



LESSON 13 Estimating and progress invoicing

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Lesson objectives

- To learn how to create job estimates
- To find an estimate in a data file
- To learn to duplicate an existing estimate
- To create an invoice from an estimate
- To display project reports for estimates
- To update a job's status
- To make an estimate inactive

Supporting materials

- PowerPoint file: Lesson 13
- Video tutorial: Prepare an estimate

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of qblesson.qbb on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open Company: Type window.
- 2 Select "Restore a backup copy (.QBB) and click Next.
- 3 Select Local Backup and click Next.
- 4 In the Open window, navigate to your c:\QBtrain directory.
- 5 Select the qblesson.qbb file, and then click Open.
- 6 In the "Where do you want to restore the file" window, click Next.
- 7 Navigate to your c:\QBtrain directory.
- 8 In the File name field, type **lesson 13** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Creating jobs and estimates

An estimate is a description of work or products you propose to sell to a current or prospective customer. You can create multiple estimates for each name (customer or customer:job combination). If the customer accepts an estimate, you can turn the estimate into an invoice, modifying it as necessary. When you have actual costs and revenues, you can compare them to your estimated costs and revenues to see if you were over or under the estimate.

Estimates are “non-posting” transactions—they do not affect any financial reports or income and expense balances. QuickBooks allows you to create invoices from estimates either by transferring the entire estimate to an invoice or by allowing you to choose a percentage or selected items to invoice from the estimate. The ability to bill for only a percentage of the estimate or selected items on an estimate is called *progress invoicing*.

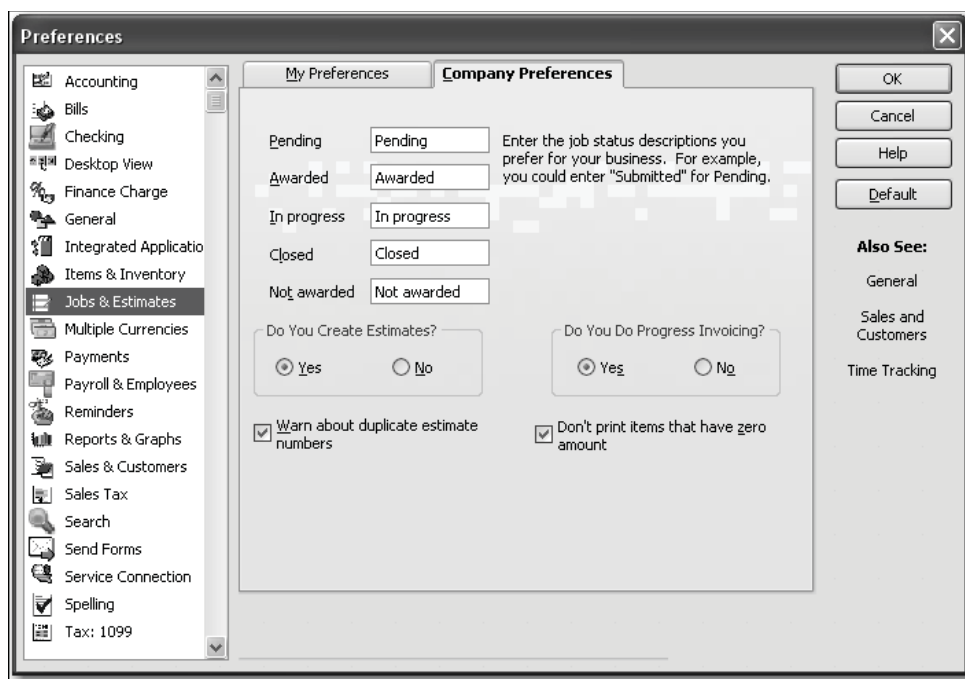
When you create a new QuickBooks company using the EasyStep Interview, QuickBooks asks you if you use estimates and/or progress invoicing. If you respond yes, QuickBooks turns on these features for you. If you respond no, you need to turn on these features in order to use them. Rock Castle Construction already has estimates and progress invoicing turned on, but you’ll review how to do this so you become familiar with QuickBooks preferences.

Turning on estimates and progress invoicing

To turn on estimates and progress invoicing:

- 1 From the Edit menu, choose Preferences.
- 2 Click Jobs & Estimates in the left panel.
- 3 Click the Company Preferences tab.
QuickBooks displays the Jobs & Estimates section of the Preferences window.
- 4 Click Yes for “Do You Create Estimates?”

