

## Think estimates don't apply to you? Think again



Most people associate estimates with businesses that use job costing, such as the construction industry — so they may think estimates don't apply to their line of work. But estimates can have a wider use than you might first imagine, and we'll show you how they can benefit your company.

To take full advantage of estimates regardless of industry, we'll:

- Set up QuickBooks to use estimates in our company file.
- Create an estimate from scratch and learn how to transform it into an invoice.
- Obtain estimate information from key QuickBooks reports.
- Copy existing estimates to save data entry time.

Just because you aren't in construction doesn't mean that estimates are irrelevant to your QuickBooks company file. You can use estimates as work orders in businesses where you need to keep a list of promised items or services prior to actually invoicing the customer. Once you've completed the work for your customer, you can use the estimate to create an invoice for the customer.

### How do estimates work?

Estimates do not update your QuickBooks data. You can think of them as placeholder documents that contain information you will need in the future when you're ready to invoice a customer. The invoice is the form that actually updates your QuickBooks data.

**Version difference:** You can create estimates in QuickBooks Pro, QuickBooks Premier and QuickBooks Enterprise. Also, if you use QuickBooks Premier or QuickBooks Enterprise, you can use sales orders instead of estimates to create work orders.

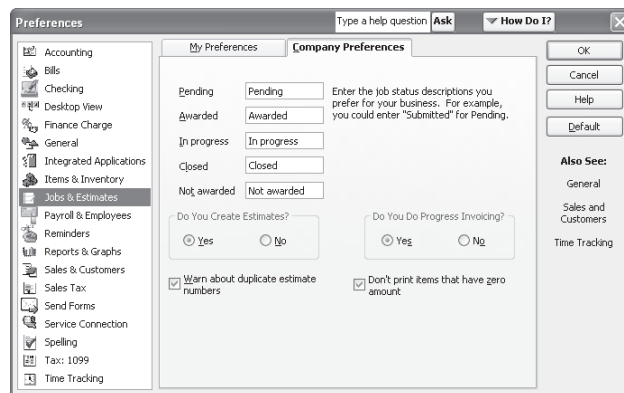
### Prepare to use estimates

You need to be sure that your QuickBooks application is set up to allow you to create estimates before you can begin using them.

#### To enable estimates in your company file:

1. Launch QuickBooks and open your company file, or open the Sample Consulting Business sample file to follow along with us.
2. Choose Edit | Preferences from the menu bar to display the Preferences window.
3. Click the Jobs & Estimates icon on the left side of the window and then select the Company Preferences tab.
4. Select the Yes option button in both the Do You Create Estimates? panel and the Do You Do Progress Invoicing? panel, as shown in Figure 1.

Figure 1.



1: You must enable estimates in your QuickBooks company before you can create them.



At Warinner Consulting, we specialize in QuickBooks accounting. Whether you are an accountant or small business owner, we can help you if you run into trouble with QuickBooks.

We can do all of your bookkeeping for you or diagnose your QuickBooks problems, identify training issues and provide solutions.

Call us toll free at 877-933-0404 to discuss how we can help.



### Three options for progress invoicing

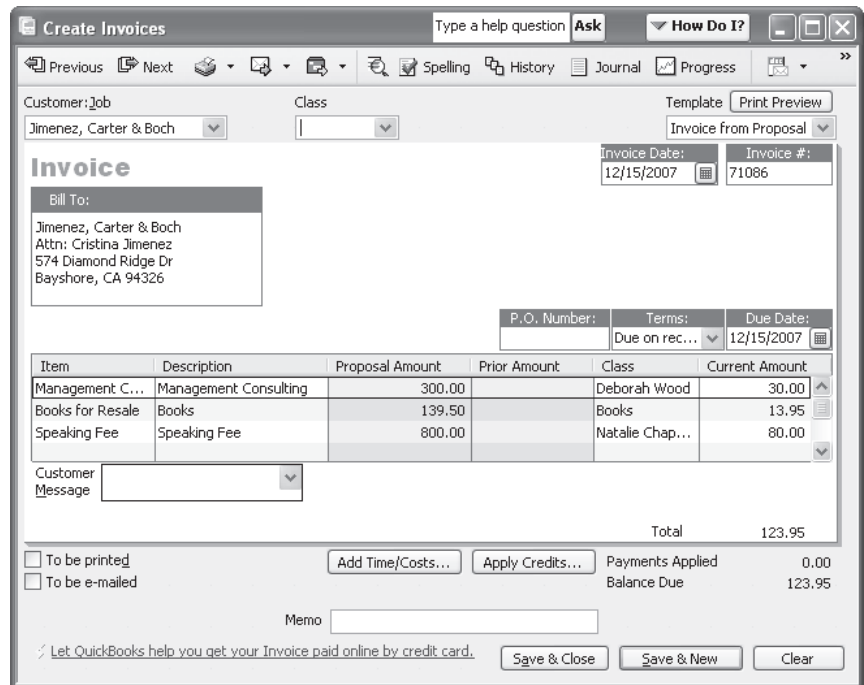
The resulting invoice is different depending on which of the three option buttons you chose in the Create Progress Invoice Based On Estimate dialog box. Here is what you can expect from each option:

- If you chose to create an invoice for the entire estimate, QuickBooks copies the entire estimate into the Create Invoices window.
- If you chose to create an invoice for a percentage of the entire estimate, QuickBooks creates an invoice that contains all lines of the estimate and the appropriate dollar amount for each line, based on the percentage you specified. For instance, if you chose to bill for 10 percent of the estimate, QuickBooks lists all lines on the estimate and the dollar amount for 10 percent of each line item, as shown in **Figure 4**.
- If you chose to invoice for specific lines of the estimate, QuickBooks displays the Specify Invoice Amounts For Items On Estimate dialog box, as shown in **Figure 5**. You can specify which line items you want to invoice and how much of them you want to invoice. For example, you can specify a percentage of any line item. The total displays at the bottom of the dialog box. Once you fill in the appropriate information and click OK, QuickBooks displays the Create Invoices window with the correct information.

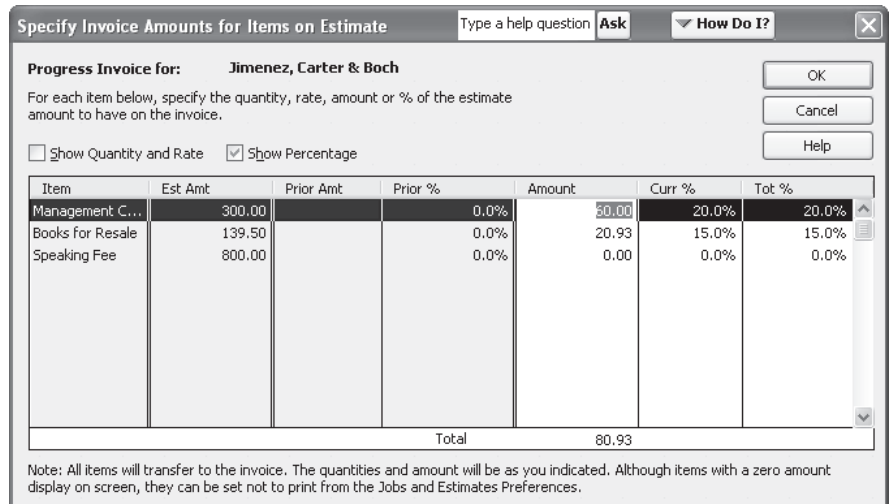
**Expert tip:** If you're specifying your invoice's line items, whether or not the line items you want to exclude (that is, the line items you set at 0 percent) print on the invoice depends on the settings you defined in the Preferences window. If you selected the Don't Print Items That Have Zero Amount check box, you won't see those items on the invoice. However, you will see the items onscreen.

### Report on your estimates' status

QuickBooks contains several reports that help you with estimate information. You'll find all these reports if in the



4: This invoice only bills the customer for 10 percent of the original estimate.



5: You can specify which percentage you want to bill for each line item — or 0 percent if you want to exclude an item.

Jobs, Time, & Mileage section of the Report Center.

One of the most useful reports available is the Estimates By Job report, which lists all of the estimates for each customer job and subtotals the estimates by customer, as shown in **Figure 6**.

In addition, QuickBooks contains these reports to help you compare estimates with the actual amounts you end up billing customers:

- Job Estimates vs. Actuals Summary
- Job Estimates vs. Actuals Detail
- Item Estimates vs. Actuals
- Job Progress Invoices vs. Estimates

### Track changes you make to your estimates

Some editions of QuickBooks support change order tracking, which means you have the option to save modifications to estimates as change orders. Change orders simply identify what changed on the original estimate. If you need this feature, consider moving to one of these editions:

- QuickBooks Premier: Contractor edition 2003 and later
- QuickBooks Premier: Accountant edition 2003 and later
- QuickBooks Enterprise 2.0 and later

Each report compares estimated to actual information from different points of view, so you should choose a report that best fits your situation.

### Reduce data entry time by copying estimates

If you perform essentially the same work for different customers and jobs, you don't need to keep creating the same estimate. Instead, you can copy an existing estimate.

### To duplicate an estimate:

1. Display the estimate you want to copy in the Create Estimates window.
2. Choose Edit | Duplicate Estimate from the menu bar. QuickBooks changes only the number in the Estimate # field.
3. Make any other changes you'd like to make. For instance, choose a new item from the Customer:Job dropdown list, if necessary.
4. Click Save & Close when you're ready to save the new estimate.

Type	Date	Item	Memo	Estimate Active	Amount
<b>Jimenez, Carter &amp; Boch</b>					
Estimate	12/15/2007	71003		✓	1,239.50
Total Jimenez, Carter & Boch					1,239.50
<b>Wiessinger Optometry</b>					
<b>Project #02</b>					
Estimate	02/01/2007	071001		✓	16,750.00
Total Project #02					16,750.00
Total Wiessinger Optometry					16,750.00
<b>Bowden Imaging Systems</b>					
<b>Project #03</b>					
Estimate	02/01/2007	71002		✓	15,000.00
Total Project #03					15,000.00
Total Bowden Imaging Systems					15,000.00
<b>TOTAL</b>					<b>32,989.50</b>

6: Use this report to view a list of estimates for each customer job.

From  
The  
Offices  
Of:

Warinner Consulting  
1746-F South Victoria Ave, Suite 121  
Ventura, CA 93003