



Mind Your Own Business. Smarter.

Insight for Services

An industry-specific guide for your MYOB software

Contents

3	Introduction	16	Managing outstanding customer invoices
4	Choosing your MYOB software	17	Seeing how much you're owed
5	Understanding the essentials	17	Sending out statements for customer invoices
5	Creating your accounts list	17	Mailing collection letters
5	Reviewing your accounts list	18	Collecting money faster with an MYOB Merchant Account
5	Checking your preferences	19	Case Study – Glenn's Beauty Salon
6	Setting up opening balances	20	Dealing with expenses
6	Getting ready to go	20	Recording expenses
6	Billing your customers	20	Recording a vendor invoice
6	Creating your first invoice	21	Paying vendors electronically
7	Changing the look and layout of your invoices	21	Organizing petty cash (if you have a petty cash box)
7	Adding charges progressively to an invoice	21	Organizing petty cash (if you have a wallet full of receipts)
8	Invoicing the same amount to many customers	22	Buying and reselling items
8	Invoicing customers several times a year	22	Setting up inventory for things you buy and sell
9	Creating invoices when you're on the road	22	Providing rental services for equipment
9	Creating quotations and proposals	24	Case Study – Thompson Designs
9	Creating a quotation	25	Analyzing financials in more detail
10	Viewing outstanding quotes	25	Analyzing profitability of departments, courses or fund-raising ventures
10	Turning quotes into sales	25	Analyzing profitability of different divisions or locations
10	Setting up your customer lists	26	Controlling your payroll costs
10	Splitting customers into groups	26	Reporting on payroll expenses
11	Maintaining an independent database	27	Analyzing payroll percentages
11	Tracking time		
11	Getting ready for time billing		
11	Setting up your Activities List		
12	Giving employees access to time billing only		
13	Activity slips and timesheets		
14	Recording time		
15	Preparing your first time billing invoice		
15	Deciding how much detail to include		
16	Writing off time		
16	Analyzing employee productivity		

Introduction

The term “service business” encompasses a wide range of possible businesses, everything from artists to undertakers, hairdressers to pet grooming services, ballooning guides to security guards. However, the principle essential to any service business is that their income is primarily composed of labor charges.

The bookkeeping and accounting requirements for service businesses are relatively straightforward as reporting requirements tend to focus less around profit margins and inventory levels, and more on customer information, sales patterns and creating clear, informative invoices.

In this guide, you’ll find practical answers to the kinds of questions commonly posed by service businesses, along with lots of ideas and tips on the best way to set up MYOB software. You’ll also come across case studies where you can read about real-life service businesses. Browse through these case studies to get the big picture of how MYOB software can work for you.

By the way, if you provide your service in a retail environment (an adventure guide company or a hairdresser, for example), you might also like to refer to *MYOB Software for Retailers*. If you are a professional who charges for your time or if you’re interested in reading more about time billing features, refer also to *MYOB Software for Consultants*.

This guide is intended for use in the USA only.

Choosing your MYOB Software

For service businesses with no employees, either MYOB BusinessBasics (for Windows) or MYOB FirstEdge (for Macs) provide a perfect starting point. Both of these products are designed with the smaller service business in mind: powerful enough to provide all essential reports, but simple enough for even the most inexperienced bookkeeper to understand.

The next step up, MYOB Premier Accounting (for Windows) or MYOB AccountEdge (for Mac) is the answer if you need advanced financial reports, purchases or inventory control. These two are also the suitable solution if you have employees. Both include payroll, and MYOB Premier Accounting and MYOB AccountEdge Network Edition provide multi-user capability, meaning that more than one person can work in the software at a time.

For more information about the MYOB accounting software product range, visit **www.myob-us.com**.

Understanding the essentials

The following five steps are a brief guide to getting started, highlighting important information specific to service businesses.

1. Creating your accounts list

When you create the company file for your business, the **New Company File Assistant** asks you to **Build Your Accounts List**, giving you the option of starting with a standard list. There are several templates relevant to service businesses — if you can see your business listed, then select it. Otherwise, choose the **Service Business (Other)** template (**Generic Service Business in FirstEdge**) as your starting point.

The accounts list template provides a sample list of accounts and makes a good starting point. Don't worry if you can't find an accounts list that is perfect - you can add, change or delete as many accounts as you like at any time.

2. Reviewing your accounts list

Before entering your opening balances, you need to adapt your accounts list so that it suits the unique needs of your business.

Your accounts list is a list of categories to which you allocate (assign) all transactions. There are eight major account categories (or, for MYOB BusinessBasics and MYOB FirstEdge, there are six categories).

3. Checking your preferences

You can customize all MYOB software so that it works for your business the way you want it to. You can do everything from changing the appearance of your windows, to automatically requesting a backup prompt each time you quit the program. It all happens via the **Preferences** window.

Account Category	What it Means
Assets	Things you own, or that people owe you. Includes bank accounts, outstanding customer accounts and new equipment. Asset account numbers start with 1 .
Liabilities	What you owe to other people. Includes loans, taxes payable and outstanding vendor accounts. Liability account numbers start with 2 .
Equity	This is the profit or loss that your business has made since its inception. Examples of equity accounts include retained profits, partners' drawings, or capital contributions. Equity account numbers start with 3 .
Income	Money in. Everything you invoice to your customers. Income account numbers start with 4 .
Cost of Sales	Cost of sales are any direct costs. Goods you buy for resale go here. Cost of sales account numbers start with 5 .
Expenses	Overhead. The day-to-day running costs of your business. Includes wages, electricity, repairs, telephone, and so on. Expense account numbers start with 6 .
Other Income	Extraordinary income that is not part of normal operations. Could include compensation income, capital gains or interest income. Other Income account numbers start with 8 . (This account category is not available in MYOB BusinessBasics or MYOB FirstEdge.)
Other Expenses	Extraordinary expenses that are not part of normal operations. Could include lawsuit expenses, capital losses, or fire damage costs. Other Expenses account numbers start with 9 . (This account category is not available in MYOB BusinessBasics or MYOB FirstEdge.)

Billing your customers

To review your preferences, go to the **Setup** menu, choose **Preferences** and then explore the **System, Windows, Reports & Forms, Banking, Sales, Purchases, Inventory** and **Security** tabs. Remember—your choice of preferences does not commit you to this for ever and ever, for you can change your preferences at any time.

One preference setting is recommended, especially for new users. Make your company file changeable. If you make mistakes, you can correct them, without needing to make complicated reversing journals. To do this, go to the **Security** tab in the **Preferences** window. Clear the **Transactions CAN'T be Changed; They Must be Reversed** checkbox.

4. Setting up opening balances

To enter opening account balances, go to the **Setup** menu, choose **Balances**, and then **Account Opening Balances**. To enter opening balances for outstanding customer invoices, go to the **Setup** menu, choose **Balances**, and then **Customer Opening Balances**. To enter opening balances for outstanding vendor accounts, go to the **Setup** menu, choose **Balances**, and then **Vendor Opening Balances**.

To get up and running, you only need to enter opening balances for a few accounts. Bare essentials will probably include your bank account and any customer invoices outstanding. Your opening account figures won't balance, but this out of balance amount simply goes to the Historical Balancing account. You or your accountant can fix this later.

5. Getting ready to go

Before you start entering transactions, work out how you intend to back up your company

file. CDs, DVDs or an external hard drive are all good choices, based on the size of the file you will be backing up.

You might have been lucky so far, but nobody can guarantee continued immunity to power surges, theft, fire or hard disk failure. If you don't organize a backup system now, you'll probably forget about it until it's too late—and then you'll be sorry.

Billing your customers

The most important part of any service business is the relationships you have with your customers. You'll need a database for managing customer contact details as well as smart-looking invoices and receipts, and you may need to generate quotes and proposals. Fortunately, MYOB software makes it easy to manage all these things.