- 5 Click Yes for “Do You Do Progress Invoicing?”



- 6 Click OK to record your selections and close the Preferences window.

QuickStart Tip

If your industry uses a term other than “estimate” (for example, “bid” or “proposal”), you can change the title that appears on the QuickBooks estimate form.

To change the title of the form:

- 1 From the Lists menu, choose Templates.
- 2 In the Templates List window, click the Templates menu button and choose New.
- 3 In the Select Template Type window, select Estimate and click OK.
- 4 Click the Manage Templates button.
- 5 In the Template Name field, enter a name for the template and click OK.
- 6 Click the Additional Customization button.
- 7 In the Additional Customization window, enter the title you want (Proposal, for example) in the field next to the Title checkbox (this is the first field on the Header tab). Click OK.
- 8 Click OK if the Layout Designer message appears.
- 9 Click OK again to save the template.
- 10 Click OK to close the Basic Customization window.
- 11 Close the Templates List window.

Creating a new job

Now that you've turned on the estimates feature, you can add a new job for a bathroom remodel project for your customer, Ernesto Natiello. Then you'll create an estimate for the job.

To create a new job:

- 1 Click Customer Center on the icon bar.
- 2 In the Customers & Jobs list, select Natiello, Ernesto.
- 3 Click the New Customer & Job menu button, and then choose Add Job.
- 4 If the New Feature screen for Add/Edit Multiple List Entries appears, click the box for "Do not display this message in the future" and click OK.

QuickBooks displays the New Job window.

The screenshot shows the 'New Job' window with the following details:

- Job Name:** [Empty field]
- Opening Balance:** [Empty field] as of 12/15/2015. A link 'How do I determine the opening balance?' is present.
- Address Info (Active Tab):**
 - Customer: Natiello, Ernesto (dropdown)
 - Company Name: [Empty field]
 - Mr./Ms./...: Mr.
 - First Name: Ernesto, M.I.: M
 - Last Name: Natiello
 - Contact: Ernesto M Natiello
 - Phone: 415-555-9811
 - FAX: [Empty field]
 - Alt. Phone: [Empty field]
 - Alt. Contact: Bert
 - E-mail: ernie@samplename.com
 - Cc: [Empty field]
- Addresses:**
 - Bill To: Ernesto M Natiello, 376 Pine St, #5E, Bayshore CA 94326
 - Ship To: [Empty dropdown]
 - Buttons: Edit, Copy >>, Add New, Edit, Delete
 - Checkbox: Default shipping address
- Navigation Buttons:** OK, Cancel, Next, Help, Job is inactive

5 In the Job Name field, type **Bathroom remodel**.

6 Click the Job Info tab.

QuickBooks displays the Job Info portion of the New Job window.

The screenshot shows the 'New Job' window with the following fields and values:

- Job Name: Bathroom remodel
- Opening Balance: [Empty] as of 12/15/2015
- Job Status: None
- Start Date: 09/23/2008
- Projected End: 09/23/2008
- End Date: 09/23/2008
- Job Description: [Empty]
- Job Type: [Empty]
- Job is inactive:

Buttons on the right: OK, Cancel, Next, Help.

