SedonaOffice Users Conference

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Job Management

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PERENNIAL SOFTWARE

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Job Management Overview

During this four-track series, we will evaluate jobs using the different setup and processing methods. We have intentionally made errors on our test jobs in an effort to demonstrate how to identify and make the necessary corrections.

During the last track, we will focus on Job Commission setup and Job Change Orders. The Change Order topic will be an interactive session. Plenty of space has been provided at the end of this document to take notes.

Different Setups Different Results

Processing Jobs in SedonaOffice will produce different financial results depending on each company's policies and procedures and the various Job setups.

Some methods will prove to be more favorable to a salesperson, while others will favor the company; the ultimate margin of a Job depends upon certain settings and choices in the related setup tables.

Job Costing Methods

There a three basic Job Costing methods available in SedonaOffice.

- Recognize expenses and income immediately
- Post expenses to WIP accounts – recognize expenses when invoicing or when closing the Job
- Post expenses to WIP accounts and Income to an accrual account – recognize expenses and income when the Job is closed

Which method should I use?

There is no right or wrong answer to this question; it is simply a matter of preference. Some companies prefer to use one costing method for all Job Types, while others may use different costing methods based upon the Job Type.

Notes:

Factors Influencing How Costs record to a Job

The cost of parts is probably one of the main expense items for a Job. How the part cost is posted to the Job may have an impact on the gross margin and may affect the calculation of commissions.

Part Costs

Two main factors have a direct impact on how part costs will be recorded to a Job; the expense method and the part's costing method.

Expense Method

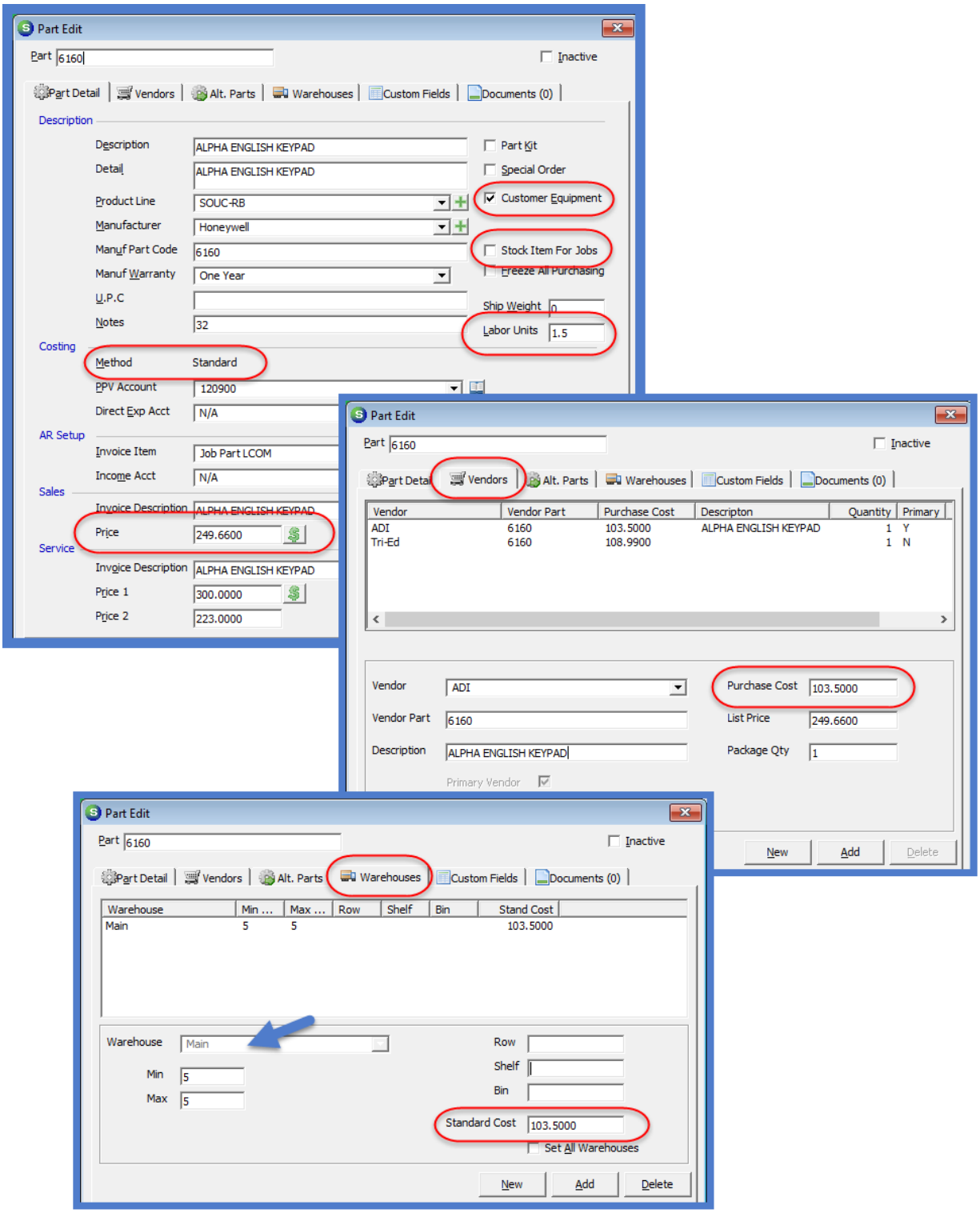
- Issue from inventory to the Job
- Direct expense on a purchase order to the Job
- Receive a PO and issue immediately to the Job

Inventory Costing Method

- Standard costing
- Average costing
- Serialized part costing

Notes:

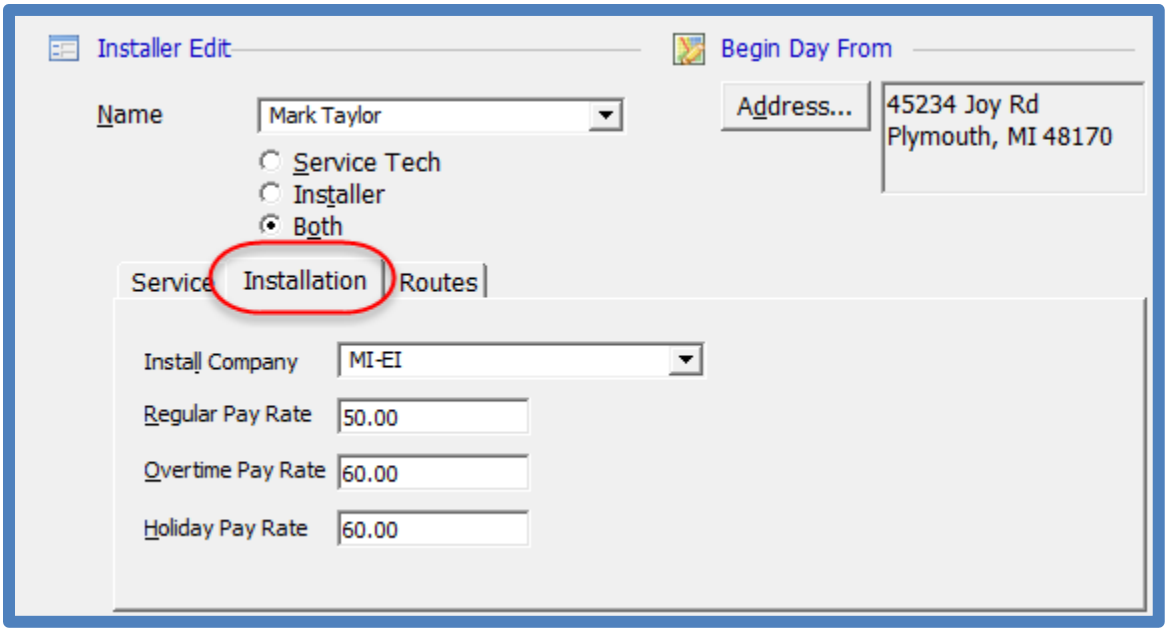
Part Setup


Part Edit
Part 6160
Inactive
Part Detail
Vendors
Alt. Parts
Warehouses
Custom Fields
Documents (0)
Description
Description ALPHA ENGLISH KEYPAD
Detail ALPHA ENGLISH KEYPAD
Product Line SOUC-RB
Manufacturer Honeywell
Manuf Part Code 6160
Manuf Warranty One Year
U.P.C
Notes 32
Part Kit
Special Order
Customer Equipment
Stock Item For Jobs
Freeze All Purchasing
Ship Weight 0
Labor Units 1.5
Costing
Method Standard
PPV Account 120900
Direct Exp Acct N/A
AR Setup
Invoice Item Job Part LCOM
Income Acct N/A
Sales
Invoice Description ALPHA ENGLISH KEYPAD
Price 249.6600
Service
Invoice Description ALPHA ENGLISH KEYPAD
Price 1 300.0000
Price 2 223.0000
Vendor Vendor Part Purchase Cost Descripton Quantity Primary
ADI 6160 103.5000 ALPHA ENGLISH KEYPAD 1 Y
Tri-Ed 6160 108.9900 1 N
Vendor ADI
Vendor Part 6160
Description ALPHA ENGLISH KEYPAD
Primary Vendor
Purchase Cost 103.5000
List Price 249.6600
Package Qty 1
New
Add
Delete
Warehouse Min ... Max ... Row Shelf Bin Stand Cost
Main 5 5 103.5000
Warehouse Main
Min 5
Max 5
Row
Shelf
Bin
Standard Cost 103.5000
Set All Warehouses
New
Add
Delete

Labor Costs

Two options are available for recording Labor to a Job. The hourly labor rate is setup on the Installer setup record.

