

# Purchase Order Overview

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## *Explanation of Terms*

- + **Purchase Order** - Request to BUY material from a vendor. A “PO” is created in **ADVANTAGE**.
- + **Receive Purchase Order** - Notifying **ADVANTAGE** that you actually received the material you ordered on the PO.
- + **Sales Order** - Request to SELL something to a customer. Sometimes referred to as simply an “order.”
  
- + **Bill vs. Invoice**
  - + The **bill** is a request for payment *from* you. You get it FROM A VENDOR for something you *bought*.
  - + The **invoice** is a request for payment *to* you. You send it TO A CUSTOMER for something you *sold*.

## *Materials Work- Flow*

### **Example:**

The customer just had twin girls. She can find “It’s a Girl” signs at any store, but she wants a yard sign that says “They’re Girls.” She places an order with you for a 24” X 18” sheet-metal sign, pink background with the lettering in black. She also wants a 3’ metal ground-stake pre-mounted. You are ordering the ground-stake (an inventory item) and the hardware (not an inventory item).

- + Create the PO and send it to the Vendor: You can use any of the three methods to create the PO [the methods are explained later]
- + ORDER: Metal post
- + ORDER: Hardware to attach post

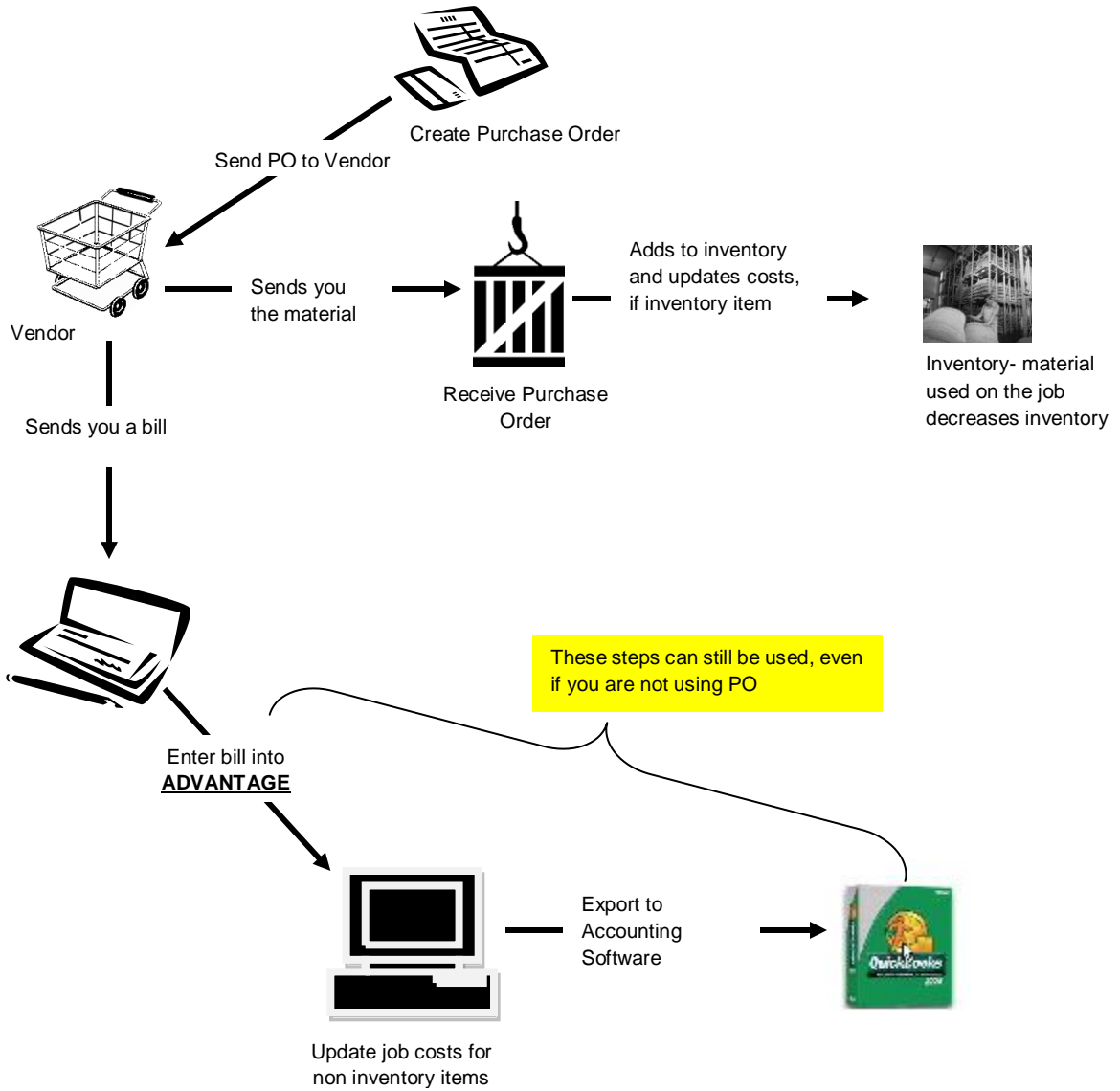


- + The vendor fills the order. The vendor's actions depend on how they do business, but they usually include:
  - + Acknowledge they got the Purchase Order. Some vendors send acknowledgement, others do not. It is their choice. If the vendor does send acknowledgment, you can enter that information into **ADVANTAGE**.
  - + Ship the material to you. The material part of the process starts when you get the material from the vendor.
    - + The material is received and entered into **ADVANTAGE**
    - + Inventory is updated for inventory items
    - + Material is used on a job
    - + Job costs are updated for inventory items
  - + Send you a bill for the material
    - + When you receive the bill, be sure to enter it into **ADVANTAGE**, then export it to your accounting software. You can still enter the bill into **ADVANTAGE**, even if you are not using Purchase Orders.