7 In the Job Status field, select Pending from the drop-down list.

8 In the Start Date field, type **01/04/2016**, and then press Tab.

9 In the Projected End field, type **02/28/2016**.

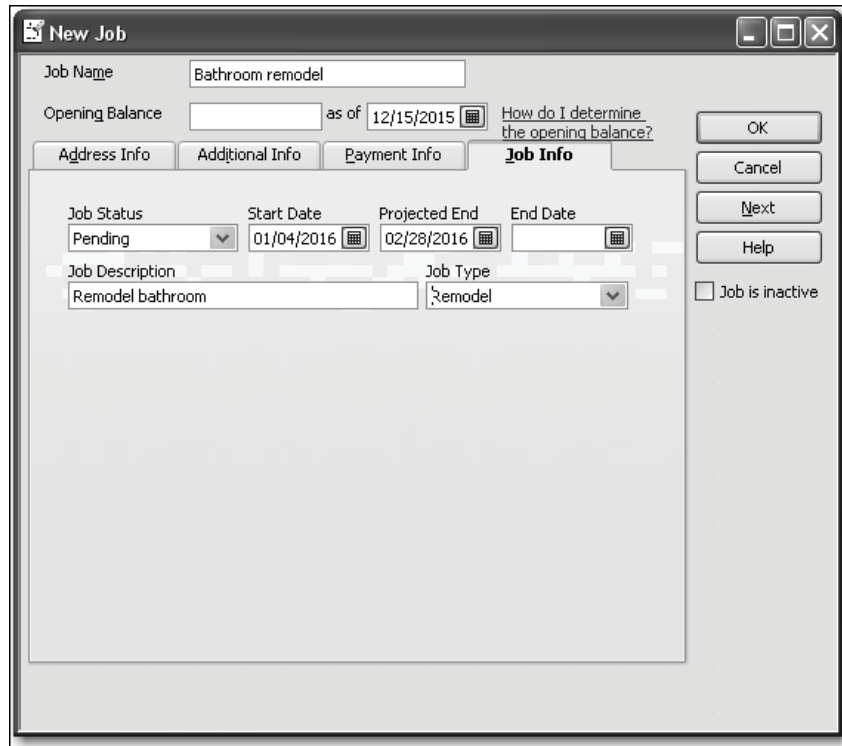
10 Press Tab to move to the End Date field, and then press Backspace (on the keyboard) to clear this field.

11 In the Job Description field, type **Remodel bathroom**.

12 In the Job Type field, choose Remodel from the drop-down list.

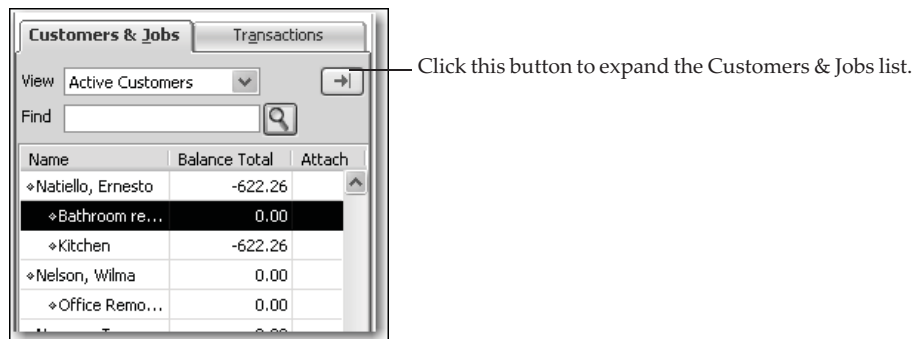
Job types give you a way to classify your jobs so you can group and subtotal similar jobs on your reports. By using them, you'll be able to determine which kinds of jobs are the most profitable for your business.

Your screen should look like the figure below.



13 Click OK.

QuickBooks returns you to the Customer Center.



14 Click the expand arrow to show full details in the Customers & Jobs list.

Name	Balance Total	Notes	Job Status	Estimate Total	Attach
↳ Natiello, Ernesto	-622.26			14,595.25	
↳ Bathroom remodel	0.00		Pending		
↳ Kitchen	-622.26		Closed	14,595.25	
↳ Nelson, Wilma	0.00			6,278.80	

Notice that the new Bathroom Remodel is listed as a pending job for Natiello, Ernesto.