- Use actual Labor Rate of the Installer
- Use a burdened Labor Rate for the Installer (actual + plus burden)
- Use one burdened Labor Rate for all Installers*



Notes:

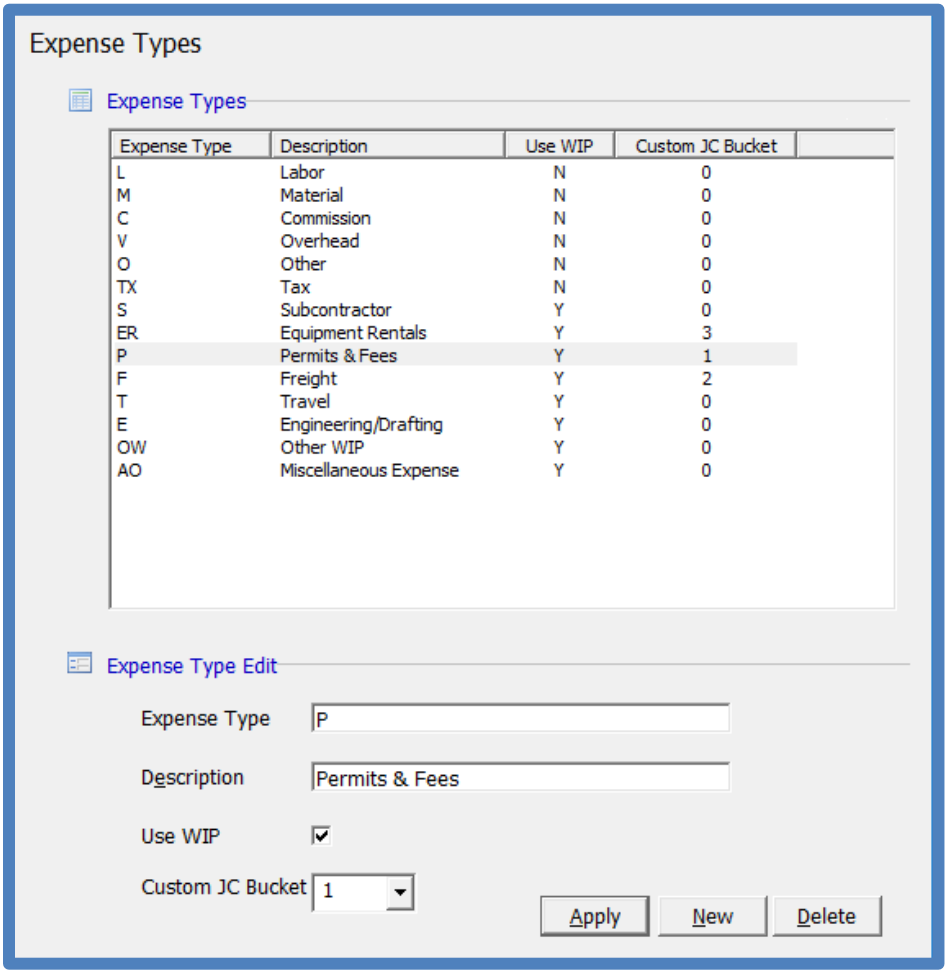
Miscellaneous Expenses

Miscellaneous expenses such as Subcontractor, Permits, Freight, etc. are recorded to Jobs and categorized by the Expense Type selected on the purchase order or accounts payable bill.

For companies that are not using WIP, the Expense Type is only used for reporting purposes.

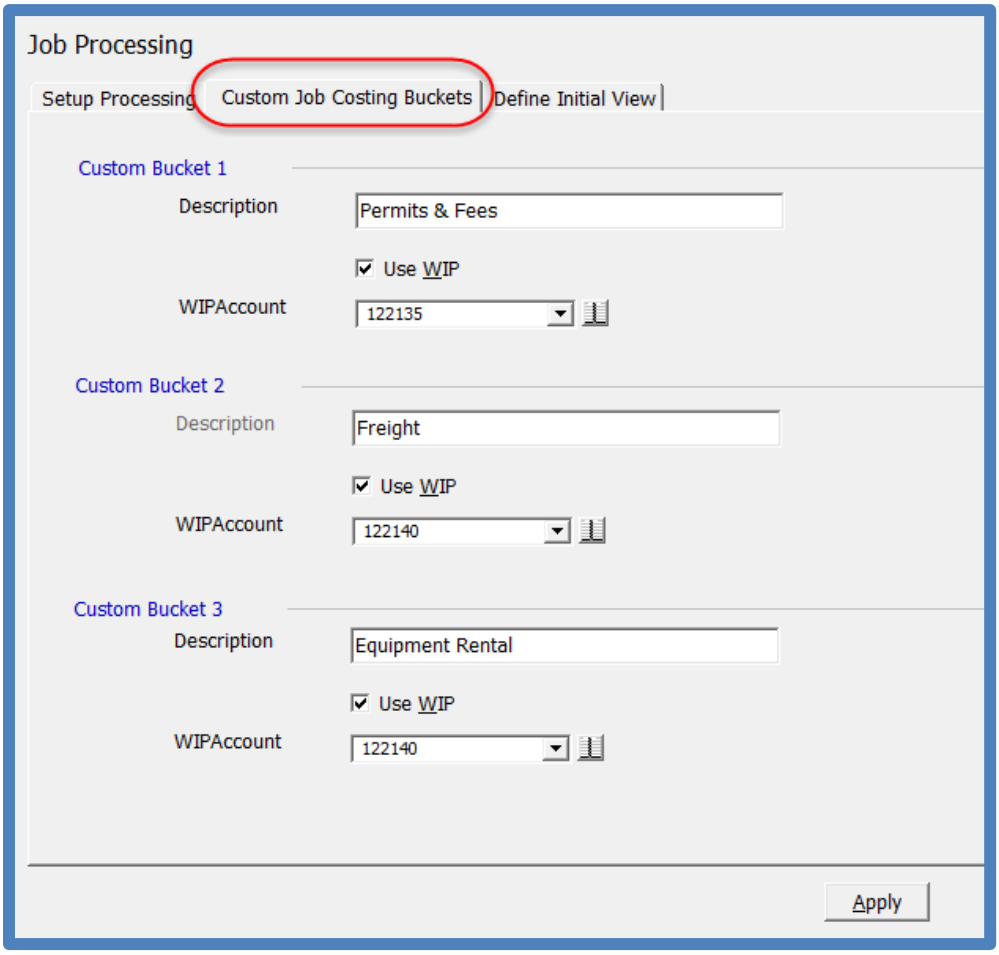
For companies using WIP, selecting the appropriate Expense Type is crucial so that the expense item is posted into WIP and not expensed immediately when the transaction is recorded. Items categorized using the expense type of "O" will always be expensed immediately.

In the Job Expense Type setup is a flag setting which tells the software whether the expense will post to WIP. Educating your staff on the importance of selecting the correct expense type will avoid expensing immediately and having to take the time to make corrections to transactions.



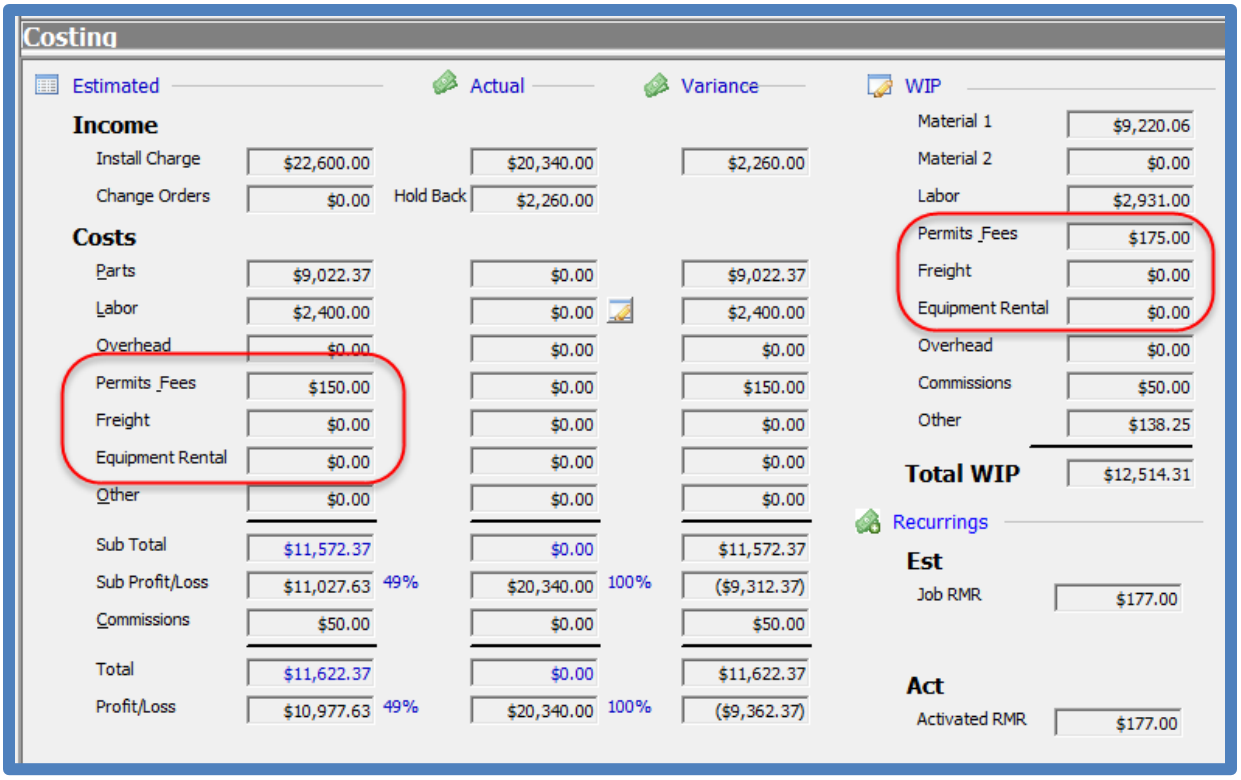
Custom Job Costing Buckets

The Custom Job Costing Buckets are used if you want to breakdown miscellaneous Job Expenses with up to three distinct labels. Job Expense Types are then linked to the appropriate custom job costing bucket. These three custom buckets are designed to be used when entering the Job Costing estimate on the Job and for tracking the actual miscellaneous expenses as they are posted to job by receiving purchase orders or entering A/P Bills.



Notes:

Custom Job Costing Buckets on the Job Costing form.



Notes:

Test Case #1 – Accrued Income Method

In this example, our Job Type has been setup to post all Job Invoices to an accrued income account and all expenses will post into WIP accounts.