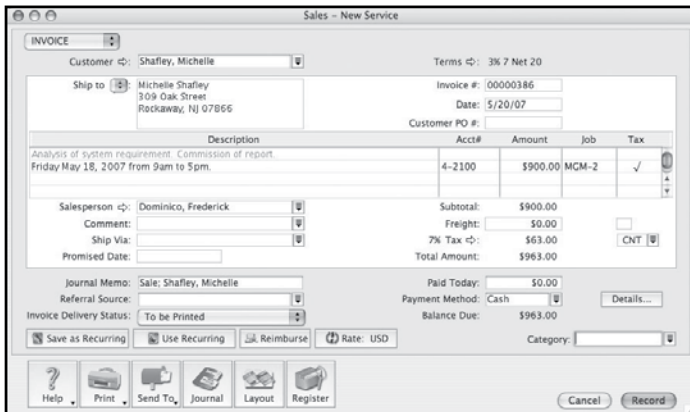
Creating your first invoice

To create your first customer invoice, go to the **Sales** command center and click **Enter Sales** (or, for MYOB BusinessBasics and MYOB First-Edge, go to the **Sales Register** and click **New Sale**).

Next, click **Layout** to choose the most appropriate invoice format. There are three main invoice layouts: **Service, Item** and **Professional**.

The best invoice format for service businesses is usually a **Service** or a **Professional** invoice, as both of these layouts leave plenty of room for descriptions. Professional invoices have the added benefit of a date column in each line of the invoice.

Billing your customers



The best invoice layout for most service businesses is either *Service* or *Professional*.

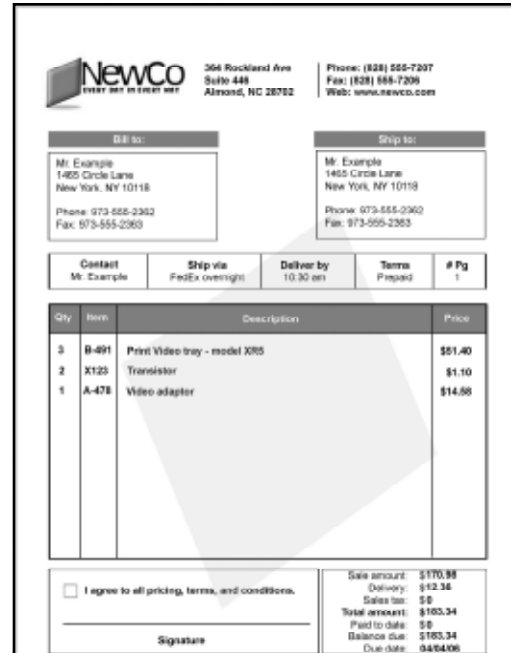
However, bear in mind that **Item** invoices are not necessarily only for items that you buy and sell. You can also use **Item** invoices to bill for labor, hourly charges or service fees. If you set up an item in your Items List for each different hourly rate you charge, you'll find that it's the quickest way of billing for labor, and accurate too.

Changing the look and layout of your invoices

With all MYOB software, you can customize your customer invoices or receipts so that they look exactly as you want them to look. You can change the fonts; add your own logo; draw boxes; add comments and much more. All you have to do is go to the **Sales** command center; click **Print Invoices** and then click **Customize** (refer to MYOB help for more details on customization commands).

Below is one possible way in which you could customize a customer invoice. Note that although this invoice has been designed using a standard item layout as the starting point, the final version is quite clean and simple, as many of the fields that appear on the standard

invoice (such as tax summaries, memos and shipping addresses) have been deleted.



You can customize your printed invoice to look exactly how you want it to look.

Adding charges progressively to an invoice

Sometimes in service businesses, you end up working on a job over several days or weeks and it makes sense to record your charges as the job progresses, rather than wait until the end.

To record charges without finalizing an invoice, it's best to select **Order** as the status of this sale. To do so, go to the **Enter Sales** window as normal (or, for MYOB BusinessBasics and MYOB FirstEdge, click **New Sale** in the **Sales Register**) and in the top-left hand corner select **Order** (or, for MYOB BusinessBasics and MYOB FirstEdge, select **Quote**). When transactions have **Order** or **Quote** as their status, they don't affect financial reports or receivables. They sit in a 'not-quite-ready basket', ready to be finalized.

Billing your customers

Whenever you want to add charges to this order or quote, simply zoom in on it from the **Sales Register** and edit as appropriate. When the sale is complete, zoom in on the order or quote one last time. Make your final changes, but before clicking **Record**, click **Change to Invoice**. The invoice is now finalized and ready to print.

You can also create a purchase order from an order or a quote, so that you do not have to spend time re-entering information. Once you record an order or a quote, you can simply press the **Create PO** button and a purchase order will be created for you, complete with all the details filled in on the order or the quote.

Date	Description	Acct#	Amount	Job	Tax
2/1/07	Site evaluation	4-2100	\$500.00		
2/27/07	Service installation support	4-2300	\$1,000.00		
3/9/07	Visit with Jessica to discuss implementation	4-2100	\$150.00		
Subtotal:			\$1,650.00		
OK Tax @:			\$0.00		
Total Amount:			\$1,650.00		

You can add charges progressively until you're ready to finalize an invoice

By the way, if you want to record for your time in lots of detail and you're working in an office environment (maybe you bill in six minute units, or you bill for telephone support), please see the Tracking Time section, below.

Invoicing the same amount to many customers

If you issue identical accounts to many customers, you can 'memorize' these account details to make repetitive billing a fast and easy

process.

To do this, create your first customer invoice. However, when you are ready to record it click **Save Recurring**, instead of **Record**. Name this recurring sale appropriately and click **Save Template** to return to your original customer invoice. Now click **Record**.

For the second and subsequent invoices, go to create an invoice but click **Use Recurring** to select your recurring sale. The invoice details will come up automatically and all you need to do is change the customer's name each time, clicking **Record** (not **Save Recurring**) once this is done.

Invoicing customers several times a year

If you invoice customers the same amount several times a year (perhaps you have a standard fee per visit or an ongoing maintenance fee), you can issue these invoices automatically, whenever they fall due.

To set this system up, you first need to create a recurring invoice for each customer:

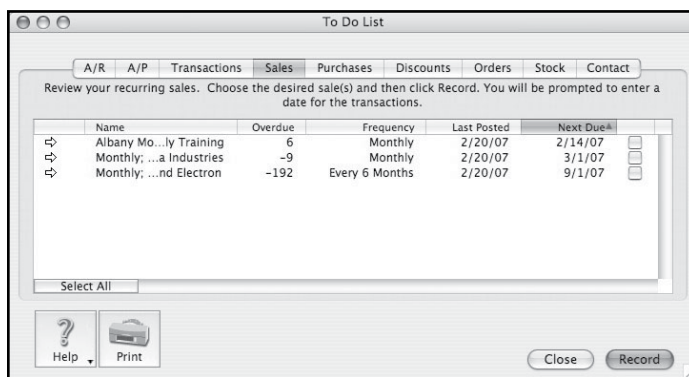
1. Create an invoice, but before completing it, click **Save Recurring** (one of the buttons at the bottom of the invoice).
2. In the dialog box that appears, enter the customer name, and then specify how often you plan to bill this customer using the **Frequency** drop-down list. Click **Save Template**.
3. Back on the invoice, click **Record**.
4. Repeat this process for every customer that you invoice regularly. If you issue identical invoices for multiple customers (except for different names and addresses, of course), you can create one recurring transaction, highlight it in the **Recurring Transactions List**, and then click **Create Copy**. You will

Creating quotations and proposals

be prompted to choose a customer card for each copy you create.

Next time these customer invoices fall due, all you have to do is this:

1. Go to the **Lists** menu and then click **Recurring Transactions**. You'll see the **Recurring Transactions List**, where you can sort your saved transactions by Transaction Name, Type, or Frequency. You can also search for a transaction by Transaction Name, Amount, or Next Due. Locate the transaction.
2. If any account details have changed from the previous time, highlight that transaction, click **Use Recurring**, and enter your changes. Click **Record** to save these changes and record this sale.
3. Go to the **Sales** command center and click **Print/Email Invoices** to print or email your invoices.



