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WORK FOR YOU!



Quickbooks For Manufacturing Businesses And Job Shops

7 Things You Need To Know



Presented by **Scott Gregory**

QuickBooks Expert and Small Business Finance Specialist



“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



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

- Getting headaches from trying to figure out QuickBooks?
- Not sure how QuickBooks is supposed to work?
- Discovered your accountant doesn't know QuickBooks?

Help is here!

Benefit from having a trusted, professional advisor on your team at a fraction of the cost of full-time staff. My clients enjoy our working relationship simply because I don't talk “accounting or technology speak” – I can discuss your problems and offer solutions in plain English. [See what my clients are saying about the help and insight I have provided for them.](#)

[Contact me for help](#) before you throw up your hands in frustration! Working together, we can determine the extent of your QuickBooks problems and put a solution in place. Let's get your QuickBooks and accounting problems ironed out soon!

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A Note of Introduction...

Whenever I hear “QuickBooks” and “manufacturing” in the same sentence, it gives me reason to pause.

It should do the same for you!

Unfortunately, there is a lot of confusion out there about what QuickBooks can and can't do when it comes to manufacturing businesses.

Many manufacturers purchase the Manufacturing and Wholesale Edition of QuickBooks with the belief that it will take care of ALL their needs. Sadly, this edition of QuickBooks can only cover a fraction of the needs and requirements for many of these businesses.

I have developed a list of seven (7) important things that you should know relating to QuickBooks for manufacturing businesses and job shops.



QUICKBOOKS FOR MANUFACTURING: TIP #1

QuickBooks Only Supports An Average Cost System

For many businesses, the use of average cost to value inventory and record cost of goods sold is perfectly acceptable. If so, QuickBooks can be a very good fit.

For others, they have a need for FIFO, specific, landed, or other type of inventory costing system. In the event that average costing is not acceptable, but your business wants to use QuickBooks for its' accounting, you will want to look into [add-ons for QuickBooks](#) that do support the desired alternate costing methods. The [Platinum subscription to QuickBooks Enterprise](#) includes the Advanced Inventory module that has FIFO cost capabilities, but none of the others mentioned.

If your business is using something other than average cost for inventory valuation, it might make sense to revisit this issue with your accountant. Maybe you could revise your systems to incorporate average cost and take advantage of the inventory functionality built into QuickBooks. This decision is not one to take lightly as there are many issues involved, but may be something to at least consider.

▶ Save \$\$\$ On Your QuickBooks Upgrade!

**QUICKBOOKS FOR MANUFACTURING: TIP #2****Using Sales Orders In QuickBooks Can Streamline Operations**

In many manufacturing businesses and job shops, there is a time delay from when a customer order is received until the product is actually produced and shipped. I have seen a number of crazy methods developed to track these open orders.

My suggestion is to use the sales order functionality within the Premier: Manufacturing/Wholesale and Enterprise: Manufacturing/Wholesale versions of QuickBooks.

Once sales orders are integrated into your operations, QuickBooks provides two very handy reports – Open Sales Orders by Item and Open Sales Orders by Customer. Both of these reports make it easy to keep an eye on open, unfilled orders and the backlog in your business.

BONUS: I have created a separate guide that discusses the benefits of using sales orders in QuickBooks. It's free – download it today!

➔ Download your FREE copy of “Benefits of Using Sales Orders in QuickBooks” Today!

**QUICKBOOKS FOR MANUFACTURING: TIP #3****Using Sales Orders in QuickBooks Opens Up Use of the Sales Order Fulfillment Worksheet**

As mentioned in tip #2, the use of sales orders (available in the Premier: Manufacturing/Wholesale and Enterprise: Manufacturing/Wholesale versions of QuickBooks) opens up the availability of a great feature inside QuickBooks called the Sales Order Fulfillment Worksheet.

You may not have seen this option, as it is nestled within the Manufacturing menu option, but once you find it, I think you'll really like it.

