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Headline News

Best Software will host its annual partner conference, *Insights 2004*, this June in Florida. Lots of valuable product information and news is shared during *Insights*, and we will report what we learn in the next issue of *info for BusinessWorks Gold.

Don't let your Client Care Plan expire! Effective January 1, 2004, Best began assessing a late fee for renewal after the expiration date. Not sure of the details of your plan? Call us for assistance.



Purchase Order Adds Efficiency And Control

Does your company ever buy anything? The answer is obvious. Of course, every company buys products and services, even if they do not resell those products or use them in a manufacturing process. You buy office supplies, computer hardware and software, office furniture, employee gifts, magazine subscriptions, and a host of other products. You also buy services such as tax preparation help, legal consulting, and temporary employment. All of these items can be handled more efficiently by using purchase orders. They can improve your cash forecasting abilities, mitigate common misunderstandings, and perhaps save your company some money.

Using purchase orders you can record and track the contracts you enter into with your vendors. These contracts are often not formal agreements; they may simply be a price quote you received in response to a request such as, "How much does a yearly subscription to *Accounting Today* cost?" When you record those contracts in the form of a purchase order, you are creating a record of the cost you were quoted and other pertinent details about the service or item you are ordering. That record can prove to be an invaluable resource for forecasting upcoming expenses, resolving disagreements, and tracking where your money is spent. Let's look at

the efficiencies and control BusinessWorks Purchase Order can offer your company.

Part Of Inventory

The **Purchase Order** module is included in the BusinessWorks **Inventory** module. It integrates with Accounts Payable, Inventory, Job Cost, and General Ledger. The Accounts Payable module is required, since it is within AP that you set up and maintain your vendors.

Track Upcoming Expenses

Creating a purchase order for every foreseen expense is an excellent way to get a handle on upcoming expenditures. Even relatively small purchases can quickly add up within a busy organization. By using a purchase order for every expense, you create a record of that expense and can include it in a tally of financial obligations. The On Order Report is an excellent way to determine how much money you will need to pay for items currently on order. Monitor this report frequently and use it with the Accounts Payable Cash



Need a better way to organize your orders and manage expenses?

Requirements Report for a complete picture of your company's impending obligations.

Avoid Misunderstandings

Experience tells you that when a disagreement with a vendor arises, you are much better off if you have notes of conversations where such details as pricing, features, and shipping were discussed. In creating a purchase order, you have cre-

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Purchase Order continued

ated a record of those notes. When the product arrives and it is not what you ordered, or when the invoice arrives and the price differs from the amount expected, you will be in a much stronger position if you have kept this record. If you provide the vendor with a copy of the purchase order when you initially place the order, you can preemptively head off many potential misunderstandings. Remember too, to use the **Vendor Notes** feature to enter free-form text relating to your relationship with a vendor. When your discussions involve a particular order, record the purchase order number in your note.

Material Requisitions

Some companies refer to them as material requisitions. Essentially, they are internal purchase orders. Your company is the vendor and your staff members are the customers. Using a material requisition, you can efficiently record the office supplies and service requests of your staff and get a better handle on departmental expenses.

BusinessWorks does not support a separate material requisition type of order, but you can easily mimic the effect. Create a new vendor to represent your company. Use a unique naming convention that will ensure this in-house vendor sorts to the top or the bottom of your vendor listing. For example, you might use ZZZ-IN-HOUSE as your new vendor ID.

When the customer service department needs a box of paper, or the marketing department needs a floor mat, create (or allow the employees to create) a purchase order using the in-house vendor. Not only will you reduce the steady stream of verbal requests, you will be able to track the requisitions efficiently and even expense the products to the department making the request.

You may choose to delete these purchase orders when the request has been fulfilled (or denied) to avoid any impact on your general ledger or inventory.

Purchases Receiving Account

Often a shipment of parts arrives without an accompanying invoice. The invoice may arrive several days, or even weeks, later. Until then, there is an accounting discrepancy. You have on-hand inventory with an estimated cost (a

debit to your inventory account), but no offsetting credit to the accounts payable account. Here's where the account for Purchases Receiving proves its worth. This account receives the credit posting when you perform a purchase order receipt. Then, when you receive the vendor's invoice, Purchases Receiving is debited and the Accounts Payable account is credited.

The balance in your Purchases Receiving clearing account should always equal the value of goods received but not invoiced. With careful inventory configuration, and conscientious data entry of receipts and invoices, this account will retain its accuracy and provide you with a valuable control.

Non-Stock Items

You will likely have the occasion to purchase items that are not items stocked in your inventory. You can either create a new part number for these purchases, or reference a non-stock item on the purchase order. For non-stock items, simply enter a description, the quantity ordered, and the unit cost. Include comment lines on the purchase order if further details or special instructions are needed.

If your company is already using purchase orders for the materials for manufacturing or resale, expand the scope of its use to include all the products and services you buy for internal use.

Efficiencies

Purchase orders can add an important aspect of control to the acquisition process, providing a tangible record of the contract you have entered into with your vendors. They also can add tremendous efficiencies, eliminating many manual tasks, and thereby getting your products ordered and delivered faster.

You can email the purchase order forms directly to your vendors, saving the time, effort, and expense involved in printing and faxing or mailing. Orders are in your vendors' hands within minutes, in a clear, easy-to-read Adobe PDF format. Most vendors are pleased to receive orders by email, as their administrative and handling costs are also reduced.

When your products ship, your vendor can reference your purchase order number on the packing slip. With this reference, it will be easy to perform purchase order receipts and get the

ordered parts into the hands of those who need them. Parts arriving without a purchase order reference can be delayed in the warehouse as staff decides if the delivery is expected, and if so, who requested it.

When you perform a Purchase Order Receipt, BusinessWorks will ask you if you wish to add an Accounts Payable invoice. If you answer Yes, a new invoice entry window appears allowing you to enter the invoice number, due date, etc. BusinessWorks fills in the invoice amount for you as the sum of the purchase order receipt you just entered, without leaving Purchase Order. This streamlined procedure saves you the effort of opening the Accounts Payable module and entering the invoice "from scratch."

If your company is not yet using Purchase Order, consider incorporating purchase orders to add efficiency and control. Please call us with any questions you have about the Purchase Order component of the BusinessWorks Inventory module. ☆

By Any Other Name, A Virus Is Still The Same

Antivirus software protects your computers against viruses. A whole new vocabulary has sprung up to describe this malicious software—sometimes called malware. Here's a quick glossary to keep your lingo current.

- ▶ **Viruses:** small programs that attach themselves to other programs or documents and replicate, potentially causing significant damage.
- ▶ **Worms:** Viruses specifically engineered to make extensive use of email and spread themselves rapidly.
- ▶ **Trojans:** Programs that appear harmless but have a damaging or malicious effect.
- ▶ **Zombies:** Programs that install themselves on computers and remain dormant until some external event triggers them into action.