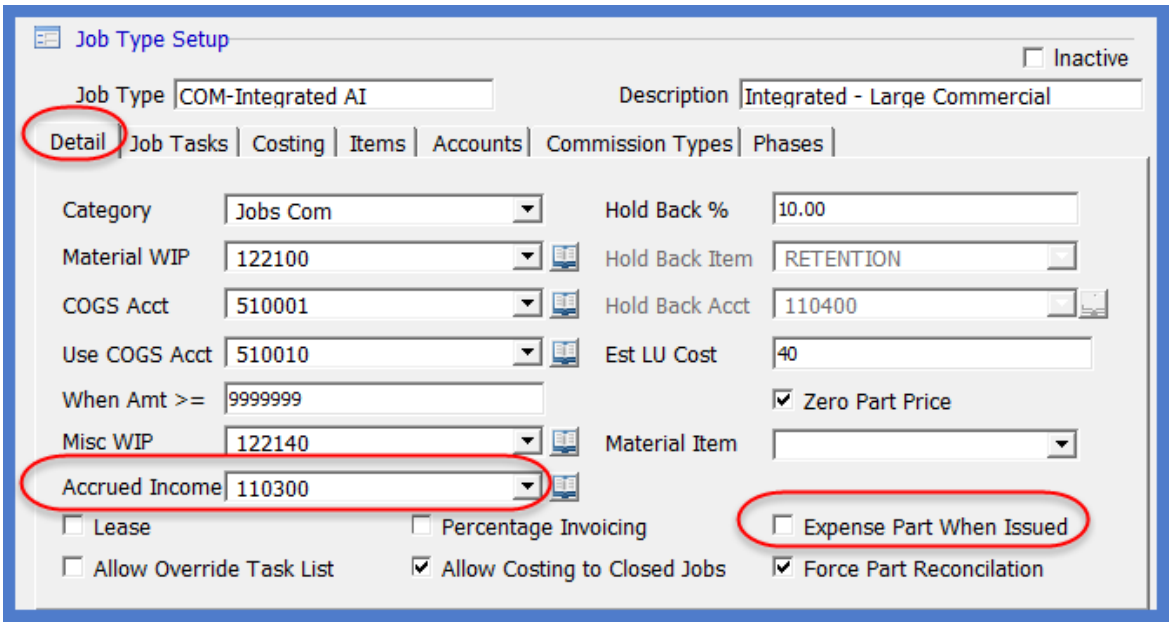
When the Job is closed, the accrued income will move into the income accounts associated with the Invoice Items on the invoices. The amounts in the WIP accounts will move to their respective COGS or Expense accounts.

Integrated Job

This job was setup to install a fire and an intrusion system. This job was entered to combine both systems because the customer required being invoiced together under one contract.

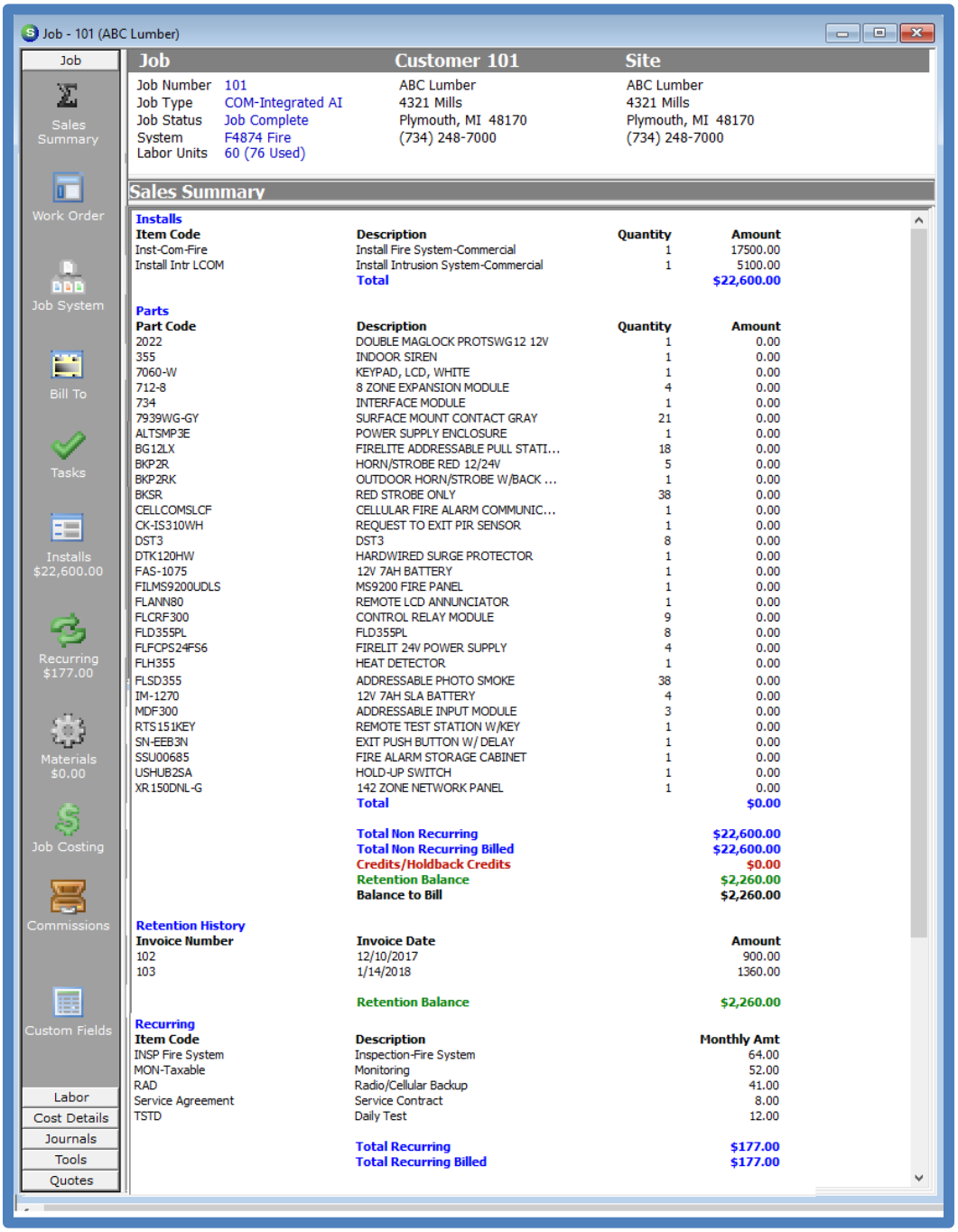
Once the Job is closed, the two systems and their corresponding equipment and RMR can be separated into their respective systems. This can be done easily by using the drag and drop to move equipment and the RMR from one system to another.

Job Type Setup



Reviewing the Job

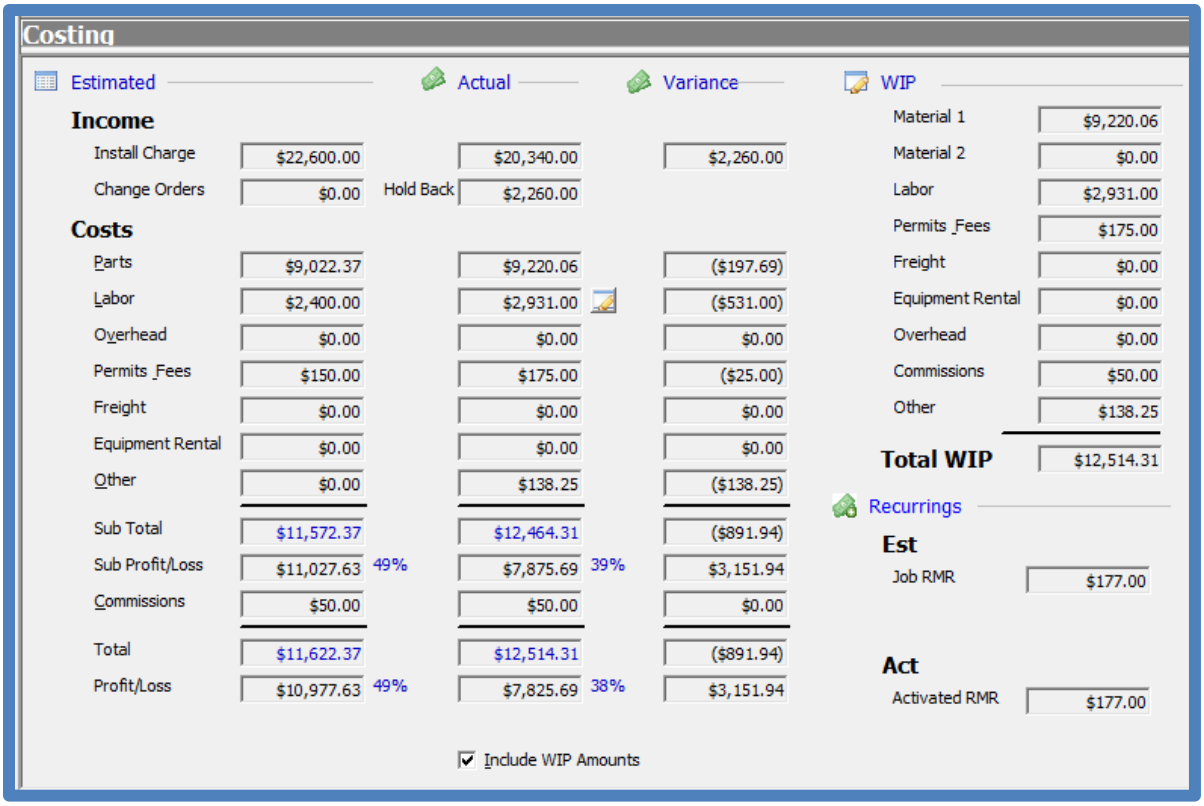
Sales Summary



Job Costing

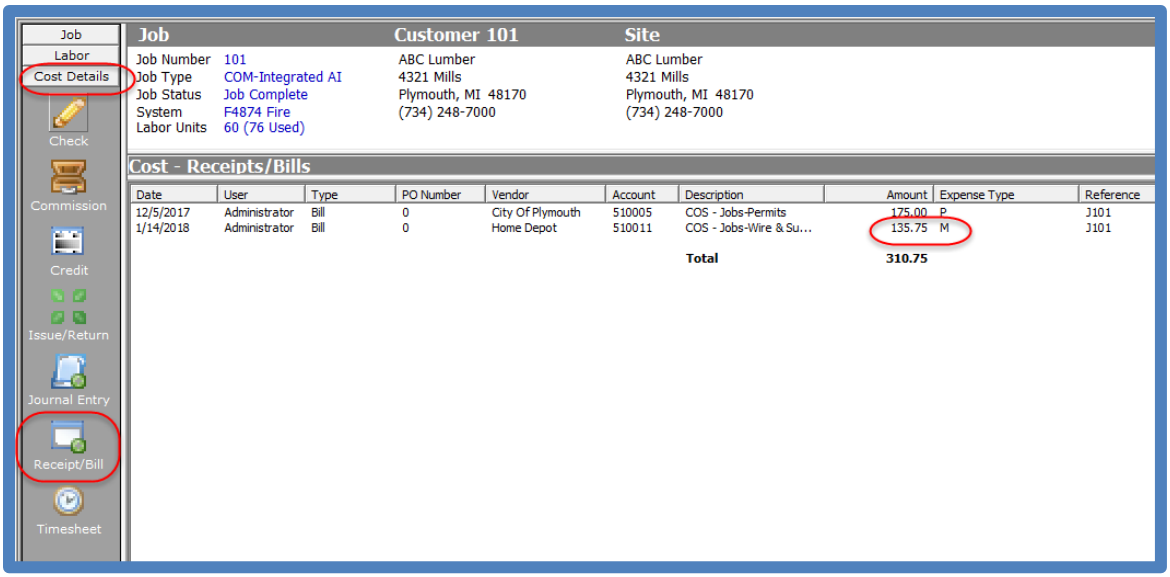
This Job has been invoiced in full. Before closing the Job, let us explore the variances.