The Sales Order Fulfillment Worksheet provides a graphical overview of all open sales orders. It looks like this:

CHOOSE	FULFILL	ENTERED D.	SHIP DATE	QTY	CUSTOMER JOB	OPEN AMOUNT	TO FULFILL AMOUNT	PARTIALLY INVOICED
<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/05/2020	11/05/2020	8791	Dunning's Pool Depot, Inc. Big City Store #002	6,375.00	0.00	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/05/2020	11/05/2020	8792	Retail Homeowners Diane Kohl	500.00	500.00	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/05/2020	11/15/2020	8793	Dunning's Pool Depot, Inc. Las Vegas Store # 554	33,937.50	18,000.00	Yes
<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/01/2020	11/16/2020	8789	Pete Harbor Contractor Oak Street	151.73	0.00	Yes
<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/18/2020	11/18/2020	8795	Dunning's Pool Depot, Inc. Kern Store #208	17,266.50	7,500.00	

FULFILL	ITEM	DESCRIPTION	ORDERED	INVOICED	OPEN	UNALLOCATED	TO FULFILL QTY	UOM	RATE	TO FULFILL AMT
<input checked="" type="checkbox"/>	1500-PM	POWER MANUA	2	0	2	-15			3,187.50	0.00

Note in the upper right hand corner, you have the ability to sort the listing of orders many different ways. This tool provides the ability to see at a glance where bottlenecks may be occurring in your order fulfillment system.

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**QUICKBOOKS FOR MANUFACTURING: TIP #4****QuickBooks is Clueless About Shop Floor Planning, Routers or Other Manufacturing Processes**

Sorry to toss cold water on the discussion at this stage, just as you were getting excited about the use of sales orders!

A key point to remember is that QuickBooks is an accounting software package with a limited number of features baked in to assist manufacturers and job shops. It was never designed to be a full blown shop floor management package.

Here's the good news – there is software out there that does shop floor planning very well. See the [add-on page at the end of this guide for possibilities](#).

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**QUICKBOOKS FOR MANUFACTURING: TIP #5****Serial, Lot Number and Location tracking is NOT supported in Most QuickBooks Versions**

The core inventory functionality within QuickBooks does NOT address any of these needs. While it is possible to create some custom fields within QuickBooks, they really do not lend themselves to tracking information related to serialization, lot numbering or location.

The [Platinum subscription of QuickBooks Enterprise](#) provides the Advanced Inventory module. This module does provide for location tracking and serial OR lot number tracking, but not both.

If serial number, lot [tracking or location functionality is a “must have” within your business, it would make sense to consider going to an add-on](#).

As mentioned above, an add-on to QuickBooks allows you to retain all of your data and investment in QuickBooks. Other solutions that have advanced inventory capabilities typically force you to abandon your core accounting system as well. By carefully considering an add-on, you don't have to write off your investment in QuickBooks.



QUICKBOOKS FOR MANUFACTURING: TIP #6

Bills of Material are Available in Some Versions of QuickBooks (well, sort of anyway)...

The Premier: Manufacturing/Wholesale and Enterprise: Manufacturing/Wholesale versions of QuickBooks offer a functionality known as “inventory assemblies” (this functionality is NOT available in the Pro version).

As you can see from the screen shot below, if your business has relatively simple bills of materials or the need to create assemblies or kits, QuickBooks can offer a great solution:

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 Subitem of
1500-PM

Barcode Number **Class**

I purchase this assembly item from a vendor

UNIT OF MEASURE
U/M Set Each ea

Cost [What is this cost?](#)
Use global preference per ea **COGS Account**

Description
POWER MANUAL 1500 Item is inactive

Sales Price per ea **Markup** 24.6% **Margin** 19.74% **Income Account**

Bill of Materials

ITEM	DESCRIPTION	TYPE	COST	QTY	U/M	TOTAL
Pin - BL	Anchor Pin, ...	Inv Part	25.00	1		25.00
Spring	Spring	Inv Part	0.50	1		0.50
Customer B It...	T Style Hex T...	Inv Part	75.00	1		75.00
Total Bill of Materials Cost:						3,411.00

INVENTORY INFORMATION (QUANTITIES IN EA)

Asset Account	Global Build Pt	Total Qty on Hand	Calculated Average
Finished Goods I...	25	-15	1,713.25

However, if your business also needs:

- Requirements/shortages reporting
- Multiple level bills of material
- Required assemblies in all open sales orders

You will find QuickBooks lacking in these areas.