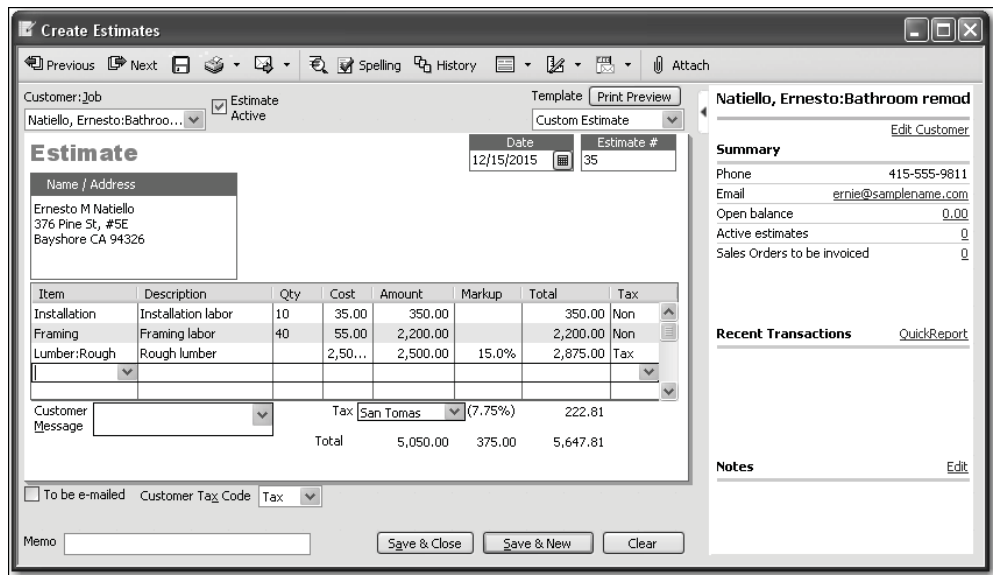
Writing an estimate

Now that you've created a new job for the bathroom remodel, you can create an estimate for it.

To create an estimate:

- 1 In the Customers & Jobs list, select Natiello, Ernesto:Bathroom remodel.
- 2 Click the New Transactions menu button, and then choose Estimates.
QuickBooks displays the Create Estimates window for this customer and job. You learned in Lesson 6 how to fill out an invoice form, so this form should look familiar.
- 3 Press Tab to accept Natiello, Ernesto:Bathroom remodel in the Customer:Job field. Notice that QuickBooks enters the customer's name and address in the appropriate area of the form.
- 4 Select "Custom Estimate" in the Template field.

- 5 Click in the Item column in the middle of the form.
A Down Arrow appears, indicating that a drop-down list of choices is available.
The Item list, which contains all the services and goods your business provides, is the same list that is available to you on invoice forms and throughout QuickBooks.
- 6 Type *Installation*.
Before you can finish typing, QuickBooks has filled it in for you, and QuickBooks fills in the default description for this item when you exit the field.
- 7 Press Tab twice to move to the Qty column.
- 8 Type *10* in the Qty column, and then press Tab.
The total amount is calculated by QuickBooks when you move out of this field.
- 9 Click the line under “Installation” in the Item column.
- 10 Type *Framing*.
- 11 Press Tab twice to move to the Qty column, and then type *40*.
- 12 In the line under Framing in the Item column, type *Rough*.
QuickBooks completes the field with the item Lumber:Rough.
- 13 Press Tab three times to move to the Cost column, and then type *2500*.
- 14 Press Tab to move to the Markup column.
- 15 Type *15%*, and then press Tab twice.
Your estimate should look like the following figure.



Notice that QuickBooks has filled in most of the information for the estimate based on the items selected.

- 16 Click Save & Close to save the estimate.

QuickBooks returns you to the Customers & Jobs list. Notice the Estimate Total column for the Pending Bathroom remodel job for Ernesto Natiello now has a balance of 5,647.81. (Click the expand arrow if you don't see the Estimate column.)

Name	Balance T...	Notes	Job Status	Estimate Total	Attach
↳ Natiello, Ernesto	-622.26			20,243.06	
↳ Bathroom remodel	0.00		Pending	5,647.81	
↳ Kitchen	-622.26		Closed	14,595.25	
↳ Nelson, Wilma	0.00			6,278.80	

- 17 Click the collapse arrow to collapse the Customers & Jobs list, then close the Customer Center.

Creating multiple estimates

Just as you've completed the estimate for this customer, he calls and asks you to prepare a second estimate for the same job. He'd like you to price a couple of different options.

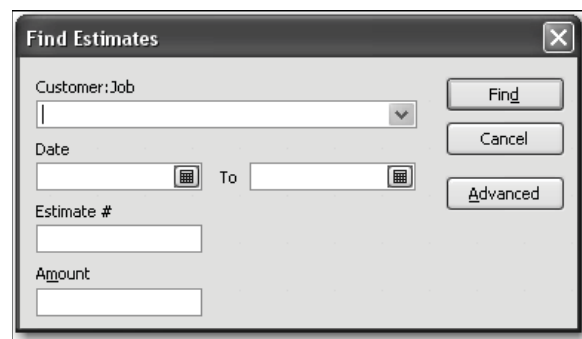
Finding estimates

Because you just created the estimate, you can open the Create Estimates window and press Prev and that will take you to the correct estimate. However, when you don't know where an estimate is, there are a couple of methods you can use to locate the estimate you want quickly. You'll use one of them here.