You can set up templates for any customers who you bill regularly.

Creating invoices when you're on the road

If you or an employee are out on the road, you can still write invoices for customers. By keeping a copy of the company file in your laptop,

invoices can be created and then later exported into the "master file" on the home office computer.

When on a service call, simply enter the sale into your company file on your laptop. At the end of the day, you can export all sales from your company file into a tab delimited or comma separated text file.

Open the File menu and choose **Export Data>Sales>the type of sale you would like to export**. In the Export File window, you can choose the file format as well as what status of invoice to export. When on the road, you'll most likely be choosing by **Date Range**. Click Continue, and the **Export Data** window opens. You will be offered a list of available fields to choose from for your export. Be sure to click on all of the fields you would like to export, and be sure to choose all fields marked with an asterisk, as those are required fields to import this file back into your MYOB software. Click Export, and a text file will be created that can be emailed back to the home office. This file can then be imported back into the main file at the home office.

Creating quotations and proposals

Many service businesses need to generate quotations or proposals for their customers. With MYOB software, it's easy to generate quotes and later, if these quotes are accepted, you can change them into invoices with a single click.

Creating a quotation

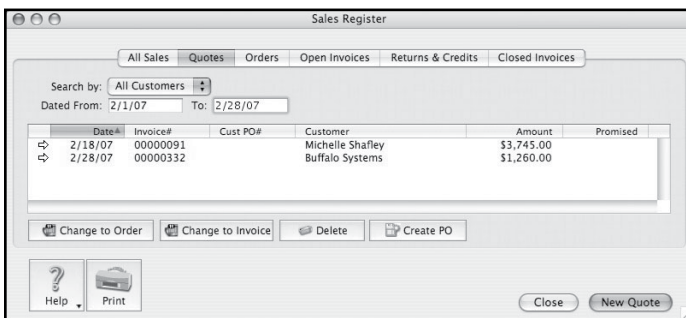
Sales can have three different statuses: **Quote**, **Order** and **Invoice** (orders are not available in MYOB BusinessBasics or FirstEdge). You can select the status in the top-left corner whenever you create a sale.

Setting up your customer lists

Quotes are an ideal way to provide estimates to customers without creating a transaction. A quote has no impact on your financial records and can be changed to an invoice at any time.

Viewing outstanding quotes

Go to the **Sales Register**, click the **Quotes** or **Orders** tabs and you'll see a list of all your outstanding quotes and orders.



Look up quotes in your Sales Register.

Turning quotes into sales

To change a quote or an order into an invoice, simply go to the **Sales Register** and click the **Quotes** or **Orders** tab. Highlight the quote or order and then click **Change to Invoice**. You'll see the quote or order, ready for you to update as necessary and record as a final invoice.

Even once a quote is changed to an invoice, you can still find the original quote in the **Sales Register**. If you want quotes to be removed after they're changed to invoices, go to the **Setup** menu, choose **Preferences**, click the **Sales** tab and then mark the **Delete Quotes upon Changing to and Recording as an Order or Invoice** checkbox.

Setting up your customer lists

MYOB software provides an excellent starting point for most customer databases. Customer cards have room for up to five addresses, three phone numbers, fax number, email, web address, contact name, and the name to whom mail merge letters should be addressed. You can even group customers into pre-defined categories, using custom lists and identifiers. What's more, you can sync your AccountEdge card file with OS X's Address Book, and your Premier Accounting card file syncs with Outlook.

Splitting customers into groups

If you go into a customer's card and click the Card Details tab, you'll see that you can categorize customers using both custom fields and lists, as well as identifiers. Custom lists are particularly useful for service businesses as a way of organizing customers into groups. You can organize customers in any manner you wish: by location, by age, by gender, by referral source, and so on. To set up customer groups:

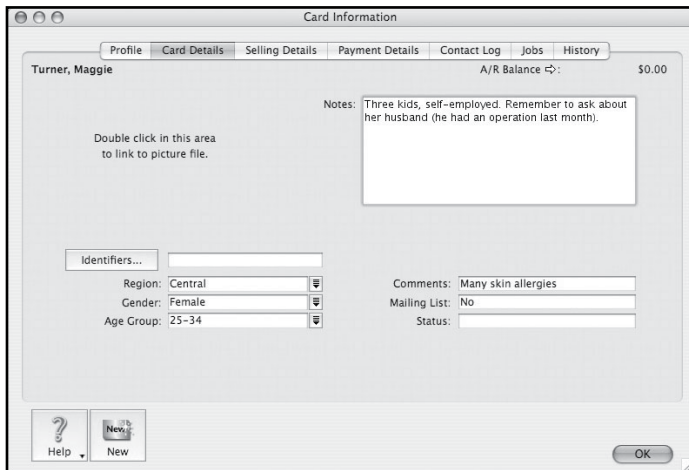
1. First decide how you're going to group your customers, e.g. by location, by type, by product, etc.
2. Go to the **Lists** menu, choose **Custom List & Field Names**, and then choose **Customers**.
3. Change the descriptions of **Custom List #1** (and **Custom List #2** and **#3** if desired) to indicate the way you're going to group customers, for example, by changing the name of **Custom List #1** to Location. Click **OK**.
4. Return to the **Lists** menu, choose **Custom Lists** (not **Custom List & Field Names!**) and then choose Customers. Now add the categories that you want to appear in each customer group. For example, within the group of location, you might add entries for New York, San Francisco and Chicago. Click **OK**.

Tracking time

5. Go to your **Cards List**, double-click a customer who you want to allocate to a group, and click the **Card Details** tab. Select the appropriate categorizations from the **Custom Lists**.

Identifiers are another way to organize your customers, by type of service performed, or type of customer, for example. Setting up identifiers and using them on the Card Details tab of a customer card will allow you to filter reports further down the line.

The screenshot below shows some idea of how this could work for a hair-dressing salon, but of course, you can apply these principles in many hundreds of ways.



Setting up custom lists lets you organize your customers into groups.

Maintaining an independent database

Sometimes, service businesses need to maintain a lot of very specific information about customers and decide to set up a database separate from their MYOB software. In this scenario, work out how you can best use your MYOB software in conjunction with this database.

- Export card information from your company file into your database, or vice versa, using the import and export commands located in the **File** menu. AccountEdge and Premier Accounting customers can utilize the Sync functionality to keep all of their contact information up to date.
- If you're using a standard off-the-shelf software package as your independent database, you may well find that there is already a utility that you can purchase that automatically synchronizes information.

Tracking time

If you bill for time, then you should be using the Time Billing command center (note that this feature is only available in MYOB Premier Accounting and MYOB AccountEdge). If you are offering telephone support, for example, and need to bill for time spent on the phone, you log the details of time spent, along with brief notes, in an activity slip. Later, when you are ready to bill the customer, MYOB software compiles all these activity slips together to create a time billing invoice.

Getting ready for time billing

To get ready for time billing, you first need to go to the **Setup** menu, choose **Preferences**, click the **System** tab, and then decide in what units of time you want to bill. You might want to bill time to the nearest minute, or you might engage in the common practice of billing in six minute units. You can also choose whether you include Items on Time Billing invoices.

Setting up your Activities List

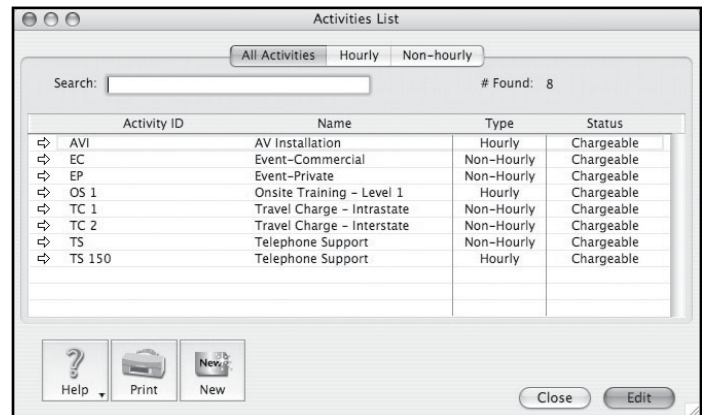
Your next step is to set up an Activities List for your business. You might want to go into the Widgets & Co. sample file and see how a typical Activities List looks, but the essential principle is that you create a new item in your Activities List

Tracking time

for every different type of activity you bill for. For example, if you bill at either \$70 or \$80 an hour, depending on the customer and the location, you would set up two activities, one for each hourly rate. You might also have additional activities for travel time, phone calls or photocopying.

