects and other situations where there is a lag between the time the customer order is received and the time all or part of the order is to be invoiced.

At this point, your customer has been invoiced for the shipments of 30 widgets and 70 widgets. Their sales order is now closed in QuickBooks, and all of these documents are quickly available for historical lookup purposes.

The Advantages Of Using Sales Orders

Consolidate multiple customer orders into one invoice - you can choose from a list of sales orders for a given customer, click OK and have them all consolidate into one invoice. In the screenshot below, the customer has two open sales orders that can instantly be combined to create a consolidated invoice
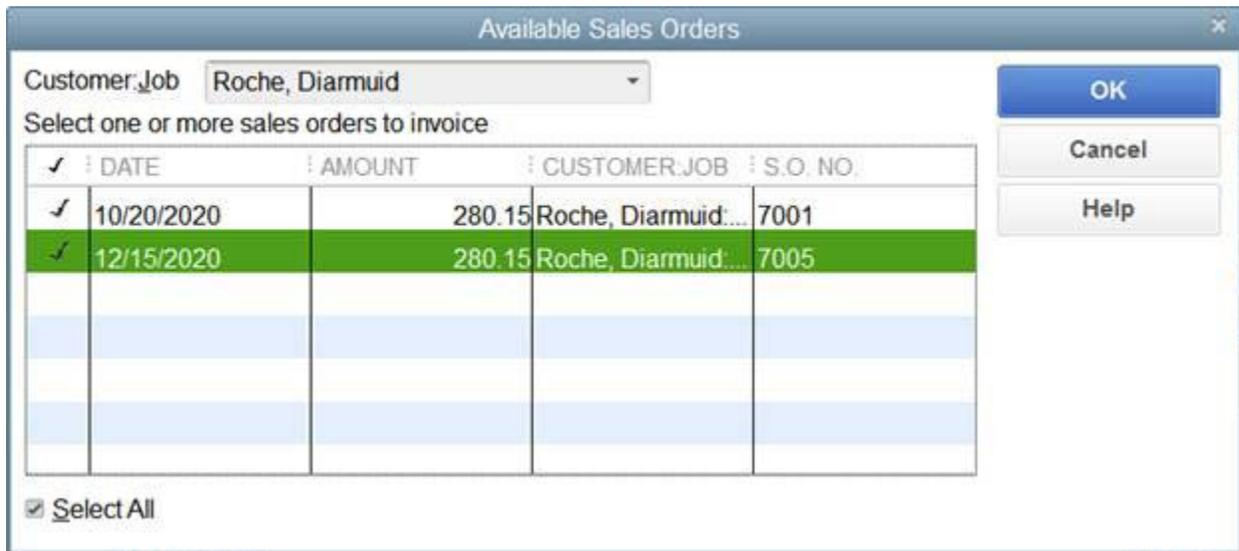
Create partial invoices - a sales order is the perfect tool to use for tracking partial shipments. If your customer has ordered 150 widgets and you can only ship 60 of them right away, create a sales order for the 150 widgets and then invoice for the 60 that are shipping now.

Tracking backorders - in the example above, you have a backorder of 90 pieces. The sales order is the perfect place to track it until it has shipped completely. (Hint: Go to Reports > Sales > Open Sales Order by Customer report) for easy tracking or look directly at the sales order itself where it shows previously ordered and backordered amounts.

The Sales Order Fulfillment Worksheet – Worth It's Weight In Gold

This little gem is found in the Premier and Enterprise versions of QuickBooks.

This fulfillment worksheet provides a ground-level view of all of the open sales orders in QuickBooks at any given time. Within the sort field, you can pick the option that provides the best view into these open orders:

From there, you can use the various tools within the fulfillment worksheet to pick which orders are going to ship, prioritize which ones are going to be worked on, and other important tasks that your business encounters each day when it comes to managing your customer orders.

How Businesses Are Incorrectly Using Quickbooks To Obtain Sales Order Versatility
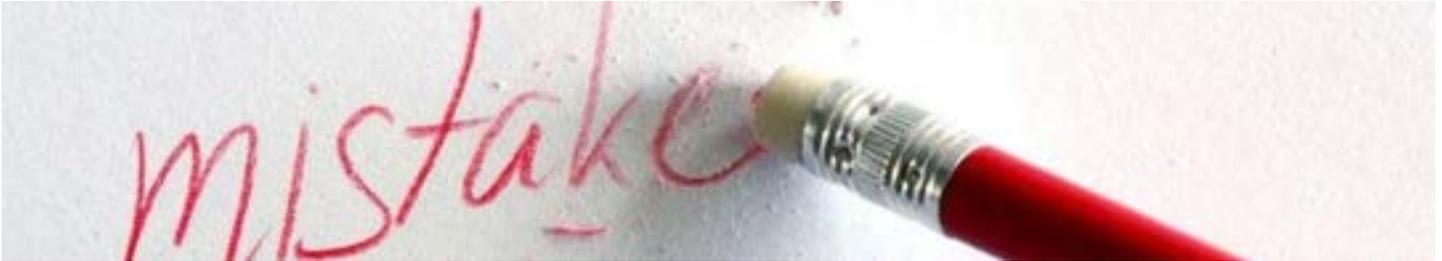
Over the last 20 years, I have seen businesses use a lot of different ways to get their version of QuickBooks to act like it has this sales order functionality. Most of these attempts revolve around two common themes:

1. **Trying to make estimates behave as sales orders –** while this is the "better" of these two methods, this approach still has some significant shortcomings, which include:

   a. **Confusion with real estimates –** if your business is using QuickBooks to create quotes and estimates AND tries to use the estimate to also mimic a sales order, how can you tell them apart? By using estimates for estimates and sales orders for live orders your customer has placed, there is a clear distinction in QuickBooks. Makes information MUCH easier to find.

   b. **No reports geared to open estimates –** like you saw above, the two key reports, open sales orders by item and open sales orders by customers are a snap to use when tied into sales orders. However, there are no similar reports relating to estimates in QuickBooks.

   c. **Can't use the sales order fulfillment worksheet –** this worksheet doesn't work with estimates or invoices, just sales orders. You are missing out on the use of a powerful reporting tool by trying to make estimates behave like sales orders.

2. **Trying to make invoices behave as sales orders –** this approach is actually not a good one at all. The same problems as outlined for estimates above also applies to invoices.

◆ Even Worse...

Once you create an invoice in QuickBooks, the "meter" starts running. A sale has been posted to your accounting records and the clock starts ticking on what QuickBooks thinks is a valid amount that is due your business at some point in the future (i.e. net 30 days).

The reality of this situation is that this approach really messes things up in QuickBooks. Let the sales order do what they are good at, and only invoice when you have actually shipped all or part of the order and are expecting to be paid for it!

Which Versions Of Quickbooks Contain Sales Order Functionality?

When you visit the QuickBooks web site, you are greeted with a listing of the different versions of QuickBooks. To help you cut through the clutter quickly, here are the only two versions of QuickBooks that support the sales order functionality:

- QuickBooks Premier
- QuickBooks Enterprise

BONUS: Download my free guide to understand the key differences between QuickBooks Premier and QuickBooks Enterprise Solutions.   **⊙ DOWNLOAD MY FREE GUIDE**

Can I Upgrade My Version Of Quickbooks To A Version That Uses Sales Orders?

If you find that adding the functionality of sales orders will help your business be more productive, taking the next step is easy.

Assuming you are using QuickBooks Pro, upgrading your data into either QuickBooks Premier or QuickBooks Enterprise is a snap. QuickBooks makes the transition from Pro into Premier or Enterprise a seamless experience.

By having QuickBooks automatically upgrade your existing data, you are not faced with the problems and challenges of having to recreate critical accounting information. Just install Premier or Enterprise, upgrade the data, and get back to work.

QuickBooks Services

"I would definitely recommend Scott Gregory to anyone."
- Margo Strunk, Office Manager, AllCraft Wellman, Inc.

Take the guesswork out of using QuickBooks for your financial needs – get the help of a trusted QuickBooks expert that has been helping businesses for years:

One-To-One Consultation

Let me help resolve areas of confusion and ensure you are using QuickBooks the right way- don't waste time sitting in a "QuickBooks class" and then discover the class doesn't answer your specific questions! We can nmeet on-site or over the Internet for as little as an hour, or as long as it takes to get things right!

Initial Quickbooks Setup

Just starting with QuickBooks? If your company data file is not set up correctly, you will be paying for it over and over again in higher accounting fees and troubleshooting expenses. Ensure you start your QuickBooks journey with a solid foundation! Don't blow this critical step in your QuickBooks journey.

Unlock The Secrets To Using QuickBooks More Effectively

Take advantage of my expertise to work with you and your staff and adapt QuickBooks to the specific needs of your business. You don't even have to leave the office!

Help Selecting The Right QuickBooks Add-On Software

Trying to extend the functionality of QuickBooks? Avoid the classic mistakes many businesses do when looking for new software, especially packages that integrate with QuickBooks. Work with a QuickBooks expert to ensure your success.

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Save 20% on a consultation with Scott!

(2 hour minimum)

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"Scott Gregory continues to amaze me. Every single client out of the dozens who have purchased Enterprise Solutions from Scott and worked with him have given him a 100% Net Promoter Score. This is very unusual in our industry. It is considered World Class." – **MARIE ARCHULETA, Channel Sales Manager for Intuit**

About Scott Gregory
**QuickBooks Expert and Small Business Finance Specialist**

Scott has been helping businesses "get it right" with their QuickBooks and business finances for over thirty-five 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 part-time controller services.

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.
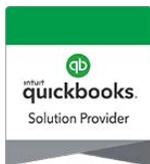
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