In addition, depending on whether you have additional needs beyond assembly reporting, [the add-ons mentioned at the end of this guide](#) may be the route to go.

[Contact Scott Today About Your QuickBooks Issues](#)

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QUICKBOOKS FOR MANUFACTURING: TIP #7

Need to Track Profit and Loss by Department, Region, Division or Other Line of Business? Use the Class Feature in QuickBooks

Deep within the preferences of QuickBooks (Pro, Premier and Enterprise editions), there is a feature called "Class Tracking". It is NOT turned on by default – however, once activated, it can provide a simple way for your business to prepare a profit and loss report in these different ways.

In the example screen shot below, you can see that each "class" gets its' own column in the Profit and Loss Report for easy review:

Each of these is a "class" for tracking a Profit and Loss Report

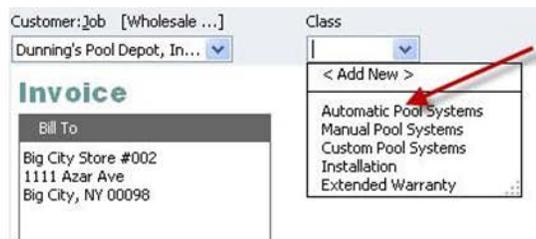
8:03 AM
12/15/13
Accrual Basis

January 1 through December 15, 2013

	Automatic Pool Systems	Manual Pool Systems	Custom Pool Systems	Installation
Ordinary Income/Expense				
Income				
Pool Cover & Equipment Sales	183,525.00	251,725.00	0.00	0.00
Revenue - Installation Service	11,270.00	5,050.00	0.00	1,600.00
Revenue - Repair Service	0.00	279.56	0.00	0.00
Total Income	194,795.00	257,054.56	0.00	1,600.00
Cost of Goods Sold				
Inventory Overages/Shortages	0.00	0.00	0.00	0.00
Cost of Goods Sold	63,610.66	110,008.80	34,950.00	0.00
Materials	11,905.00	28,695.12	0.00	0.00
Labor-Installation	2,243.82	1,845.62	0.00	15,302.30
Freight	485.00	192.28	0.00	0.00
Fall Out/Spoilage	0.00	457.30	0.00	0.00
Total COGS	78,244.48	141,199.12	34,950.00	15,302.30
Gross Profit	116,550.52	115,855.44	-34,950.00	-13,702.30