Here's a step-by-step guide to creating a new activity:

1. Go to the **Time Billing** command center, and click **Activities List**.
2. Click **New** to create your first new activity.
3. Enter an **Activity ID** (essentially just a code that you'll refer to this activity by); an **Activity Name** and an **Activity Description**.
4. If this activity will have a standard description that will appear on every invoice (for example, photocopying), then click **Use Description on Sales**.
5. Select an appropriate **Income Account** (creating a new account in your Accounts List if necessary) and click the **Taxable when Sold** if necessary.
6. Decide whether this activity is **Hourly** or **Non-Hourly**, **Chargeable** or **Non-Chargeable**. (Labor is usually Hourly and Chargeable, expenses such as photocopying and travel costs are usually **Non-Hourly** and **Chargeable**.)
7. If there is a prescribed rate for this activity (such as an hourly rate or a photocopying rate), select **Use Activity Rate** and complete the **Activity Rate** in the bottom left.
8. If each customer has their own billing rate, click **Use Customer Billing Rate**; then go to the **Selling Details** tab in each customer's card and complete this rate.
9. If each employee has their own billing rate,



Your *Activities List* is the first step in setting up time billing.

Giving employees access to time billing only

Many employers would like their employees to take advantage of time billing features but don't want these same employees having access to their private financial information. Fortunately, you can set up appropriate passwords so that restricted employees can only access the Time Billing command center.

The first step (if you haven't done this already) is to create your administrator password. With MYOB software, whoever has **Administrator** as their **User ID** is automatically assigned unlimited access to the company file. Here's what to do:

1. When you open your company file, enter **Administrator** as your **User ID**. Leave the **Password** field blank and click **Change Password**.
2. In the Change Password window, enter your password first in the **New Password** field and then again in the **Confirm Password** field. Click **Record** and your company file should open.

The next step is to set up a unique sub-password for every employee, specifying what menus they

Tracking time

can access and what they can't.

1. Assuming you've already logged on using the administrator password, go to the **Password** window (go to the **Setup** menu, choose **Preferences**, click the **Security** tab and click **Password**).
2. Click **New** to create new **User IDs** and **Passwords** for each employee.
3. For each user, click in the **Not Allowed** column to mark any functions that you don't want this person to be able to access.
4. Click **OK** to save your password changes.

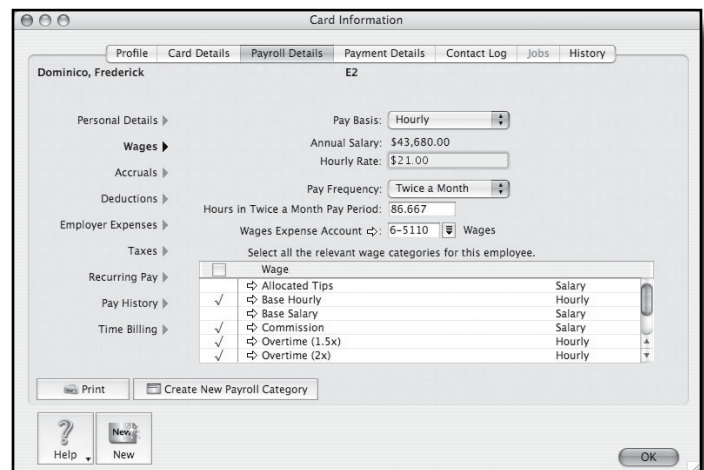
An alternative to setting up passwords in this manner is to create a new company file that simply contains your accounts list, customer cards and time billing activity list. Employees record their activity slips in this file and then at the end of the week or month, you export these slips out of their file into your own master file. Set up correctly, this method can work well (and is quite practical for employees who are on the road), but bear in mind that importing and exporting transactions will always be more prone to error than working directly in the master file.

Activity slips and timesheets

Activity slips are used to record hourly and non-hourly based activities performed for a customer. There are three ways that you can record time: create a single activity slip (allows for the most detail), create a multiple activity slip (allows more than one slip at one time for an employee, but less detail), and create a timesheet (allows you to enter the hours per day an employee spends to complete work and automatically creates an activity slip). These methods are found in the Time Billing command center, and are used to track hours, non-hourly based activities, and to calculate pay for hourly em-

ployees (note that activity slips and timesheets are only available in MYOB Premier Accounting, MYOB AccountEdge, and MYOB AccountEdge Network Edition).

The first thing you want to do is set up your preferences. Open your **Preferences** window, and under the **System** tab, check off **I Use Timesheets for Time Billing and Payroll**. Then in the Card File command center, open up your Employees cards for whom you want to use timesheets for payroll. Click the **Payroll Details** tab and then choose **Wages**. Select the hourly payroll categories you'll use for this employee, and then click **OK**.



Select the hourly payroll categories for an employee under the **Payroll Details** tab.

You can include activity slip hours in your employees' pay in two ways: by creating activity slips and having the hours included on your employees' timesheets, or by creating activity slips directly from the timesheet itself.

Tracking time

To include activity slip hours on a timesheet, mark the **Include Hours on Timesheet** checkbox on the Enter Activity Slip window to indicate that you want the hours on the activity slip to be included in your employee's timesheet. The units you enter in an activity slip appear as hours in a timesheet. Note: Salaried employees are always paid their recurring pay. If you choose to include activity hours on a timesheet, they are paid for those hours in addition to their recurring pay amounts. If you want to track the activity for invoicing but don't want to add the hours to their pay, simply don't mark the checkbox.

You must meet the following criteria for an activity slip to be linked to an employee payment:

- An hourly wage is linked to the employee card
- The **Activity Slip** view (not the Multiple Slip Entry view) of the **Enter Activity Slip** window is used to create the activity slip
- An employee card is entered in the **Enter Activity Slip** window
- The activity selected is an hourly activity (chargeable or non-chargeable)
- An hourly wages payroll category linked to the employee card is selected in the **Enter Activity Slip** window. You select the payroll category in the **Payroll Category** field that appears when you mark the **Include Hours on Timesheet** checkbox

To create an activity slip while working in a timesheet, with the hours included in the employee's pay, simply select an hourly activity in the **Activity** field in the **Enter Timesheet** window. The hours you enter in a timesheet appear as units in an activity. Note that hourly chargeable activities must be

linked to a customer.

You can view an activity slip created in a timesheet by opening the **View Activity Log** window. Use the zoom arrow to open the **Enter Activity Slip** window from there if you want to edit or enter more details about the activity.

Recording time

The above couple of sections (*Getting ready for time billing* and *Setting up your Activities List*) explain how to prepare for time billing. The next step is to get on with the job of recording your time.

Here's how:

1. Go to the **Time Billing** command center and click **Enter Activity Slip**.
2. In the **Employee** field, enter the employee's name, last name first.
3. Enter the **Date** and the **Customer** name.
4. In the **Activity** field, enter the activity code (to see a list of all activities, click the blue drop-down arrow to the right of the Activity box).
5. In the **Units** field, select from the following: For time, enter the amount of time in whatever units of time you specified in your preferences. For example, if your preferences are set for billing in six minute units and you work for 12 minutes, write 2 in the **Units** box. (If you wish, take things a step further by pressing the **Start** and **Stop** buttons to calculate time automatically as you go.) For photocopies, phone calls or faxes, enter the number of pages copied or calls made.
6. Check the **Rate** and override it if necessary.
7. Enter the job number if you're using job features.
8. In the **Notes** field, enter the description as you will want it to appear on the customer's

Tracking time

invoice. For activities such as photocopying, you don't need to enter any notes as the item description should automatically appear.