- Materials –posted costs exceeded the estimate
- Labor – posted costs exceeded the estimate
- Miscellaneous Expenses – posted costs exceed the estimate



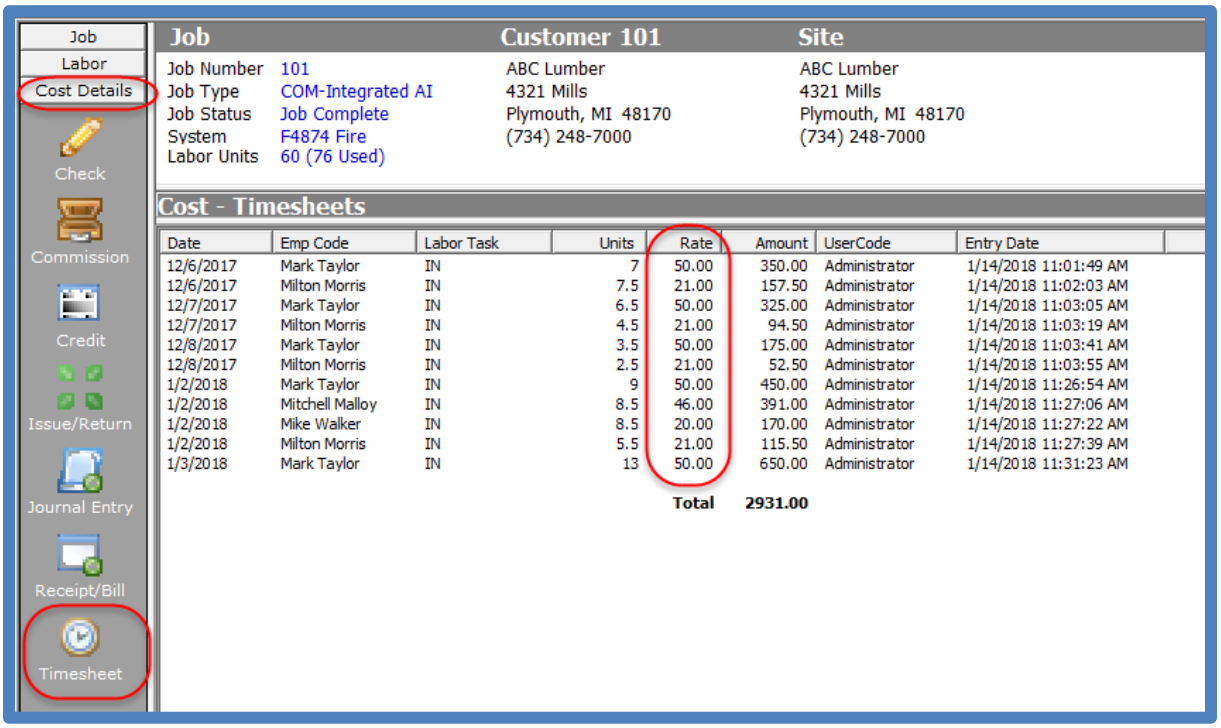
Notes:

Material Overage



Notes:

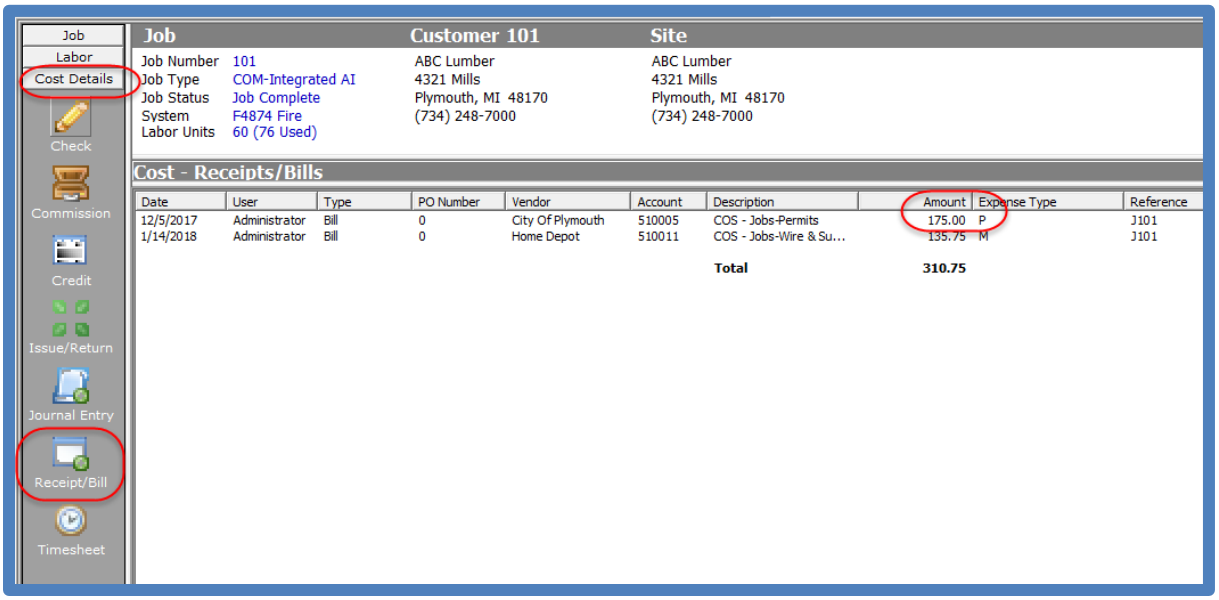
Labor Overage



Notes:

Miscellaneous Expense Overage

The permit was estimated at $150.00, however a bill was entered for $175.00.

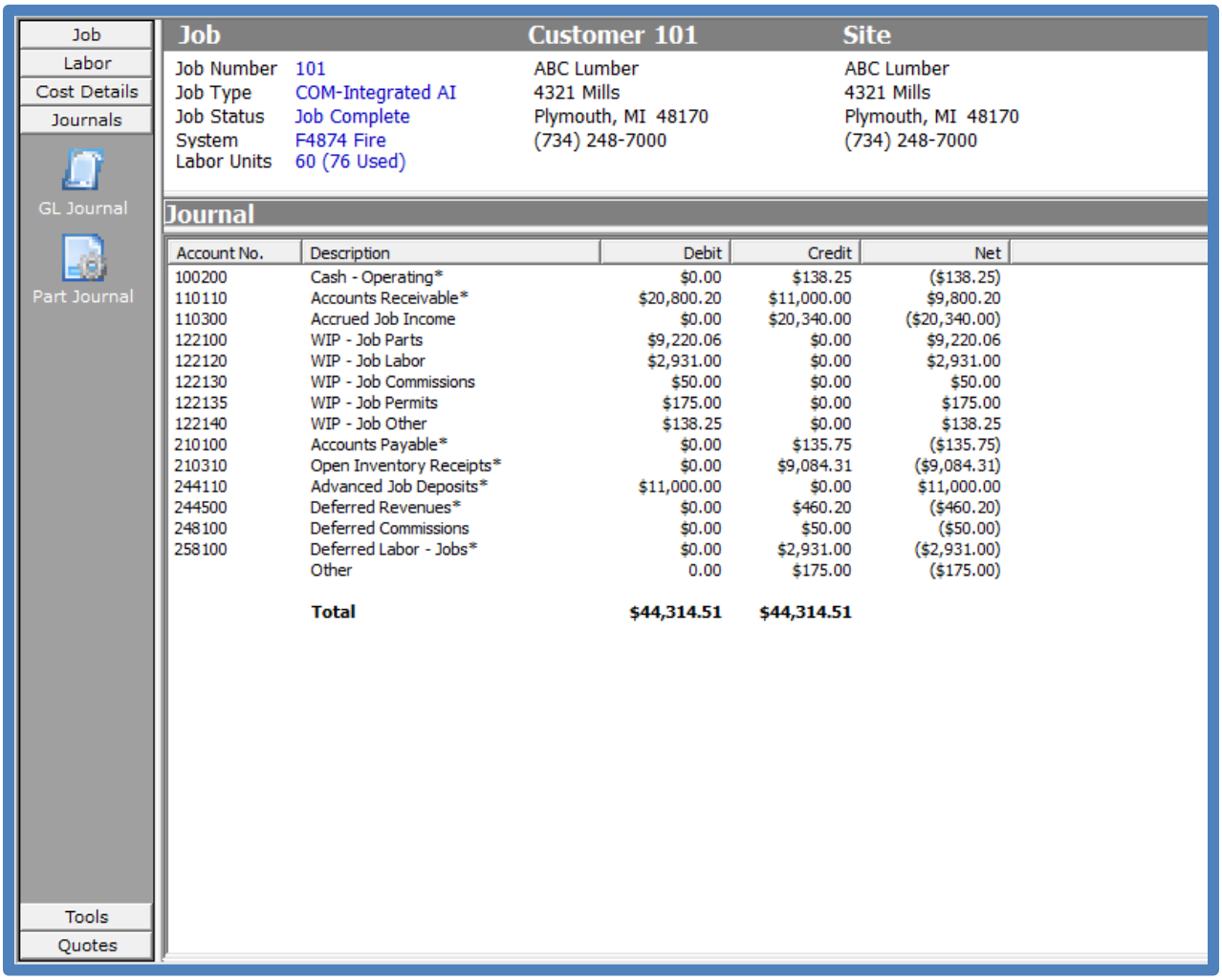


Notes:

Job GL Journal

Even though this Job has been completely invoiced, we do not see any entries to Income or Expenses. When the Job is closed, the accrued income will move into the income accounts associated with the Invoice Items on the invoices. The amounts in the WIP accounts will move to their respective COGS or Expense accounts.

Further, this commission method on this Job is based upon the gross margin. During the Job closing process, the software will calculate and post the appropriate amounts to the Job.