To find an estimate:

- 1 From the Customers menu, choose Create Estimates.
- 2 Click the magnifying glass icon on the button bar.

QuickBooks displays the Find Estimates window.



- 3 In the Customer:Job drop-down list, select Natiello, Ernesto:Bathroom remodel.
- 4 Click Find.
- 5 If QuickBooks asks if you want to save the current transaction, click No.

QuickBooks displays the estimate that you've already created for this job (Estimate # 35).

Create Estimates

Customer: Job
Ernesto: Bathroom remodel

Estimate Active

Date: 12/15/2015 Estimate #: 35

Estimate

Name / Address
Ernesto M Natiello
376 Pine St, #SE
Bayshore CA 94326

Item	Description	Qty	Cost	Amount	Markup	Total	Tax
Installation	Installation labor	10	35.00	350.00		350.00	Non
Framing	Framing labor	40	55.00	2,200.00		2,200.00	Non
Lumber:Rough	Rough lumber	2,50...	2,500.00		15.0%	2,875.00	Tax
			Tax	San Tomas (7.75%)		222.81	
			Total	5,050.00	375.00	5,647.81	

Customer Tax Code: Tax

Memo:

Buttons: Save & Close, Save & New, Revert

Natiello, Ernesto: Bathroom remodel

Summary

Phone: 415-555-9811
Email: ernie@samplename.com
Open balance: 0.00
Active estimates: 1
Sales Orders to be invoiced: 0

Recent Transactions

12/15/15 Estimate: 5,647.81

Notes

6 Keep the estimate open; you'll use it in the next exercise.

Duplicating estimates

Your customer wants you to prepare a second estimate for the bathroom remodel job because he is considering buying the cabinets from you in addition to having you do the installation work.

First, you'll create a duplicate of the original estimate, and then make the modifications necessary for the second bid.

To create a duplicate of an existing estimate:

- 1 Right-click in the body of the estimate and choose Duplicate Estimate from the list that displays.
- 2 Click OK when QuickBooks notifies you that the duplicate estimate has been created.

QuickBooks duplicates the estimate and displays the new version on your screen. Notice that QuickBooks assigns the next available estimate number to the new form.

Item	Description	Qty	Cost	Amount	Markup	Total	Tax
Installation	Installation labor	10	35.00	350.00		350.00	Non
Framing	Framing labor	40	55.00	2,200.00		2,200.00	Non
Lumber:Rough	Rough lumber	2,500	2,500.00	2,500.00	15.0%	2,875.00	Tax
			Tax	San Tomas	(7.75%)	222.81	
			Total	5,050.00	375.00	5,647.81	

- 3 Select the number in the Qty column on the line for Installation.
- 4 Type **18**.
- 5 Click in the Item column in the line below Lumber:Rough, and select Cabinets:Light Pine from the drop-down list.
- 6 Press Tab twice and type **6** in the Qty column.
- 7 Click in the Item column in the line below Cabinets:Light Pine and select Cabinets:Cabinet Pulls from the drop-down list.
- 8 Press Tab twice and type **12** in the Qty column.
- 9 Press Tab and type **10** in the Cost field.
- 10 Press Tab.

Your estimate should look like the following figure.

Create Estimates

Customer: Job
Natiello, Ernesto: Bathroo...
Estimate Active

Date: 12/15/2015 Estimate #: 36

Estimate

Name / Address
Ernesto M Natiello
376 Pine St, #5E
Bayshore CA 94326

Item	Description	Qty	Cost	Amount	Markup	Total	Tax
Installation	Installation labor	18	35.00	630.00		630.00	Non
Framing	Framing labor	40	55.00	2,200.00		2,200.00	Non
Lumber:Rough	Rough lumber	2,500...	2,500.00	2,500.00	15.0%	2,875.00	Tax
Cabinets:Light ...	Light pine kitchen cabinet wall unit	6	1,500.00	9,000.00	19,9333...	10,794.00	Tax
Cabinets:Ca...	Cabinet Pulls	12	10.00	120.00		120.00	Tax
Customer Message			Tax	San Tomas (7.75%)		1,068.65	
			Total	14,450.00	2,169.00	17,687.65	

Customer Tax Code: Tax

Memo:

Buttons: Save & Close, Save & New, Clear

Natiello, Ernesto: Bathroom remodel

Summary

Phone: 415-555-9811
Email: ernie@samplename.com
Open balance: 0.00
Active estimates: 1
Sales Orders to be invoiced: 0

Recent Transactions

12/15/15 Estimate: 5,647.81

Notes

11 Click Save & Close.

Creating an invoice from an estimate

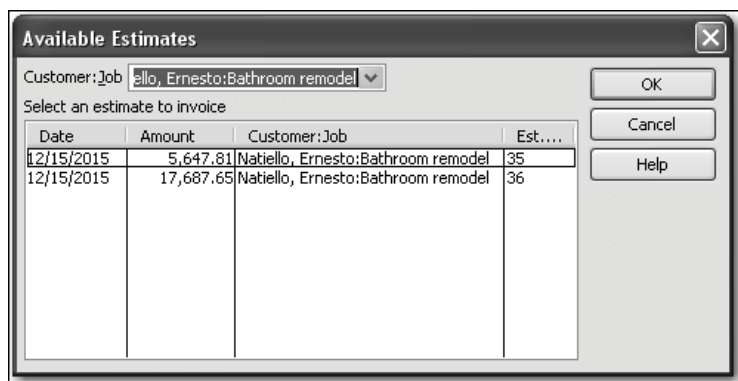
Once you have created an estimate and the customer has approved it, you can use the estimate to invoice the customer. In this exercise, you'll be using the QuickBooks progress invoicing feature.

Progress invoicing (also known as progress billing), lets you invoice for jobs that you work on and complete in phases. When using progress invoicing, you start by creating an estimate for the job (you don't have to give this estimate to the customer). Then, as you complete each phase, you can easily transfer items from the original estimate to an invoice. You can specify which items to include on each invoice and change estimated amounts or percentages. When you use estimates to create progress invoices, you can run reports to help you track your estimated versus actual costs.

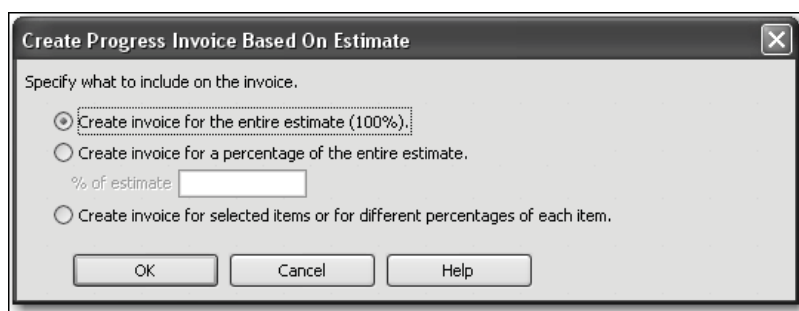
To create an invoice from an estimate:

- 1** Click Customer Center on the icon bar.
- 2** In the Customers & Jobs list, select Natiello, Ernesto: Bathroom remodel.
- 3** Click the New Transactions menu button, and then choose Invoices.
QuickBooks displays the Create Invoices window.

- Press Tab to leave the Customer:Job field.
QuickBooks displays a list of estimates created for this job.



- The customer accepted the first estimate you created, so select the line containing Estimate #35, and click OK.
QuickBooks displays the Create Progress Invoice Based On Estimate window.



Rock Castle Construction typically bills for one-third of the job before starting work, one-third when the project is one-third complete, and the final one-third when the job is completed.

