

Making Purchase Orders Work for You

Several of my clients have asked “Are Purchase Orders really necessary”?

My answer is, Purchase Orders are not absolutely necessary when placing an order, but can offer several important benefits.

- ü Creating a Purchase Order and faxing or emailing it to your vendor allows you to maintain a record of the products you ordered and their cost. This in turn allows you to easily track backorders and order discrepancies.
- ü You can generate several informative Purchase Order reports, showing what is currently on order and backordered. This is helpful when a customer is waiting for a particular item.
- ü Finally, when an order arrives, you can easily create a new Receiving Voucher by entering the applicable PO number. This save times and makes it much easier to bring in merchandise, especially if you receive several boxes or cartons a day.

Although Purchase Orders are a great way to order and receive merchandise, they are **non-posting**, which means they do not increase inventory quantities or create bills to pay. In fact, once a Purchase Order is complete (all merchandise has been received) you can safely delete it, thus making your PO Reports more manageable. When a Purchase Order is complete, it will be marked as Closed in the Purchase Order List.

There are several important steps in ordering and receiving inventory.

To create a new Purchase Order choose Purchase Order on your Home Navigator then New, or New Purchase Order from your Purchasing Menu. Enter an existing Vendor Code or select a vendor from the vendor list.

Enter each item to be ordered by scanning it, entering the unique item number, choosing from the Item List or entering the item description. Enter the quantity. If this is a new item, enter it first in the Item List, including price, cost (in the Cost field), and reorder point. Do not enter an On-Hand Qty. The quantity will be recorded when you create a Receiving Voucher.

When you have completed the Purchase Order click Save. You can easily email, fax or mail it to your vendor. If you choose email, you will get a message asking if you want to include All Items or Due Items. Normally you will select All Items unless you are resending a Purchase Order that includes backordered merchandise.

When your order arrives, create a new Receiving Voucher and enter the correct PO number. You will see a message asking which items you would like to bring to the voucher. Look at the packing list that accompanied the order. If all the items shipped, choose **All Due**. If some of the items are backordered, choose **Selected Items**. You should then enter the exact quantities as shown on the packing list.

Complete the Receiving Voucher, entering freight, fees or discounts and an Invoice No. if available. In my next article I will go into detail on how Receiving Vouchers integrate with QuickBooks and why it is so important to make sure items, amounts and totals match exactly your packing slip/invoice.

QB Point of Sale 4.0 and later also has a nice feature called **Suggest PO** that let's you quickly and easily create Purchase Orders for merchandise that falls below reorder points as set in your inventory items. You can access this feature by going to Reminders on your Home Navigator or choosing Suggest POs from the Purchasing Menu. This is just one of the many features that makes QuickBooks Point of Sale so superior to many of the other Point of Sale products on the market.