Account No.	Description	Debit	Credit	Net
100200	Cash - Operating*	$0.00	$138.25	($138.25)
110110	Accounts Receivable*	$20,800.20	$11,000.00	$9,800.20
110300	Accrued Job Income	$0.00	$20,340.00	($20,340.00)
122100	WIP - Job Parts	$9,220.06	$0.00	$9,220.06
122120	WIP - Job Labor	$2,931.00	$0.00	$2,931.00
122130	WIP - Job Commissions	$50.00	$0.00	$50.00
122135	WIP - Job Permits	$175.00	$0.00	$175.00
122140	WIP - Job Other	$138.25	$0.00	$138.25
210100	Accounts Payable*	$0.00	$135.75	($135.75)
210310	Open Inventory Receipts*	$0.00	$9,084.31	($9,084.31)
244110	Advanced Job Deposits*	$11,000.00	$0.00	$11,000.00
244500	Deferred Revenues*	$0.00	$460.20	($460.20)
248100	Deferred Commissions	$0.00	$50.00	($50.00)
258100	Deferred Labor - Jobs*	$0.00	$2,931.00	($2,931.00)
	Other	0.00	$175.00	($175.00)
	Total	**$44,314.51**	**$44,314.51**	

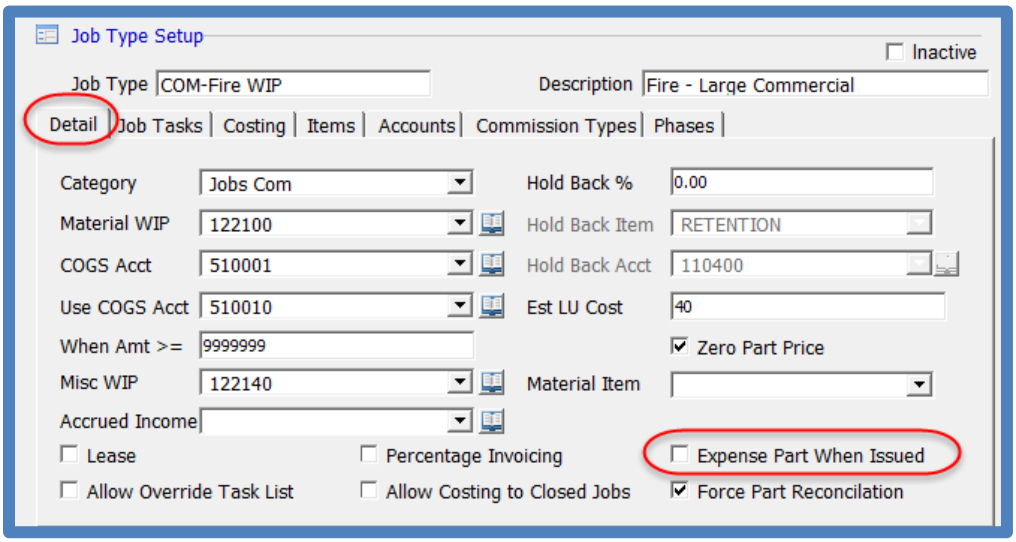
Test Case #2 and #3 – WIP

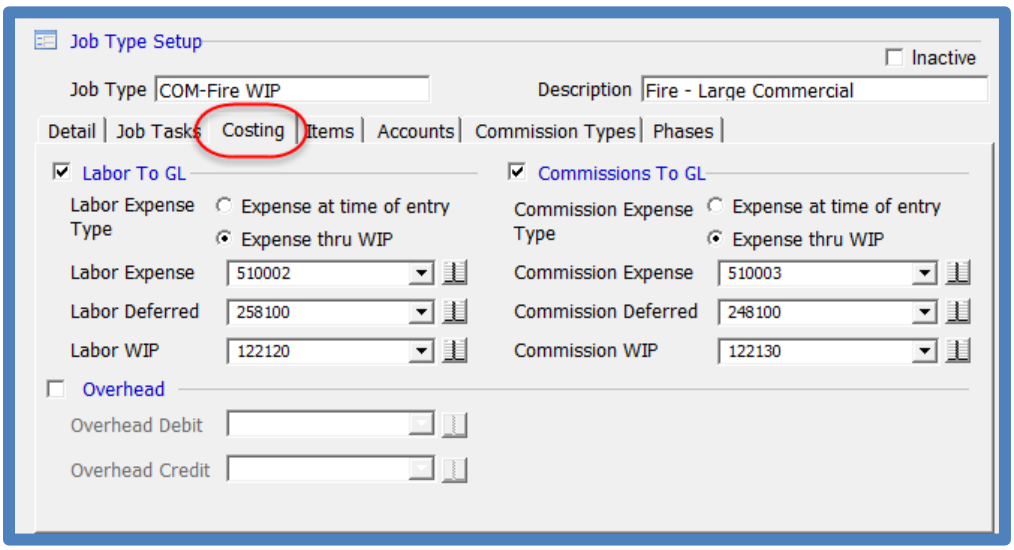
In this example, our Job Type has been setup to recognize Job Income as invoices are posted, and to relieve a portion of the WIP as each invoice is saved. In this test case, we are looking at two jobs that are being installed at the same time; a fire system and an intrusion system.

When the Job is closed, if any expenses were posted to the Job after all the invoicing was finished, amounts remaining in the WIP accounts will move to their respective COGS or Expense accounts automatically.

