



## The QuickBooks™ Client Newsletter

Helping You Grow a Profitable Business with QuickBooks™ Software

From the office of:

**Accounting Connections, LLC**

2624 Gladstone Terrace

Woodstock, Georgia 30189

Office (770) 516-5987 Cell (770) 846-7799

Website: [www.AccountingConnections.ORG](http://www.AccountingConnections.ORG)

Email: [DianeOffutt@AccountingConnections.ORG](mailto:DianeOffutt@AccountingConnections.ORG)

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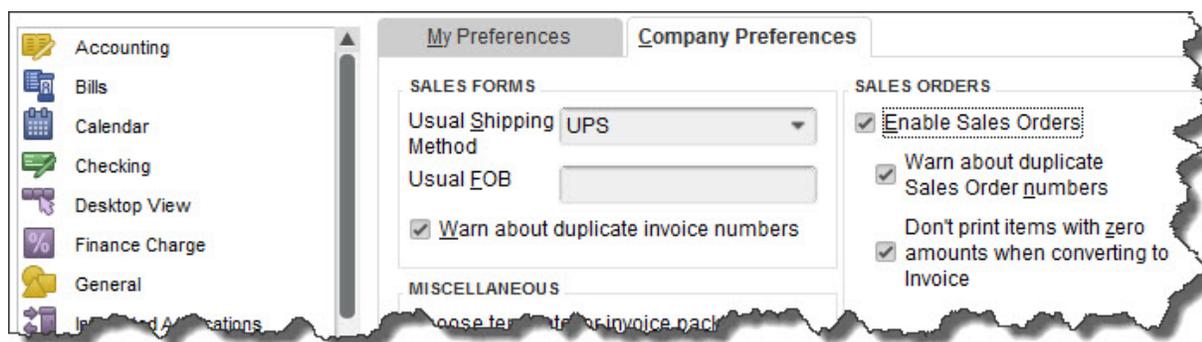
### What Sales Orders Are and When to Use Them

*They are not as commonly used as invoices. But if you need them, they are there.*

When you want to document sales that you can't (or won't) fulfill immediately, but you plan to do so in the future, you can't create an invoice just yet. This is where sales orders come in.

You may never need to create a sales order for a customer. Perhaps you have a service-based business, or you never run out of inventory. Or you simply don't enter an order unless you know you have the item(s) in stock.

But if you plan to use sales orders, you must first make sure QuickBooks is set up to accommodate them. Open the **Edit** menu and select **Preferences**, then **Sales & Customers**. Click the **Company Preferences** tab to open that window.



*Before you can use sales orders, you will need to make sure QuickBooks is set up for them.*

### Sales Orders Are Required for Some Tasks

There are a few situations where you *must* use a sales order:

- If you have a customer who orders very frequently, you may not want to create an invoice for absolutely every item. You could use a sales order to keep track of these multiple orders, and then send an invoice at the end of the month.

- If you are missing one or more items that a customer wanted, you can create a sales order that includes everything, but only note the in-stock items on an invoice. The sales order will keep track of the portion of the order that wasn't fulfilled. Both forms will include the back-ordered quantity.

**Warning:** Working with back orders can be challenging. In fact, working with inventory-tracking itself may be problematic for you. If your business stocks enough of multiple types of items that you want to use those QuickBooks features, let us help you get started to ensure that you understand these rather complex concepts.

### Creating a Sales Order

Creating sales orders in QuickBooks is actually quite simple and similar to filling out an invoice. Click the **Sales Orders** icon on the home page, or open the **Customers** menu and select **Create Sales Orders**.

CUSTOMER: JOB Babcock's Music Sh... CLASS Remodel TEMPLATE Custom ...

**Sales Order**

DATE: 12/15/2019  
 S.O. NO.: 7004

NAME / ADDRESS: Babcock's Music Shop  
 Kristie Babcock  
 10923 Samson Dr.  
 Millbrae, CA 94030

SHIP TO: Ship To 1  
 Babcock's Music Shop  
 Kristie Babcock  
 10923 Samson Dr.  
 Millbrae, CA 94030

P.O. NO.:

ITEM	DESCRIPTION	ORDER...	RATE	CLASS	AMOUNT	TAX
Cabinets:Light P...	Light pine kitchen cabinet wall unit	1	1,799.00	Remodel	1,799.00	Tax
Wood Door:Inter...	Interior wood door	2	72.00	Remodel	144.00	Tax
Cabinets:Cabin...	Cabinet Pulls	8	5.99	Remodel	47.92	Tax

*A sales order in QuickBooks looks much like an invoice.*

Click the down arrow in the field next to **Customer: Job** and choose the correct one. If you use **Classes**, select the correct one from the list that drops down, and change the **Template** if you've created another you'd like to use.

**Tip: Templates and Classes** are totally optional in QuickBooks. **Templates** provide alternate views of forms containing different fields and perhaps a different layout. **Classes** are like categories. You create your own that work for your business; they can be very helpful in reports. Talk to us if you don't understand these concepts.

If the shipping address is different from the customer's main address, click the down arrow in the field next to **Ship To**, and either select an alternate you've created or click **<Add New>**. Make sure the **Date** is correct, and enter a purchase order number (**P.O. No.**) if appropriate.

The rest of the sales order is easy. Click in the fields in the table to make your selections from drop-down lists, and enter data when needed. Pay special attention to the **Tax** status. Let us know if you have not set up sales tax and need to.

When everything is correct, save the sales order. When you are ready to convert it to an invoice, open it and click the **Create Invoice** icon in the toolbar. QuickBooks will ask whether you want to create an invoice for all the items or just the ones you select. You will be able to specify quantities, too, in the window that opens.

✓	ITEM	DATE	S.O. NO.	AVAILABLE	ORDERED
✓	Cabinets:Light Pine	12/15/20...	7004	1	1
✓	Wood Door:Interior	12/15/20...	7004	45	2
✓	Cabinets:Cabinet P...	12/15/20...	7004	403	8

*When you create an invoice from a sales order, you can select all the items ordered or a subset.*

As we have said, sales orders are easy to fill out in QuickBooks. But they involve some complex tracking, and you may want to schedule a session with us before you attempt them. Better to understand them ahead of time than to try to troubleshoot problems later.

- Sales orders are totally optional in QuickBooks. But there are times when you may need them. Ask us about this.
- Is your inventory large and unpredictable enough that you sometimes have to back-order items? Use a QuickBooks sales order.
- Once you have created a sales order in QuickBooks, it is easy to convert it to an invoice. The software can do this for you.
- QuickBooks displays an icon in the sales order toolbar that lets you create a purchase order for needed items.