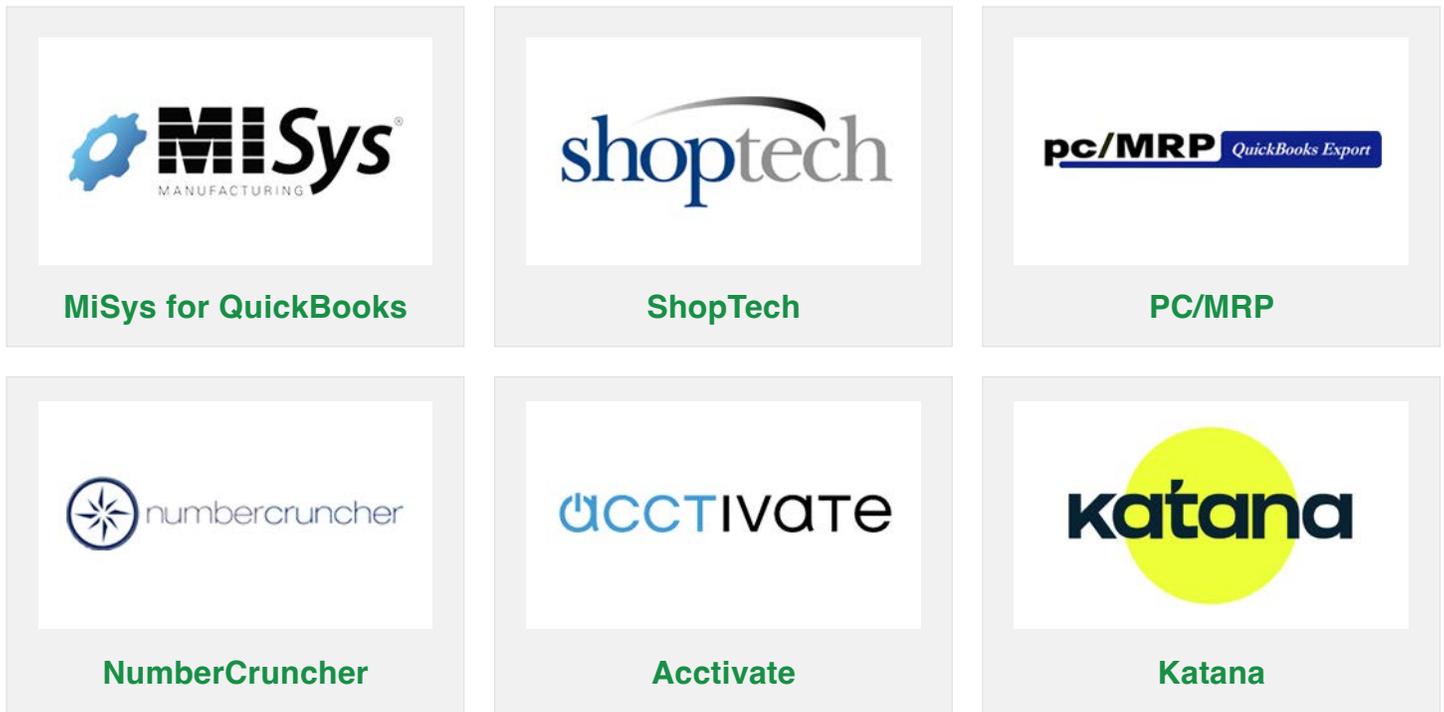
Activating the class feature is a snap – click Edit (in the menu bar), then Preferences, then Accounting. In the Company Preferences section, be sure to check the "use class tracking" box and then click OK.

Once you do that, QuickBooks provides a new field on EVERY transaction screen that will then need to be "tagged" with the classes (departments, profit centers, etc.) that you create. Here is how the classes work when creating an invoice:



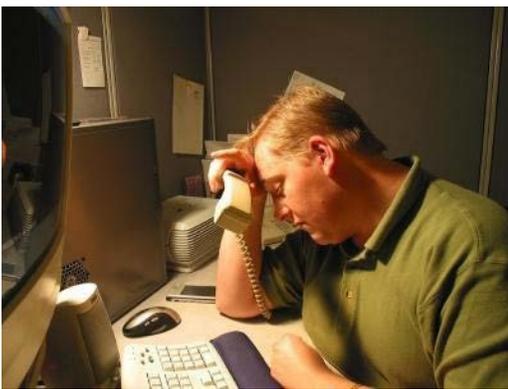
➤ **Contact Scott Today About Your QuickBooks Issues**

Quickbooks Add-Ons That Can Be A Good Fit For Manufacturers



DISCLAIMER: It is essential that your business completely evaluate the features, functionality, pricing, support and related topics for any third-party package. The links above are provided solely as a resource to begin that conversation.

Need Help Figuring Out What Your Business Needs?



Take advantage of Scott's 35+ years of manufacturing, QuickBooks, IT and inventory experience, including 10+ years as CFO for a \$15 million manufacturing firm!

Scott can help you make heads or tails out of the QuickBooks add-on marketplace when it comes to manufacturing.

He offers a value-priced mini-needs assessment service to help you save time on your initial search. He also offers a more comprehensive needs analysis service for more complicated environments.

Don't waste another minute trying to sort through the thicket of tech jargon to determine what is right for you.

👉 **Contact Scott Today for Help Making Sense Out of All These Options!**