9. Click **Record** when complete.

Employee: Berringer, Charles Slip ID#: AS000111
Date: 2/20/07 Hour: 2.00
Customer: Shafley, Michelle Adjustment: Billable: 2.00 \$150.00
Activity: OS 1 Onsite Training - Left to Bill: 2.00 \$150.00
Units: 20 6 Minute Billing Units
Rate: \$75.00 Per Hour
Notes: Visit onsite to train on software upgrade
Buttons: Start, Clear, Record

Every time you do some work for a customer, create a new Activity Slip.

Preparing your first time billing invoice

Once you've recorded activity slips for your customers, you'll be ready to prepare your first time billing invoice. The procedure may seem a little complex at first, but once you get used to it, you'll find creating invoices both speedy and efficient.

1. Go to the **Time Billing** command center and click **Prepare Time Billing Invoice**.
2. You'll see a list of all customers with unbilled time. Highlight the customer you want to bill and click **OK**.
3. To bill all outstanding time, click **All** (in the bottom left of the window) and then click **Prepare Invoice**. Or, if you wish, enter the amount you want to invoice in the **Bill** column against selected items.
4. If you have a single customer who has several outstanding jobs or projects, click **Sort by Job** to group activity slips together.

5. Click **Prepare Invoice** and you'll see a standard time billing invoice, with all items and descriptions complete.
6. Enter headers and subtotals as appropriate, make any other required changes, and then click **Record**.

Customer: Smithware Dynamics Invoice #: 00000396
Date: 3/20/07
Table:
Date | Hrs/Units | Activity | Notes | Rate | Amount | Job | Tax
3/10/07 | 3Hr-OS 1 | Professional Fees | Basic instruction on equipment operation | \$125.00 | \$375.00 | | |
3/15/07 | 3Hr-OS 1 | Professional Fees | Basic instruction on equipment operation | \$125.00 | \$375.00 | | |
Subtotal: \$750.00
Total Amount: \$750.00
Buttons: Help, Print, Send To, Journal, Layout, Register, Cancel, Record

You can print detailed notes for each activity or group similar activities together

Deciding how much detail to include

One of the dilemmas you may encounter when first creating time billing invoices is deciding how much detail to include. You probably want to detail all the time entries separately, showing the date and what work was done, but you probably won't want a separate entry for every photocopy or phone call made.

Fortunately, the time billing window offers you the choice of combining activities or listing them separately. For example, if you want to create an invoice for a customer which includes both time (that you want to detail line by line) and photocopying (which you want to lump together as a total), this is what to do:

1. When preparing a time billing invoice, click in the **Bill** column for each hourly activity.
2. Click the **Use Activity Slip Notes** checkbox and then click **Prepare Invoice**.
3. You'll see a time billing invoice with all time

Managing outstanding customer invoices

listed for this customer, line by line, complete with notes. Now, before recording this invoice, click the **WIP** button to return to the time billing window.

- Now, click in the **Bill** column of all the expenses that you want to combine (such as photocopying and phone calls) and this time, click the **Consolidate Activities** checkbox.
- Click **Prepare Invoice** and these activities will be added to your invoice, with only one line per activity.

Writing off time

Sometimes you can't justify charging a customer for all the time you spend on a matter. If this is the case, you can simply make an adjustment for this time in the **Prepare Time Billing** window. For example, if the **Billable** time comes up as \$250 but you write \$200 in the **Bill** column and then minus \$50 in the **Adjustment** column, the customer will only be billed \$200. However, the time billing reports will track any time written off so that you can make sure that such write-offs don't get out of hand.

However, if you want to show the customer that you're writing off time (and it's often good PR to do so), then don't adjust the time in the **Prepare Time Billing** window. Instead, bill for the full amount of time, click **Prepare Invoice**, and in the final time billing invoice window, edit the **Description** and **Amount** to show the amount written off. For example, the description might say "On-site training. Four hours on-site, but only three hours charged."

Analyzing employee productivity

There are several time billing reports that help you to analyze the billing patterns of your employees, helping to boost productivity and dis-

cern problems as they arise. You can find all these reports in the **Reports** menu, under the **Time Billing** tab.

- The **Productivity Hourly Summary** report shows total chargeable hours, adjustments, non-chargeable hours and the percent of actual hours for each employee.
- The **Employee Slip Detail** report shows similar information, but in a slightly different format, so that you can analyze the details of each employee's billing.
- The **Customer Slip Detail** report is very useful, especially if you select **Work in Progress Only** as the **Slip Status**. This report shows the total value of unbilled time and is good to print at the end of each month to make sure you haven't omitted billing any customers.

Report Display

Dated From: 2/1/07 To: 2/28/07 Redisplay View: Print Preview

Widgets & Co.
Suite 14B
100 Main Street
Rockville, NJ 07945

Hourly Productivity [Summary]

February 2007 Page 1

2/28/07 12:57:10 PM

Name	Hours	Adjust (Hours)	% of Hours Change	% of Hours Non-Change	% of Hours
Berringer, Charles	1.00	0.00	0.00%	1.00	100.00%
Total:	1.00	0.00	0.00%	1.00	100.00%

Help Print Send To... Customize Save As Close

Employee productivity reports provide valuable insights.

Managing outstanding customer invoices

MYOB software has lots of ways to help you manage outstanding customer invoices. You can send out monthly statements, mail out reminder letters automatically, offer customers the ability to pay by credit card and last but not least, see what accounts are outstanding at any time, with a single click of a button.

Managing outstanding customer invoices

Pay from Account: 1-1140 Petty Cash Balance: \$59.01

Group with Electronic Payments:

Card: Petty Cash Check #: 1

Payee: Petty Cash Date: 2/20/07

Amount: \$69.00

Sixty-Nine and No/100 United States Dollars

Memo: Reimburse petty cash box Widgets & Co.

Acct #	Name	Amount	Job	Memo
6-1060	Office Supplies	\$54.00		Manilla folders
6-1150	Miscellaneous Expenses	\$15.00		Coffee

Total Allocated: \$69.00 Check Already Printed

Total Paid: \$69.00 Payment Notification Delivery Status:

Out of Balance: \$0.00 To be Printed

Save as Recurring Use Recurring Currency: USD Category:

Help Print Journal Register Cancel Record

Recording petty cash transactions when you use a petty cash box.

Seeing how much you're owed

From the **Sales** command center, click and hold the **Analysis** down-arrow and choose **Receivables** from the menu that appears. You'll see a summarized Analyze Receivables report, aged as at the current date, showing the names of all customers who owe you money and how overdue they are. You can click the zoom arrows next to any customer's name to go straight to a detailed breakdown of their outstanding invoices.

Sending out statements for customer invoices

To issue statements for all outstanding fees, simply go to the **Sales** command center and click **Print/Email Statements**. You can choose to print or email both **Activity** or **Invoice** statements by clicking the Advanced Filters button. You can also choose to filter your statements from the Advanced Filters window.

An **Activity** statement displays the opening

balance outstanding on customers' accounts as at any selected date, and lists all transactions (both invoices and payments) from that date up to the current date. An **Invoice** statement displays all invoices that have anything outstanding on them at the time of printing. It does not include invoices that have been paid in that current period.

To customize your statement layout, click **Customize** from the Advanced Filters window.

Mailing collection letters

Note: This feature is not available in MYOB BusinessBasics or MYOB FirstEdge.

If customers are consistently overdue with paying their account, you can use MYOB software to send automatic collection letters, the wording of which depends on how overdue the account is.

To do this, go to the **To Do List** and click the **A/R** tab. Look at the **Overdue** column. A positive figure in the **Overdue** column indicates the number of days that the payment is overdue, and a negative figure indicates the number of days until payment is due.