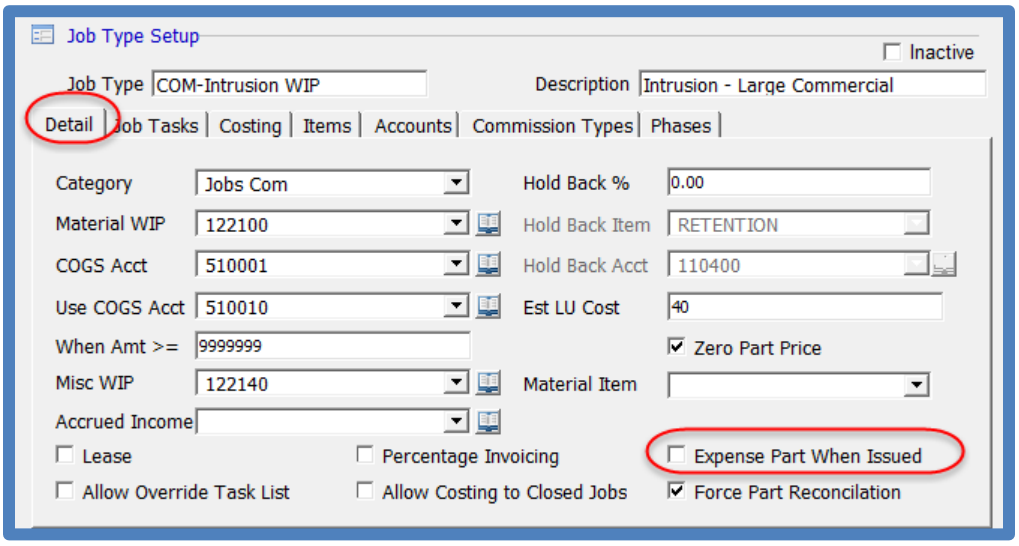
Job Type Setup

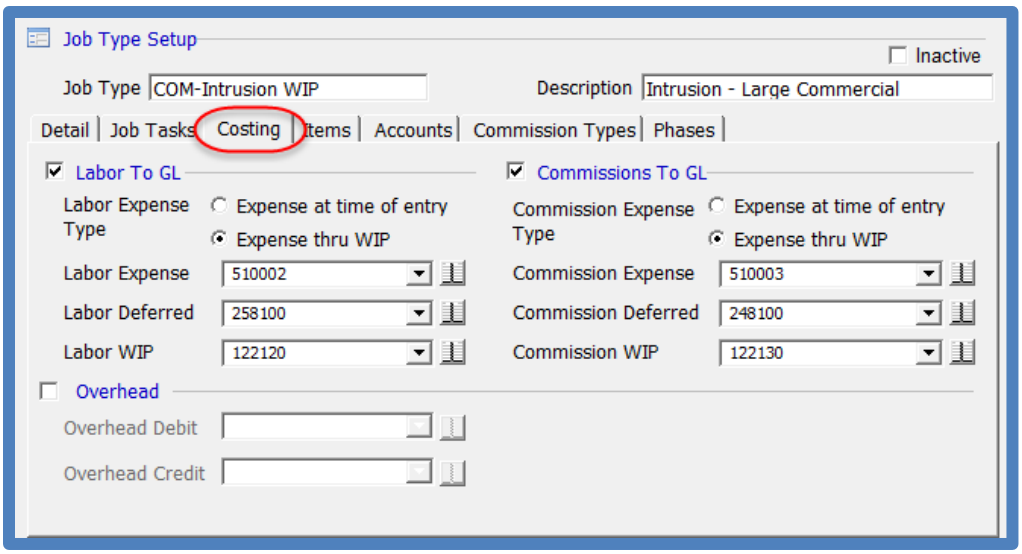
Commercial Fire





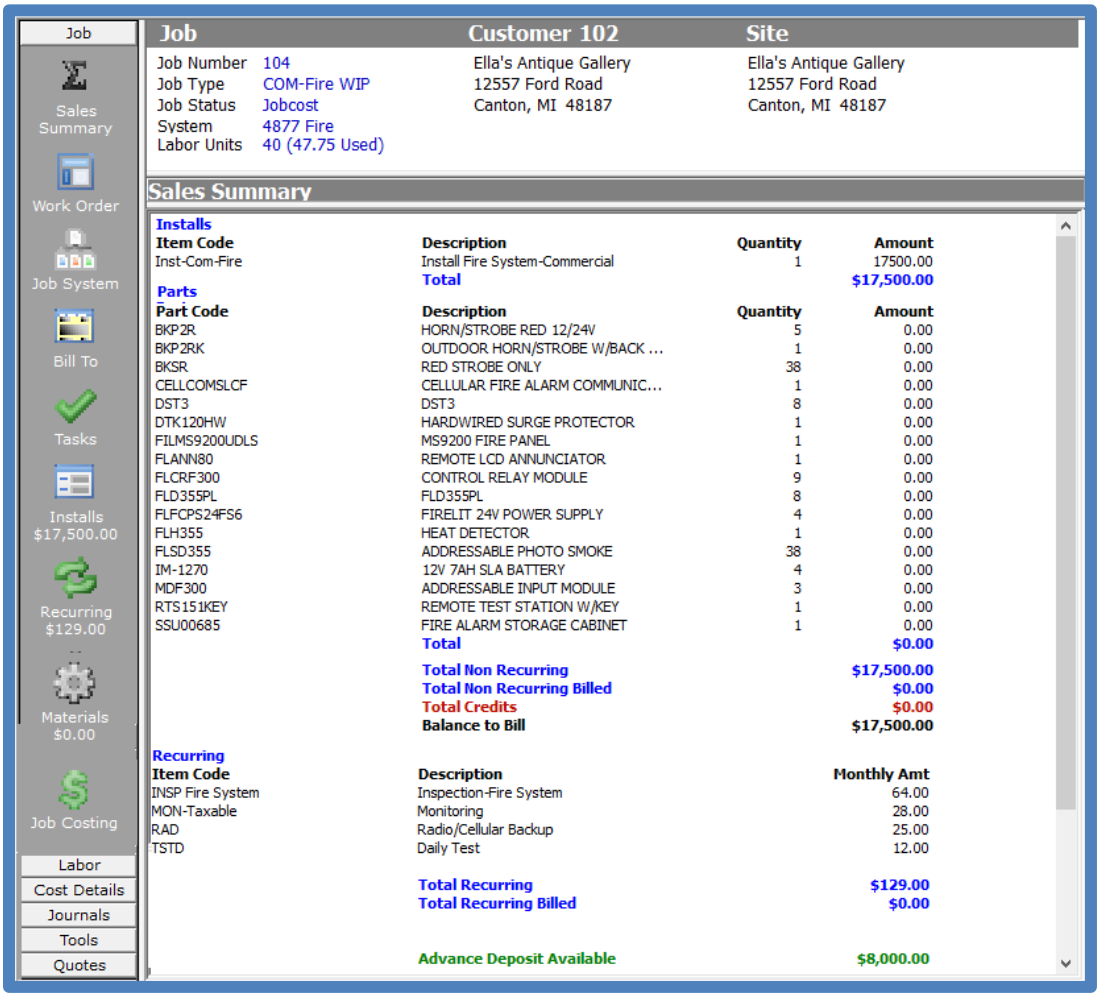
Commercial Intrusion





Reviewing the Fire Job

Sales Summary – Fire Job

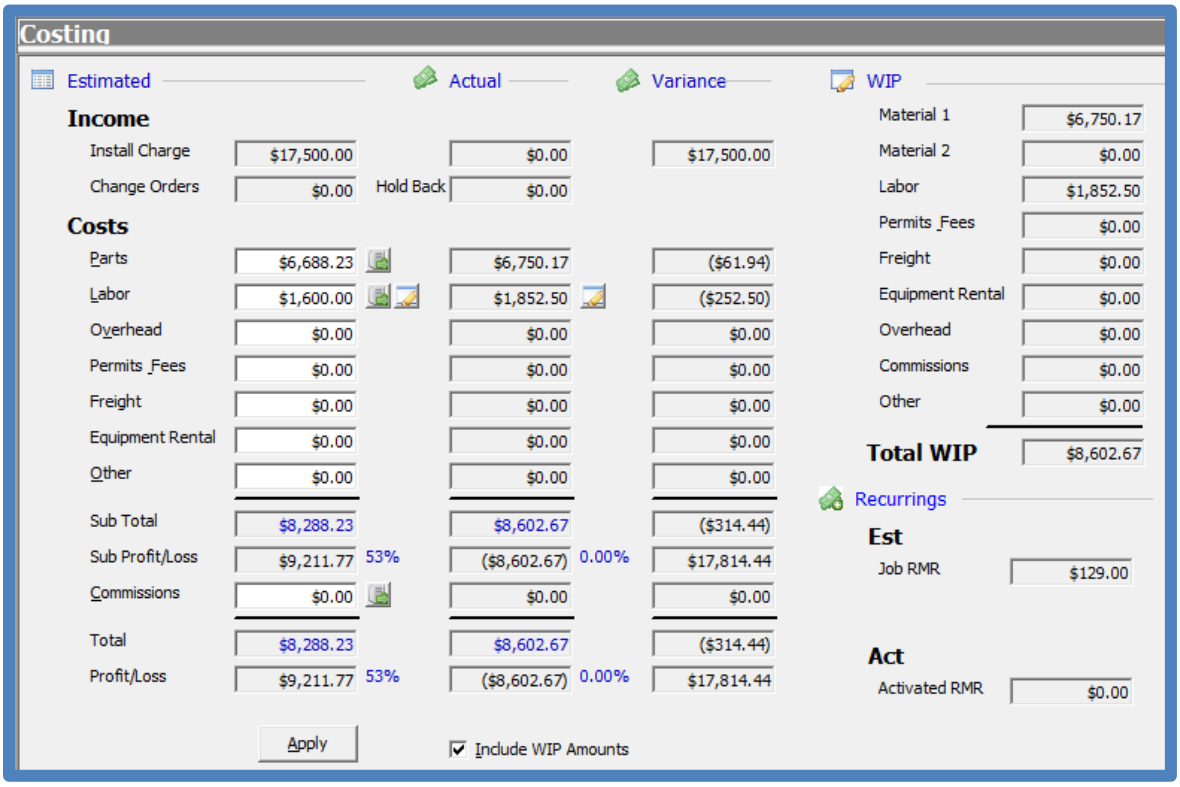


Notes:

Job Costing

This Job has not yet been invoiced. Before invoicing the Job, let us explore the variances.

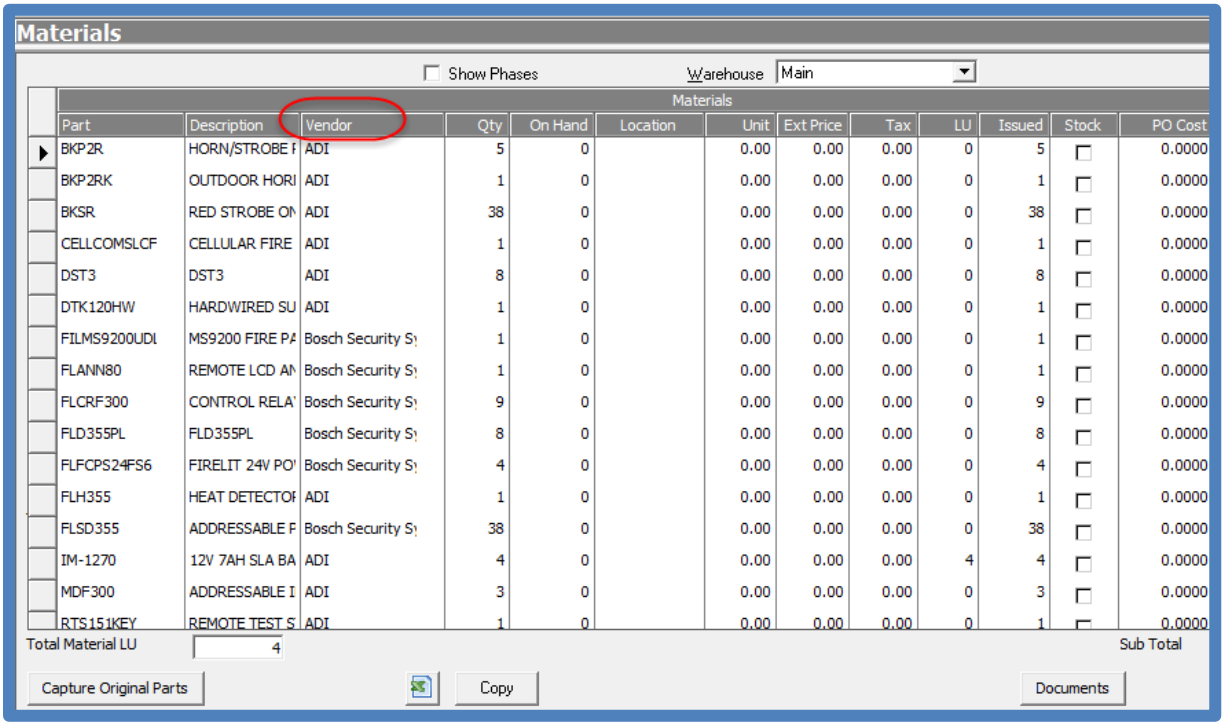
- Materials –posted costs exceeded the estimate
- Labor – posted costs exceeded the estimate



Notes:

Material Overage

In this case, materials exceed the estimate by 61.94. This was caused when parts were ordered from the non-primary vendor.



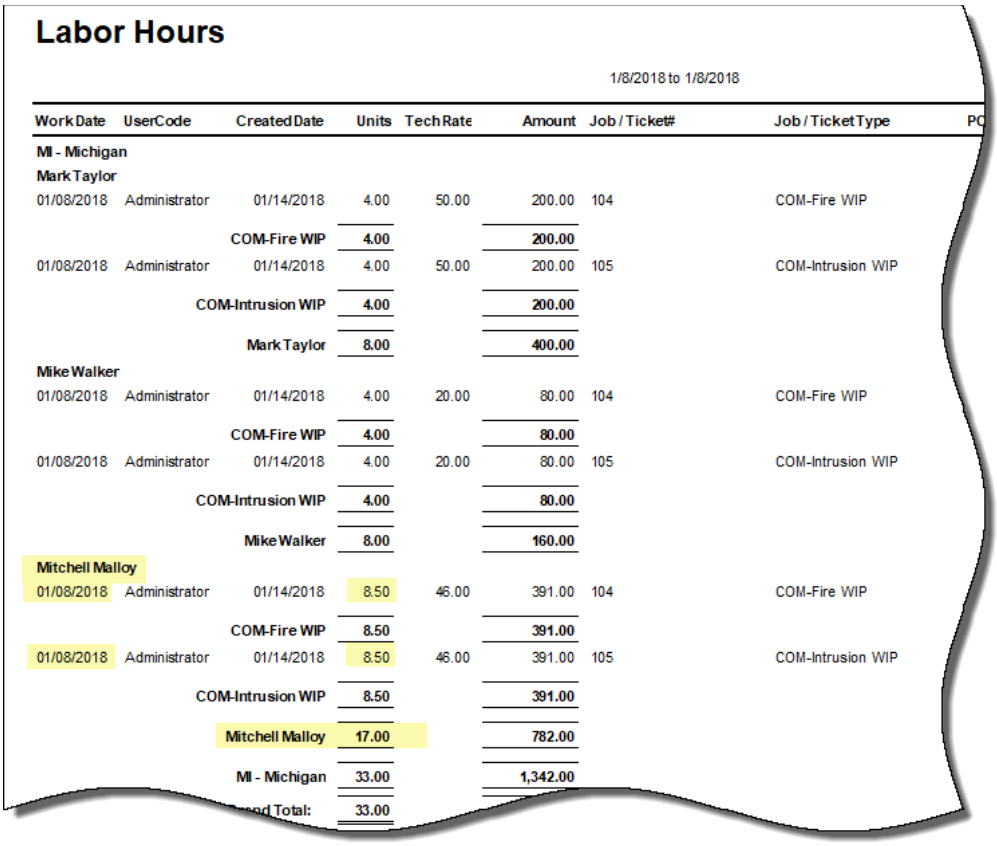
Notes:

Labor Overage

The labor costs exceeded the estimate by $252.50 (7.75 hours).

Because I know that two jobs were being installed at the same time, we would check our labor hours report to make certain the dispatch times were entered correctly.

Since the installer reported working on two jobs on the same day for 8.5 hours each, we would need to correct the dispatch records for each job.



