

What sales orders are and when to use them

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.

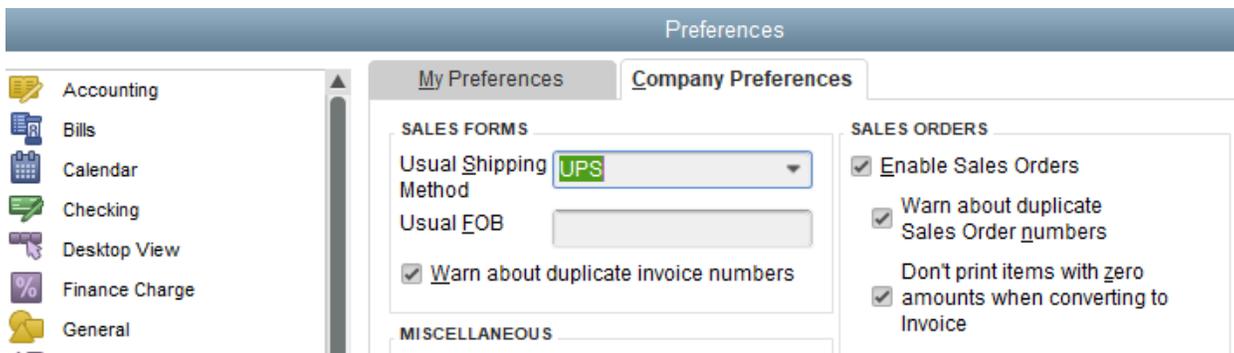


Figure 1: Before you can use sales orders, you'll need to make sure that QuickBooks is set up for them.

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're 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 Alerding CPA Group 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**.

ITEM	DESCRIPTION	ORDERED	RATE	CLASS	AMOUNT	TAX
Plants/Trees:Citrus Trees	Citrus Tree - 50 gal.	2	66.00		132.00	Tax
Deck Lumber	Deck Lumber	25	3.49		87.25	Tax
Fountain	Rock Fountain	1	275.00		275.00	Tax

Figure 2: 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. Please call the office if you need help understanding 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. If you haven't set up sales tax and need to, just call.

When everything is correct, save the sales order. When you're 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'll be able to specify quantities, too, in the window that opens.

Specify Items and Quantities for Invoice x

Invoice for: Adam's Candy Shop

Select the items you want to include, and change any quantities for use on the invoice.

Show quantity available instead of quantity on hand

<input checked="" type="checkbox"/>	ITEM	DATE	S.O. NO.	AVAILABLE	ORDERED	PREV. INVOICED	TO INVOICE
<input checked="" type="checkbox"/>	Plants/Trees:Citrus ...	12/15/20	8851		2	0	2
<input checked="" type="checkbox"/>	Deck Lumber	12/15/20	8851		25	0	25
<input checked="" type="checkbox"/>	Fountain	12/15/20	8851		1	0	1
<input type="checkbox"/>							
<input type="checkbox"/>							

Figure 3: When you create an invoice from a sales order, you can select all the items ordered or a subset.

As you can see, sales orders are easy to fill out in QuickBooks but they involve some complex tracking. You may want to call us to schedule a "how-to" session before you attempt them. As with most things, it's always better to understand sales orders ahead of time rather than to try to troubleshoot problems later.