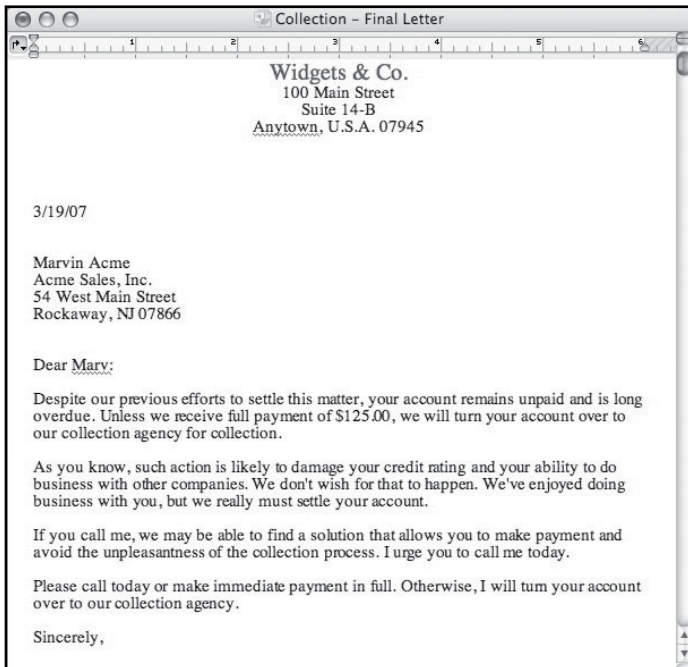
Click in the **Select** column against the customers to whom you wish to send collection letters, and then click **Mail Merge**. When prompted, choose a template. There are six collection letter templates to choose from, with the first letter worded to be easygoing, with each successive letter becoming increasingly demanding, with the final letter alerting the customer that their account has been turned over to a collection agency.

Select a template and click **Use Template**. Microsoft® Word will then open automatically. Complete your name and title as requested. Click **OK** and you end up with a single document, each

Managing your inventory

page of which is a separate letter reminding the customers of their overdue accounts.

For more about MYOB Merchant Accounts, see http://www.myob-us.com/business_services/



Use mail merge features to chase outstanding customer invoices.

Incidentally, these standard collection letters are well written, but you can adapt them if you wish, by changing the Word templates. You can find these templates in the Letters folder that sits within your MYOB program folder.

Collecting money faster with an MYOB Merchant Account

By signing up for an MYOB Merchant Account, you can offer your customers the choice of paying invoices by credit card over the phone.

The main advantage of this service is that by providing more ways for your customers to pay you, you'll be paid quicker (it's good to be able to offer a counter-suggestion to the reply "I'll mail a check tomorrow"). Also, by offering the credit card option, you will make your business look that much 'bigger' and more professional.

Case Study - Glenn's Beauty Salon

Business Name

Glenn's Beauty Salon

Overview

Glenn uses MYOB BusinessBasics

Glenn runs a beauty salon from a small room attached to the back of his house. He sees about 20 clients a week, mostly for facials, manicures and waxing. He finds MYOB BusinessBasics perfect for recording his income and expenses, and creating reports for his annual tax return.

Glenn finds that BusinessBasics keeps his business more professional. He issues receipts to all clients on the spot and uses BusinessBasics to keep track of contact details for all clients. He finds that BusinessBasics is handy for keeping track of what rates each client pays, and likes to see how much each client spends with him every year.

Glenn's record-keeping is still a little bit chaotic, with business and private spending split across a mound of cash receipts, checks and (the bane of his existence) numerous credit cards. However, he's found that he can minimize the time it takes to prepare for tax time by downloading checking account and credit card transactions from the internet directly into BusinessBasics. All he does then is zoom into transactions, fix up the account codes and record them.

On a more personal note, BusinessBasics has helped Glenn take control of his finances in a way that had always eluded him up until now. He can calculate how much money he earns each week and make sure he's earning enough to cover his expenses (and even work away at his credit card debt, bit by bit...).

Dealing with expenses

Dealing with expenses

The simplest way to record expenses, suitable for most service businesses, is to go to the **Banking** command center and click **Spend Money** (or, for MYOB BusinessBasics and MYOB FirstEdge, go to the **Bank Register** and select **Spend Money** as the transaction type).

An alternative way to record expenses, suitable for larger businesses, is to enter all vendor invoices in the **Purchases** command center when you receive them. Later, these invoices are paid using the **Pay Bills** function (note that purchases aren't available in MYOB BusinessBasics or MYOB FirstEdge). This method works well if you have a substantial amount of accounts to be paid each month and you want to keep tabs on how much you owe, but by its very nature is a more complicated way of working.

Recording expenses

To record an expense,

1. Go to the **Banking** command center and click **Spend Money**. Or, if you're using MYOB BusinessBasics or MYOB FirstEdge, go to the **Command Centers** menu, choose Banking and then **Spend Money**.
2. Click the **Pay from Account** button in the top-left and select your bank account, or, if you plan to make this payment online, click **Group with Electronic Payments** (not available in MYOB BusinessBasics or MYOB FirstEdge).
3. For checks, enter the check number in the **Check #** field. For other transactions, such as credit card debits or electronic payments, simply ignore the **Check #** field.
4. Enter the date and amount, and in the **Card** field, enter the name of the person you are paying. If you've never paid this person before, you'll see a list of cards, asking you to select one of them. Either double-click on a name to select it from the list or click **New** to create a new card.
5. Write a brief description in the **Memo** field, if desired.
6. In the **Acct#** column, specify which account

this expense should go to.

7. Check the **Amount** is correct.
8. Fill in the **Job** column if you want to track expenses by particular projects or cost centers. Otherwise, leave this column blank.
9. If you want to include additional information about this transaction, do so in the additional **Memo** column that appears next to the **Job** column.

Acct #	Name	Amount	Job	Memo
6-1140	Repairs & Maintenance	\$100.00		Garbage disposal

It's easy to record expenses.

Recording a vendor invoice

Note: This feature is not available in MYOB BusinessBasics or MYOB FirstEdge.

Service businesses tend to use one of two layouts when recording purchases: either an **Item** layout or a **Service** layout. Most purchases, such as advertising, electricity or telephone accounts, are likely to be Service purchases. However, if you purchase goods for resale, then an **Item** purchase is best.

Here's how to record a purchase:

1. Go to the **Purchases** command center and click **Enter Purchases**.
2. Click **Layout** and select either Item or Service as your layout.
3. Fill in the vendor name and if required, enter the

Dealing with expenses

purchase order number.

4. Check the date and enter the vendor's invoice number in the Vendor Inv# field.
5. For item invoices, enter the quantity in the **Bill** field, **Item Number** and check the **Price**. Enter each line one at a time, making sure the final total tallies.
6. For service invoices, choose your allocation account in the Acct# field. Don't worry about detailed descriptions, as they're usually not necessary. A general description such as 'materials' does just fine.
7. Click **Record**.

Paying vendors electronically

MYOB Vendor Payments enable you to make electronic payments to your vendors directly from your MYOB software. Once you subscribe to this service, you can use your MYOB software to record payments in your company file and send your payments to vendors via a secure online connection.

If you pay more than five vendors per week, MYOB Vendor Payments are well worth the fees. If you were to put a value on your own time (or on your bookkeeper's time) and calculate how long it takes you to pay a vendor (including writing a check, writing their address on an envelope, entering the payment into your MYOB company file, and so on) as well as the costs (the envelope, the stamp, the gas to the post office, etc.), then chances are that paying a vendor is much more expensive than you think.

MYOB Vendor Payments offer other benefits, too, although these are somewhat less tangible. You can schedule payments to be made at future dates, ensuring that vendors are paid on time, even when you're away from the business. Payments are more secure, as you pay directly from your account into your vendor's account (whereas checks are more prone to fraud or getting lost in the mail). Finally, the Payments Gateway keeps track of all online payments, including when payments are sent, when they're processed, if they fail due to insufficient funds, and so on.

