



QuickBooks® for Contractors Newsletter

Setting Up a "Good" Item List

We are often asked by both new and veteran QuickBooks users about how to set up a "good" Item List.

Unfortunately, there isn't any "good" standard answer because QuickBooks uses items so extensively. Items are used on just about every form in QuickBooks from Estimates to checks and coupled with your Chart of Accounts form the very backbone of your job costing.

The only way to come up with a "good" item list is to create one that is specific to your company's needs, which means planning.

Start out by asking yourself the following questions:

- **Do you use subcontractors?** If so, create **Service Items** that track both the income and expenses related to their work
- **Do you build finished goods?** If so, using any of the QuickBooks Premier or Enterprise versions you can create, build, and track **Inventory Assemblies**
- **Are the prices you charge for goods & services fairly constant or do they change frequently?** For rates that change frequently do not enter a rate in the item record but enter it instead when you fill out sales or purchase forms. Or you can create different price levels - one for residential work and another for commercial jobs using the **Price Level** option in the Premier and Enterprise Editions.
- **Do you have customers that make down payments/deposits on future work?** Set up **Payment Items** to record this information
- **What type of work do you perform or what Cost Codes would you like to track?** Each Cost Code will become an Item
- **Would using subitems be appropriate?** Subitems allow you to put similar items together on the item list, which makes them easier to find. Each subitem can have its own rate and description.
- **Determine the appropriate level of detail, just how much detail do you really need?** A "good" Item list is one that will ensure that you get the most reporting capabilities possible from QuickBooks, without overwhelming you with its length! (You can enter up to 14,500 items)
- **Do you want to track a lot of detail for job costing purposes, but only want to show your customers a "summary"?** Creating **Group Items** will do the trick, you can have 19 individual items within each group, and by NOT checking the "Print Items in Group" option you will see the detail internally but your customers will see a summary billing.

A good "**rule of thumb**" when setting up your item list is to create unique items only if they will be used more than once.

For items that will be used only once, set up a generic item and enter the description and price directly on the forms. For example let's say you sell door knobs on occasion, instead of setting up items for Brass Door Knobs, Gold Plated Door Knobs, and Silver Door knobs - instead of creating 3 items that you would seldom use, create just a single generic door knob item and append it with the color when you create the invoice.



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