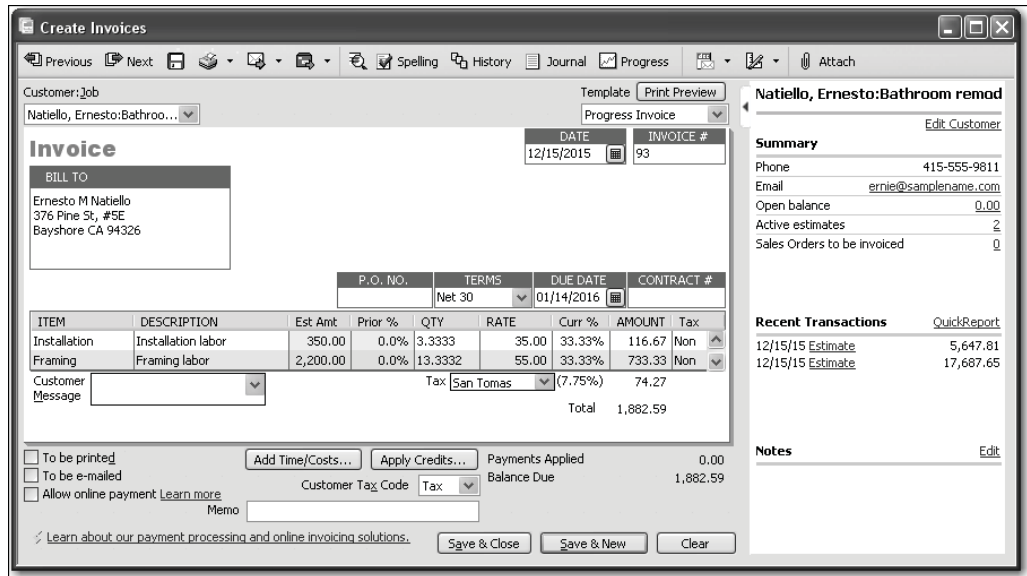
- Select “Create invoice for a percentage of the entire estimate.”
- Type **33.333** in the “% of estimate” field.

If you need to invoice for only selected items on an estimate or for varying percentages or amounts for different items, select the option “Create invoice for selected items or for different percentages of each item.” QuickBooks then displays a table of all items on the estimate and allows you to select which items you want to include and the amounts for each item.

- Click OK.

- 9 In the Template drop-down list, select Progress Invoice.

QuickBooks completes the invoice for one-third of each item on the estimate. Your invoice should resemble the following figure.



Notice that QuickBooks changed the invoice template to Progress Invoice and added fields for Estimate Amount, Prior %, and Current %. QuickBooks also tracks that one-third of the Natiello bathroom remodel job has been invoiced and that two-thirds has not yet been invoiced.

Note: If you don't want your customers to see this level of detail on the invoice you send them, you can customize the invoice to remove some of these columns from the printed form. See Lesson 15, "Customizing forms and writing QuickBooks Letters," for more information.

- 10 Click Save & Close to record the invoice.
- 11 Close the Customer Center.

Displaying reports for estimates

QuickBooks provides several reports on estimates. You can create these reports from the Jobs, Time & Mileage submenu of the Reports menu.

Displaying the job progress invoices vs. estimates report

Because you've just completed a progress invoice, you can see how QuickBooks records this on the job progress invoices vs. estimates report. This report shows job status, estimate total, total invoiced from the estimate on progress invoices, and the percentage of the estimate already invoiced on progress invoices.

To display the job progress invoices vs. estimates report:

- 1 From the Reports menu, choose Jobs, Time & Mileage.
QuickBooks displays a submenu of project reports that deal with customer jobs and estimates.
- 2 Choose Job Progress Invoices vs. Estimates.
QuickBooks displays the job progress invoices vs. estimates report.

Type	Date	Num	Estimate Active	Estimate Total	Progress Invoice	% Progress
Natiello, Ernesto						
Bathroom remodel						
Estimate	12/15/2015	35	✓	5,647.81	1,882.59	33.33%
Estimate	12/15/2015	36	✓	17,687.65	0.00	0.0%
Kitchen						
Estimate	12/13/2015	25	✓	14,595.25	13,560.39	92.91%
Nelson, Wilma						
Office Remodel						
Estimate	12/10/2015	19	✓	6,278.80	0.00	0.0%
Pretell Real Estate						
75 Sunset Rd.						
Estimate	11/05/2015	29		15,712.56	0.00	0.0%
Estimate	11/12/2015	29-CO	✓	18,409.93	0.00	0.0%

Notice that the progress invoice you completed for Ernesto Natiello is listed in the Progress Invoice column. The % Progress column shows how much of the total estimate you've invoiced for so far.

- 3 Close the report window.

Updating job status

Every time you change the status of a job, you should update its job status in the Customer:Job list. For example, the estimate for the bathroom remodel is no longer pending; Ernesto Natiello awarded you the job and you have started work.

To update the status of a job:

- 1** Click Customer Center on the icon bar.
QuickBooks displays the Customer Center.
- 2** In the Customers & Jobs list, select Natiello, Ernesto:Bathroom remodel.
- 3** Click Edit Job.
QuickBooks displays the Edit Job window.
- 4** Click the Job Info tab.
QuickBooks displays the Job Info portion of the Edit Job window.
- 5** In the Job Status field, select “In progress.”
Your screen should look like this.