To learn more about MYOB Vendor Payments, or to apply for the MYOB Vendor Payment Service, all you have to do is open the Setup menu, choose Electronic Payments, and then select Learn About Electronic Vendor Payments. (Note that MYOB Vendor Payments are available in MYOB Premier Accounting, MYOB AccountEdge and MYOB AccountEdge Network Edition).

Organizing petty cash (if you have a petty cash box)

The method described here works best if you have an office with a petty cash box, and more than one person takes money out of the box. However, if you don't have a petty cash box but end up paying lots of little cash expenses directly from your own pocket, see the method listed in Organizing petty cash (if you have a wallet full of receipts).

1. Start off by funding the petty cash box, say \$200. Write a cash check for the funding of the box, and allocate this check to an asset account called 'Petty Cash'. If you don't have an account by this name already, create one now, remembering to select **Bank** as the **Account Type**.
2. Whenever a person takes money out of the box, get them to give you a receipt in exchange. Store these receipts in the box.
3. Now, add up the receipts and work out which expense categories they belong to. Then go to the **Spend Money** window but this time *change the bank account* at the top to read Petty Cash.
4. Complete the payment, allocating it across several Allocation Accounts and several Amounts. Click **Record** when you're done.
5. When funds in the box get low, write out a cash check to top the box back up to its original value. For example, if you initially funded the box with \$200 but there's only \$4.50 left, write out a cash check for \$195.50. Allocate this check to Petty Cash.

Buying and reselling items

Pay from Account: 1-1140 Petty Cash Balance: \$59.01
Group with Electronic Payments:

Card: Petty Cash Check #: 1
Payee: Petty Cash Date: 2/20/07
Amount: \$69.00
Sixty-Nine and No/100 United States Dollars
Memo: Reimburse petty cash box Widgets & Co.

Acct #	Name	Amount	Job	Memo
6-1060	Office Supplies	\$54.00		Manilla folders
6-1150	Miscellaneous Expenses	\$15.00		Coffee

Total Allocated: \$69.00 Check Already Printed
Total Paid: \$69.00 Payment Notification Delivery Status:
Out of Balance: \$0.00 To be Printed

Save as Recurring Use Recurring Currency: USD Category:

Help Print Journal Register Cancel Record

Organizing petty cash using a petty cash box.

Organizing petty cash (if you have a wallet full of receipts)

If you don't have a petty cash box, but end up paying lots of cash expenses directly from your own pocket, you'll find the following method works best.

1. Pile these receipts into their various categories and then, with a calculator, add up the value of each pile of receipts. You might end up with \$40 worth of receipts for stationery, \$50 for postage, \$15 for travel and so on.
2. Go to the **Spend Money** window and select Petty Cash as your bank account in the top left corner.
3. Enter the total value of all these receipts added together as the Amount.
4. Split the transaction across the appropriate expense accounts, writing individual memos on each line, if desired.

Buying and reselling items

If your business buys items for resale to customers, then MYOB software can help streamline sales, customer receipts and ordering. The solution is to set up all items that you buy or sell in the **Items**

List. You can also set up items if you rent out equipment to customers as a service, so that you can track what's currently out on rental, who's got what, and how much they need to pay.

Setting up inventory for things you buy and sell

Many service businesses buy items for resale to customers (hairdressers buy and sell hair products; training companies buy and sell training materials; landscape gardeners buy and sell plants). MYOB software makes it easy for you to bill customers for these items, as well as tracking the income and expenditure from sales.

The simplest approach is simply to set a description and price for each item in the **Items List**. When you create these items, mark the **I Sell This Item** checkbox only (not available in MYOB BusinessBasics or MYOB FirstEdge), and select an income account such as "Income – Plants". This way you can raise customer invoices easily and efficiently and if desired, generate sales reports for each item sold.

The more complex approach is to keep track of quantities on hand, so that you record every unit bought and sold (not available in MYOB BusinessBasics or MYOB FirstEdge). When you create these items in the **Items List**, you click **I Sell This Item**, **I Buy This Item** and **I Inventory This Item**. This approach is more time-consuming than simply tracking what you sell, but proves to be an efficient way of monitoring stock levels, generating re-orders and keeping an eye on costs.

Providing rental services for equipment

Some service businesses rent out equipment to their customers as a sideline (adventure companies rent out bicycles; repair technicians rent out replacement gear; caterers rent out tables and chairs). MYOB software makes it easy to manage rentals, keeping track of what equipment is out on loan and the rental charges for each one. Of course, if your business exists only to rent out equipment, then it's preferable to use specialist equipment rental software.

Buying and reselling items

What works best is to create a separate item in your **Items List** for every piece of equipment that you rent out to customers. Mark the **I Sell This Item** checkbox only (not available in MYOB BusinessBasics or MYOB FirstEdge), and as the **Income Account for Tracking Sales** choose an income account called "Income – Equipment rental". Record the daily or weekly rental charge as the **Price**. Use this item when you invoice this customer for equipment rental.

This done, you can print a summary listing of the items that you rent out simply by displaying the **Items List [Summary]** report. Alternatively, for a summary listing of the items you rent out, complete with the name of the last person who rented each item, display the **Sales [Item Detail]** report.

If you rent out lots of equipment, you will want to track depreciation. Your equipment deteriorates and loses value each year. Part of the cost of vehicles and equipment can be allocated as an expense to your company each year you benefit from its use. There are several methods of depreciation. Consult your accountant to see whether you should be depreciating your equipment and which method is best for you.

Once you decide on your depreciation figures, you can create new accounts for depreciation. Create a new account called Accumulated Depreciation for each of the accounts you depreciate. Give the new accounts numbers that directly follow their corresponding asset accounts. Also, create a new expense account called Depreciation Expense. For example:

Assets

Company van

Company van Accumulated Depreciation
(New account)

Computers

Computers Accumulated Depreciation
(New account)

Expenses

Depreciation Expense
(New account)

Once you've determined your depreciation amounts, make **General Journal** entries to credit the Accumulated Depreciation asset accounts and debit the Depreciation Expense account. The asset accounts will always have a contra (negative) balance to show a reduction in the value of the depreciable asset.

Case Study - Thompson Designs

Business Name

Thompson Designs

Overview

Anita is an architect and designs timber homes, using recycled materials wherever possible. She has five employees and runs MYOB Premier Accounting.

Anita's business has been extraordinarily successful. Starting only three years ago working from home, Anita's homes instantly found their niche and before long, she was getting orders from all around the country.

Anita has been very fortunate in that her brother is an accountant, and he set her up with MYOB Premier Accounting right from the start. Before long, Anita found that Premier Accounting was an essential business tool, not only keeping track of her accounts, banking, and payroll but also maintaining a vital reference of customer and vendor names, details and buying history.

To cope with the rapid growth, Anita uses the budget features in MYOB Premier Accounting, sending budgets from MYOB into Excel every month and carefully examining where actual results vary significantly from forecasts. The homes she designs require major expenditure up front and so, over time, Anita has adapted her budgets to incorporate movements of cash such as loans and large customer payments, helping her to see in advance when cash is going to run short.

Anita also uses MYOB Premier Accounting's job features to divide her business into two cost centers (the home designs and individual consultations). She's discovered that although the homes generate by far the most income, the associated expenses tend to even that out. Surprisingly, her modest consulting work is subsidizing the home design part of her business. She is now refining her business model, hoping to make both cost centers profitable within the next 18 months.

Analyzing financials in more detail

Analyzing financials in more detail

Many service businesses find that they need to analyze financial information in more detail than a basic Profit & Loss report can offer. Maybe they want to report on a specific job, see how much each department is costing to run, or set up budgets for major projects. All of this is possible (and even quite easy) using the jobs and categories features.

The idea of jobs and categories is that every transaction can be coded in several different ways. For example, in the **Spend Money** transaction below, the **Card** shows the name of the vendor; the **Allocation Account** shows the type of expense, the **Job** column shows the project code and the **Category** shows the location.