    - + Updates the cost for inventory items

The vendor may send the bill separately, or may include it with the material shipment.

### How they fit Together

Some vendors will acknowledge that they received the Purchase Order



These steps can still be used, even if you are not using PO



### ***Three Ways to Create a PO***

To take advantage of the power of the purchase order feature in **ADVANTAGE**, you have to create a PO – or have **ADVANTAGE** create it for you. There are three methods of creating the PO:

#### **+ Automatically create the PO now**

- + Opens the PO Screen**
- + Automatically fills in as much information as possible. The amount of information that **ADVANTAGE** can automatically fill in depends on the amount of detail you have already set-up in the system.**

#### **+ Automatically create it later**

- + Saves the information in a queue**
- + Combines it with other PO's for like items with the same vendor. This saves on shipping costs.**
- + Creates a single PO for the combined items**
- + Automatically gets inventory items (associated with that vendor) that are below the reorder level**
- + **ADVANTAGE** only combines and checks the reorder level with the option to automatically create the PO later**

#### **+ Enter it manually**

- + You will fill in all the information on the PO Screen**



## ***Relationship of Product Codes***

**ADVANTAGE** keeps track of product codes internally and it can match them with the vendor code and the manufacturer code. That means:

- ✚ If you know your **ADVANTAGE** product code, you can:
  - ✚ See the vendors that supply that product
  - ✚ See the codes that the manufacturer uses
  
- ✚ If you know the vendor code, you can:
  - ✚ See the manufacturer codes that the vendor sells
  - ✚ See the **ADVANTAGE** product codes you purchased from that vendor
  
- ✚ If you know the manufacturer code for the product, you can:
  - ✚ See vendors that sell that product
  - ✚ See your **ADVANTAGE** product code for that product

The more detail you have in your **ADVANTAGE** setup, the more automated **ADVANTAGE** is. You can use *Vendor Quick-Add* to setup as you go.