The screenshot shows the 'Edit Job' window with the following details:

- Job Name:** Bathroom remodel
- Current Balance:** 1,882.59
- Job Info Tab:** Selected
- Job Status:** In progress
- Start Date:** 01/04/2016
- Projected End:** 02/28/2016
- Job Description:** Remodel bathroom
- Job Type:** Remodel
- Buttons:** OK, Cancel, Notes, Help
- Checkbox:** Job is inactive (unchecked)

- 6** Click OK.
QuickBooks returns you to the Customer Center.
- 7** Click the expand arrow to display the full details on the Customers & Jobs list.
The Customers & Jobs list now shows this project as being in progress.
- 8** Collapse the Customers & Jobs list, and then close the Customer Center.

Making estimates inactive

Now that the customer has accepted one of the estimates for the bathroom remodel job and you have started work, you might want to make the unaccepted estimate inactive. When you make an estimate inactive QuickBooks keeps a record of it, but does not use the numbers in reports.

To mark an estimate inactive:

- 1 From the Reports menu, choose Jobs, Time & Mileage.
- 2 Choose Estimates by Job from the submenu.
QuickBooks displays the estimates by job report.
- 3 Scroll to the section of the report that displays the estimates for Ernesto Natiello.

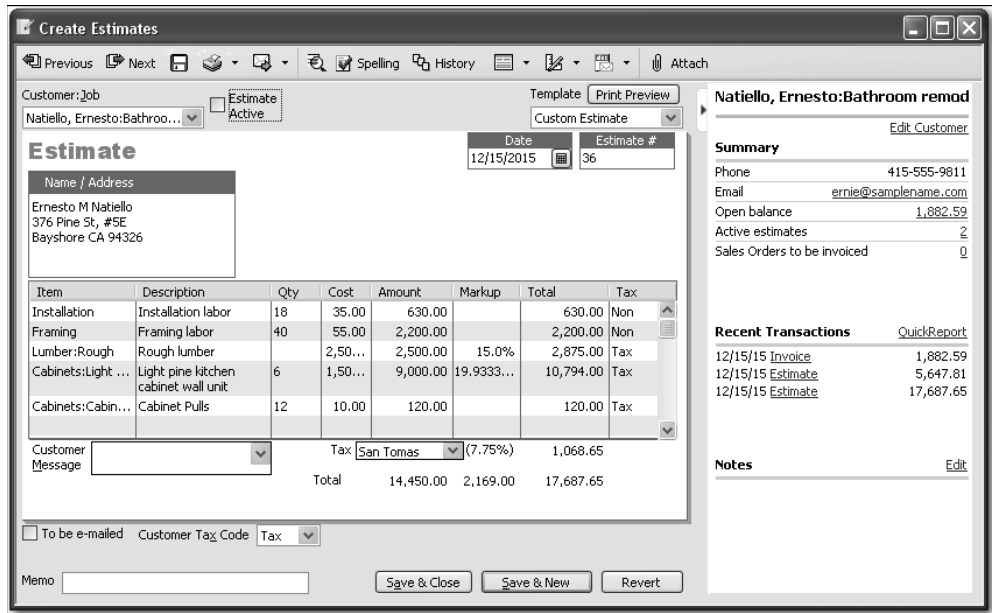
8:04 PM
12/15/15

Rock Castle Construction
Estimates by Job
All Transactions

Type	Date	Num	Memo	Estimate Active	Amount
Natiello, Ernesto					
Bathroom remodel					
Estimate	12/15/2015	35		✓	5,647.81
Estimate	12/15/2015	36		✓	<u>17,687.65</u>
Total Bathroom remodel					23,335.46
Kitchen					
Estimate	12/13/2015	25		✓	<u>14,595.25</u>
Total Kitchen					<u>14,595.25</u>
Total Natiello, Ernesto					37,930.71

- 4 Double-click anywhere on the line for Estimate #36.
QuickBooks displays the estimate.

- Click to clear the checkmark in the Estimate Active checkbox.



- Click Save & Close.
- Answer Yes to the message asking if you want to save the changes you made to the transaction.
- Close the report.