Labor Hours

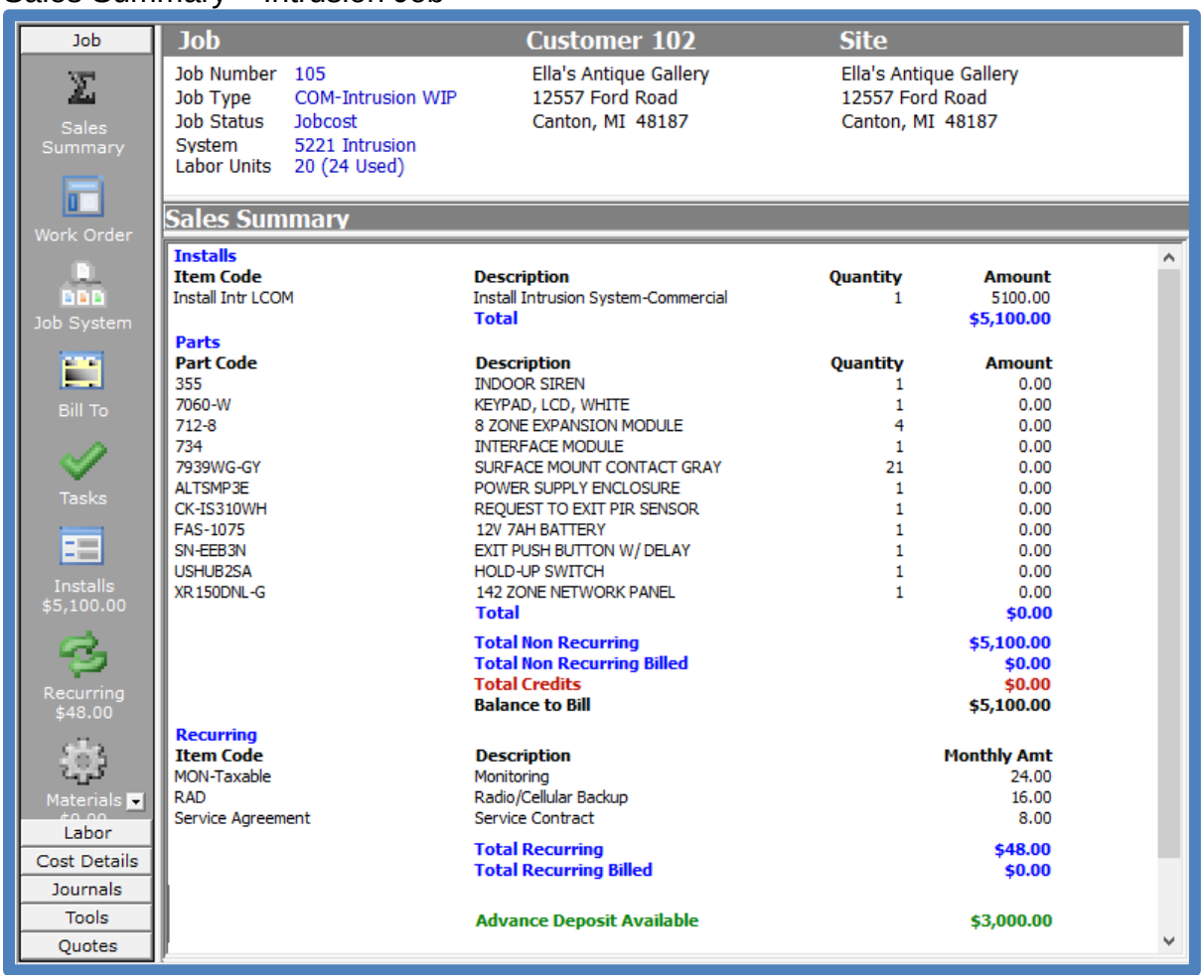
1/8/2018 to 1/8/2018

Work Date	UserCode	Created Date	Units	Tech Rate	Amount	Job / Ticket#	Job / Ticket Type	PC
MI - Michigan								
Mark Taylor								
01/08/2018	Administrator	01/14/2018	4.00	50.00	200.00	104	COM-Fire WIP	
		COM-Fire WIP	**4.00**		**200.00**			
01/08/2018	Administrator	01/14/2018	4.00	50.00	200.00	105	COM-Intrusion WIP	
		COM-Intrusion WIP	**4.00**		**200.00**			
		Mark Taylor	**8.00**		**400.00**			
Mike Walker								
01/08/2018	Administrator	01/14/2018	4.00	20.00	80.00	104	COM-Fire WIP	
		COM-Fire WIP	**4.00**		**80.00**			
01/08/2018	Administrator	01/14/2018	4.00	20.00	80.00	105	COM-Intrusion WIP	
		COM-Intrusion WIP	**4.00**		**80.00**			
		Mike Walker	**8.00**		**160.00**			
Mitchell Malloy								
01/08/2018	Administrator	01/14/2018	8.50	46.00	391.00	104	COM-Fire WIP	
		COM-Fire WIP	**8.50**		**391.00**			
01/08/2018	Administrator	01/14/2018	8.50	46.00	391.00	105	COM-Intrusion WIP	
		COM-Intrusion WIP	**8.50**		**391.00**			
		Mitchell Malloy	**17.00**		**782.00**			
		MI - Michigan	**33.00**		**1,342.00**			
		Grand Total:	**33.00**					

Notes:

Reviewing the Intrusion Job

Sales Summary – Intrusion Job

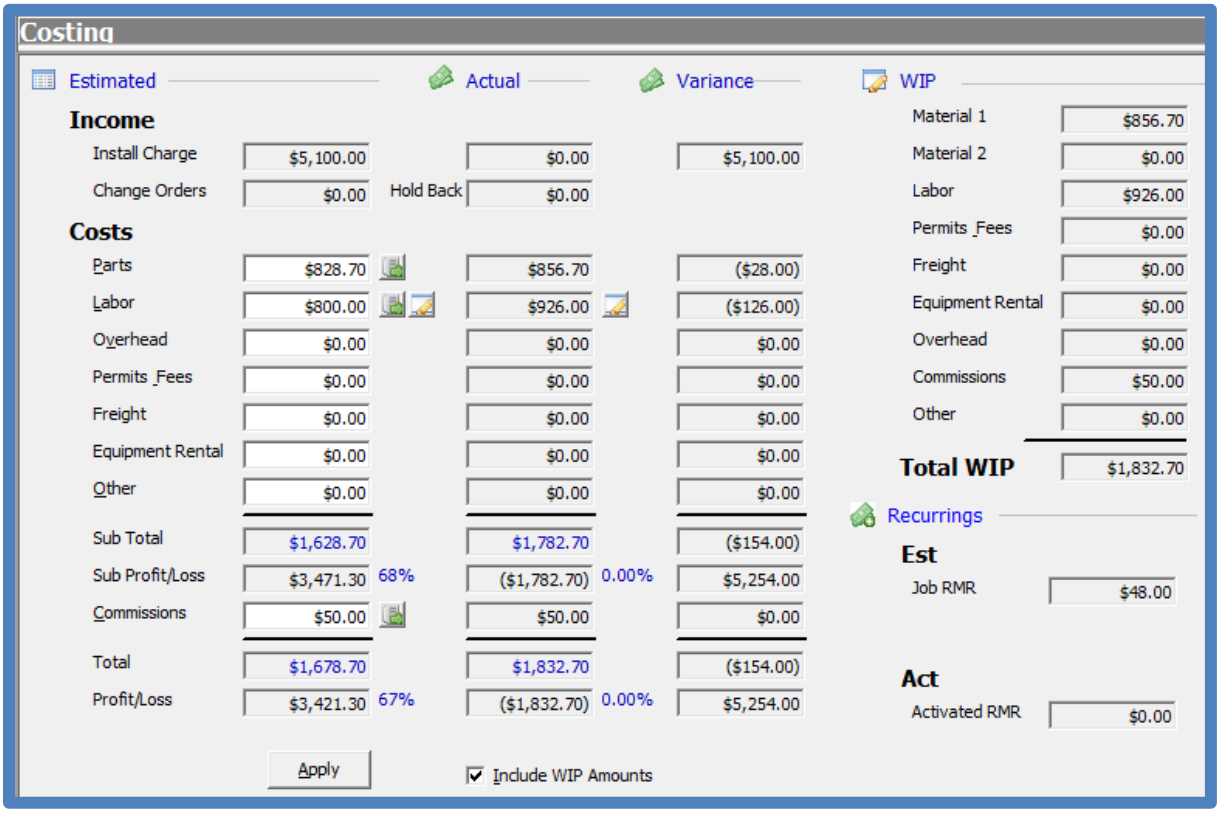


Notes:

Job Costing

This Job has not yet been invoiced. Before invoicing the Job, let us explore the variances.

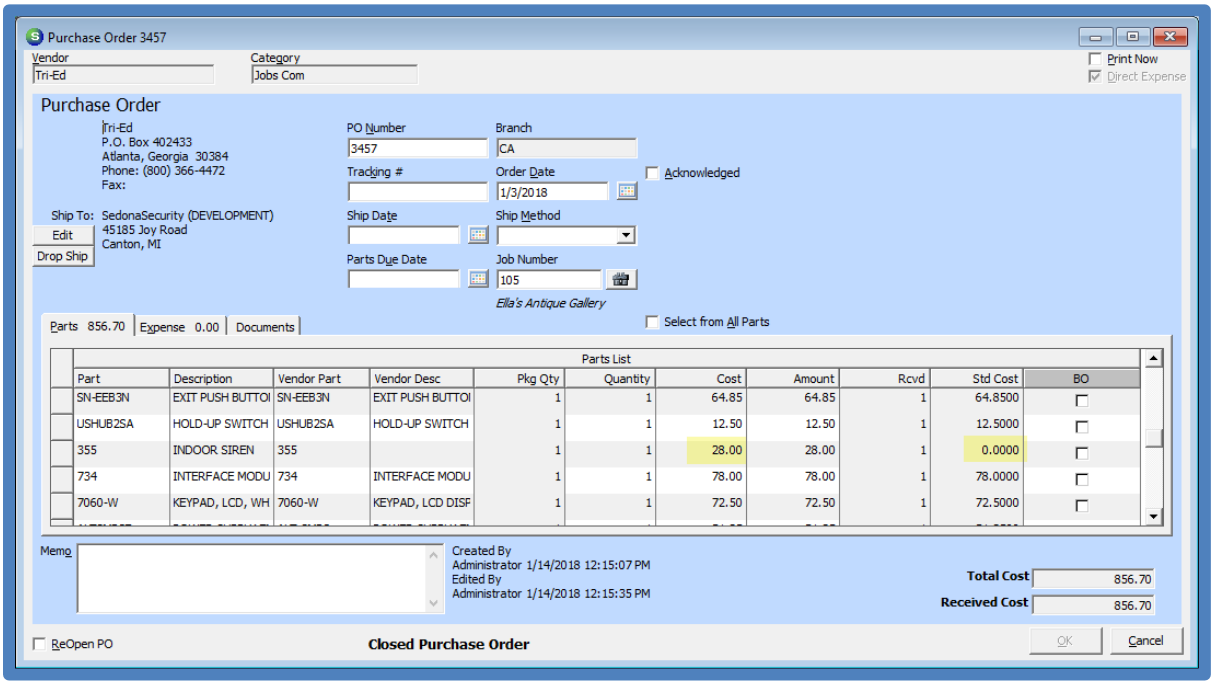
- Materials –posted costs exceeded the estimate
- Labor – posted costs exceeded the estimate



Notes:

Material Overage

In this case, materials exceed the estimate by 28.00. This was caused when parts were ordered from the non-primary vendor and because the part was not correctly setup with a standard cost, the original part estimate was incorrect.