Acct #	Name	Amount	Job	Memo
6-1110	Advertising	\$350.00	MKTG	Incl scanning

Use jobs and categories to analyze profitability.

Analyzing profitability of departments, courses or fund-raising ventures

Most service businesses don't have individual jobs per se, but nonetheless find the jobs feature very useful. If you have different cost centers, departments or projects, you can set up jobs for each one. Here are some ways in which different service businesses take advantage of jobs:

- A personal trainer allocates a job number to

each of the courses he runs, so that at the end of each year, he can analyze the income and profitability of each one.

- An adventure company has a mix of corporate and high school work. By treating each type of work as a separate cost center, and allocating expenses appropriately, they analyze the profitability of each part of their business.
- A landscaper takes on major design projects throughout the year and analyzes the profitability of each project by allocating a job number to each one.
- An artist occasionally receives large commissions for major works or sculptures. She gives each large commission a job number so she can keep track of all income and associated expenses.

By analyzing how much money you're making (or losing) on everything you do, you can fine-tune operations so you know how each job or project is progressing or whether individual cost centers are meeting their budgets.

To create a new job, go to the **Lists** menu, choose **Jobs** and then click **New**. Enter a **Job Number**, **Job Name** and a short description, if required. This is usually enough information to get started (additional fields such as **Start Date**, **Finish Date** and **Manager** aren't essential). Click **OK** to return to the **Jobs List**.

Analyzing profitability of different divisions or locations

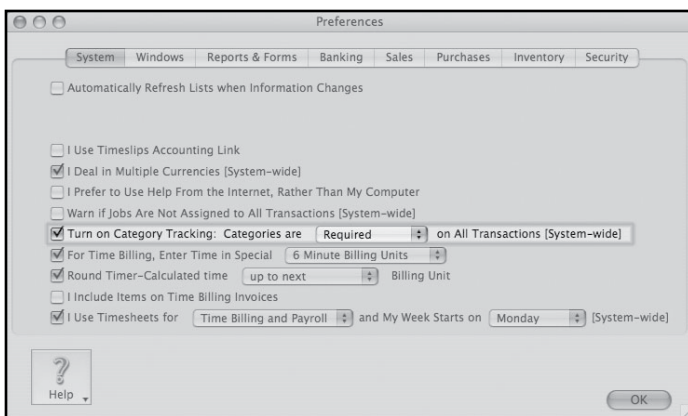
Categories (not available in MYOB BusinessBasics or MYOB FirstEdge) offer an additional level of analysis and are ideal for tracking the performance of different locations or divisions. For example, an interior design company that has offices in three locations might use categories to track the performance of the business in each location.

If you're unsure of whether to use categories or jobs for something, bear in mind that you can split a single transaction across several jobs, but you can't select more than one category for a single transaction.

Controlling your payroll costs

To turn on category tracking, go to the **Setup** menu, choose **Preferences** and then click the **System** tab. Mark the **Turn on Category Tracking** checkbox. If you want the selection of a category to be mandatory for every transaction, select **Required**, rather than **Not Required**, from the drop-down list.

Next, go to the **Lists** menu, choose **Categories** and then click **New**. Enter a **Category ID**, **Category Name** and a short **Description**, if required.



Categories are an additional way to track cost centers or departments.

Controlling your payroll costs

One of the most significant expenses for most service businesses is wages. This being the case, it makes sense if you can not only make your weekly payroll process as efficient as possible, but, from a management perspective, generate payroll management reports summarizing total spending for each employee and pay category.

MYOB Premier Accounting and MYOB AccountEdge (and MYOB AccountEdge Network Edition) all offer integrated payroll management.

Incidentally, these three programs, plus MYOB First-Edge and MYOB BusinessBasics all offer outsourced payroll processing in the form of MYOB Full-Service Payroll. See http://www.myob-us.com/business_services/biz_services_fsp1.htm for more

information on MYOB Full Service Payroll.

Reporting on payroll expenses

One of the first ways to analyze payroll totals is to separate wages into lots of categories, rather than reporting it as one lump sum. This tip assumes that you have MYOB Premier Accounting or MYOB AccountEdge and that you're using the payroll features.

Start off in the **Accounts List** window and create separate wage expense accounts for each major wages category in your business. For example, a business might have 'Admin Wages', 'Bookkeeper Wages', 'Salesperson Wages', and 'Management Wages'. Remember that you can create **Header Accounts** and **Detail Accounts** in your **Accounts List**. Wages can be a **Header Account**, and the different types of wages can be **Detail Accounts** underneath.

Next, review the **Wages Expense Account** in the **Wages** section of each employee's card. Change these accounts so they reflect the detailed categories you just created in the Accounts List. For example, you might change the **Wages Expense Account** for a cleaner from 'Wages Expense' to 'Wages Cleaning'.

Having completed this setup, you'll find that Profit & Loss reports, Budget reports and Job Profit & Loss reports will all include detailed reporting on wage expenses.

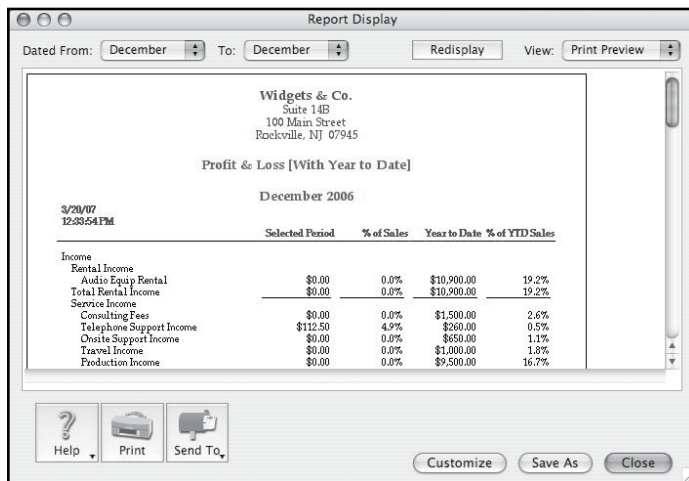
Analyzing payroll percentages

One big advantage of setting up wages accounts in detail is that you can analyze each type of wage expense as a *percentage* of income. Percentages can be more meaningful than dollar figures, for it is easy to know in your head that your income rose last year and so did your wages bill, but it is not so easy to know in your head whether the wages rose in proportion to your income!

The most useful analysis reports are the **Profit & Loss Percent Sales Analysis** report and the **Profit & Loss Year to Date** report. As well as this, you can

Controlling your payroll costs

use the **Profit & Loss Last Year** to see the dollar differences between this year and last year, or you can use the **Profit & Loss Budget Analysis** report to monitor whether your total wages costs are falling within budgets each month.



Report Display

Dated From: December To: December Redisplay View: Print Preview

Widgets & Co.
Suite 14B
100 Main Street
Rockville, NJ 07945

Profit & Loss [With Year to Date]
December 2006

3/20/07
12:38:54 PM

	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
Rental Income				
Audio Equip Rental	\$0.00	0.0%	\$10,900.00	19.2%
Total Rental Income	\$0.00	0.0%	\$10,900.00	19.2%
Service Income				
Consulting Fees	\$0.00	0.0%	\$1,500.00	2.6%
Telephone Support Income	\$112.50	4.9%	\$260.00	0.5%
Onsite Support Income	\$0.00	0.0%	\$650.00	1.1%
Travel Income	\$0.00	0.0%	\$1,000.00	1.8%
Production Income	\$0.00	0.0%	\$9,500.00	16.7%

Help Print Send To Customize Save As Close

The Profit & Loss Year to Date report is excellent for financial analysis.

Discuss these percentages with other service businesses similar to yourself, either through your industry association or by visiting www.bizstats.com. This comparison will demonstrate how your business performs when compared to others, and you can monitor this percentage on a monthly and yearly basis. If wages are taking an ever increasing percentage of your income, or if wages costs are much higher than they ought to be for your industry, use this information to evaluate where inefficiencies might be occurring.