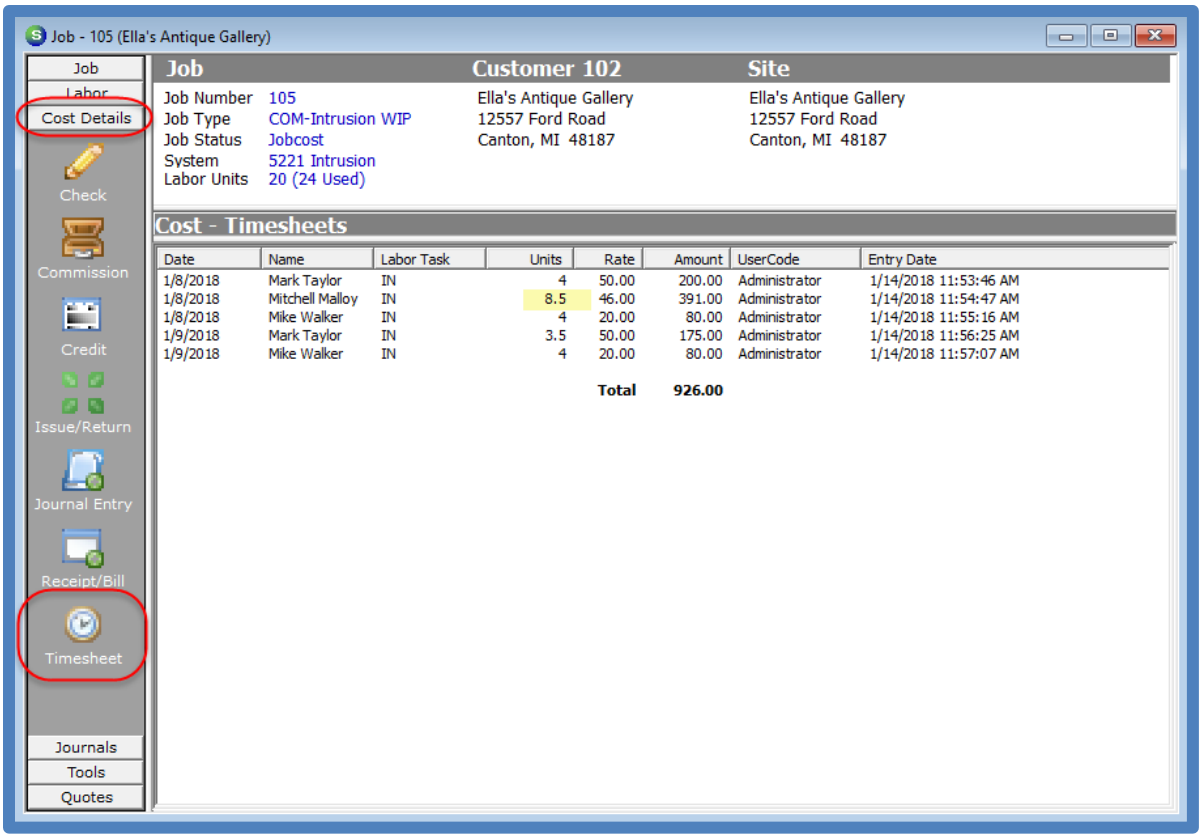
Notes:

Labor Overage

The labor costs exceeded the estimate by $126.00 (4 hours).

Because I know that two jobs were being installed at the same time, we would check our labor hours report to make certain the dispatch times were entered correctly.

Since the installer reported working on two jobs on the same day for 8.5 hours each, we would need to correct the dispatch records for each job.



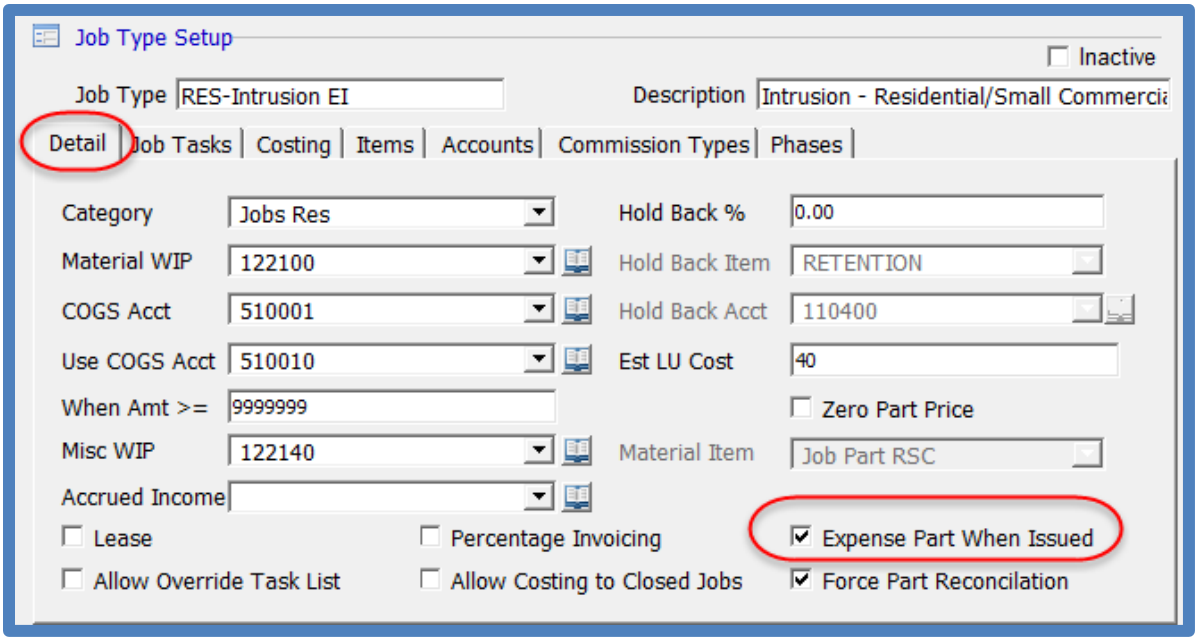
Notes:

Test Case #4 – Expense Immediately

In this example, our Job Type has been setup to recognize Job Income and Expenses immediately – as soon as the transaction is saved.

This method is very typical for companies installing high-volume residential, less than a day type jobs.

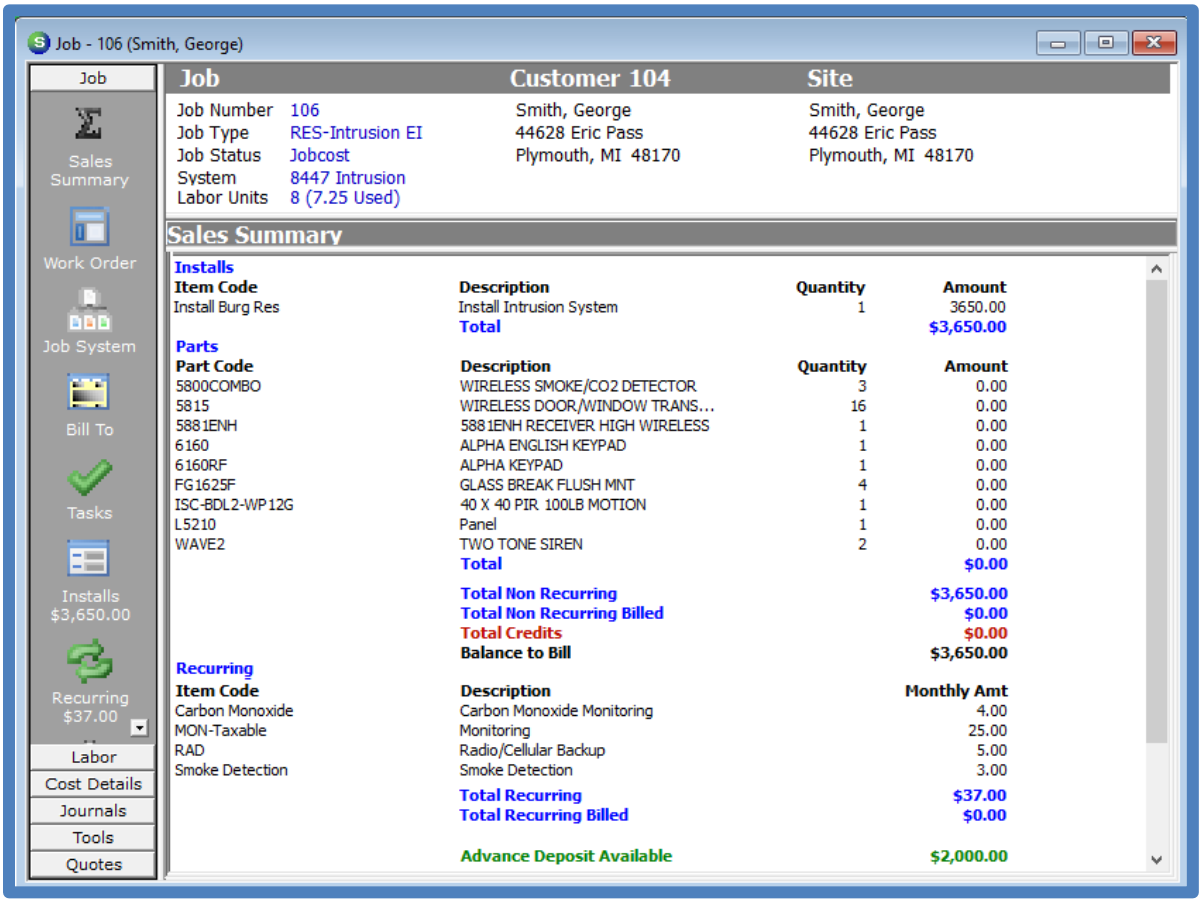
Job Type Setup



Notes:

Reviewing the Job

Sales Summary

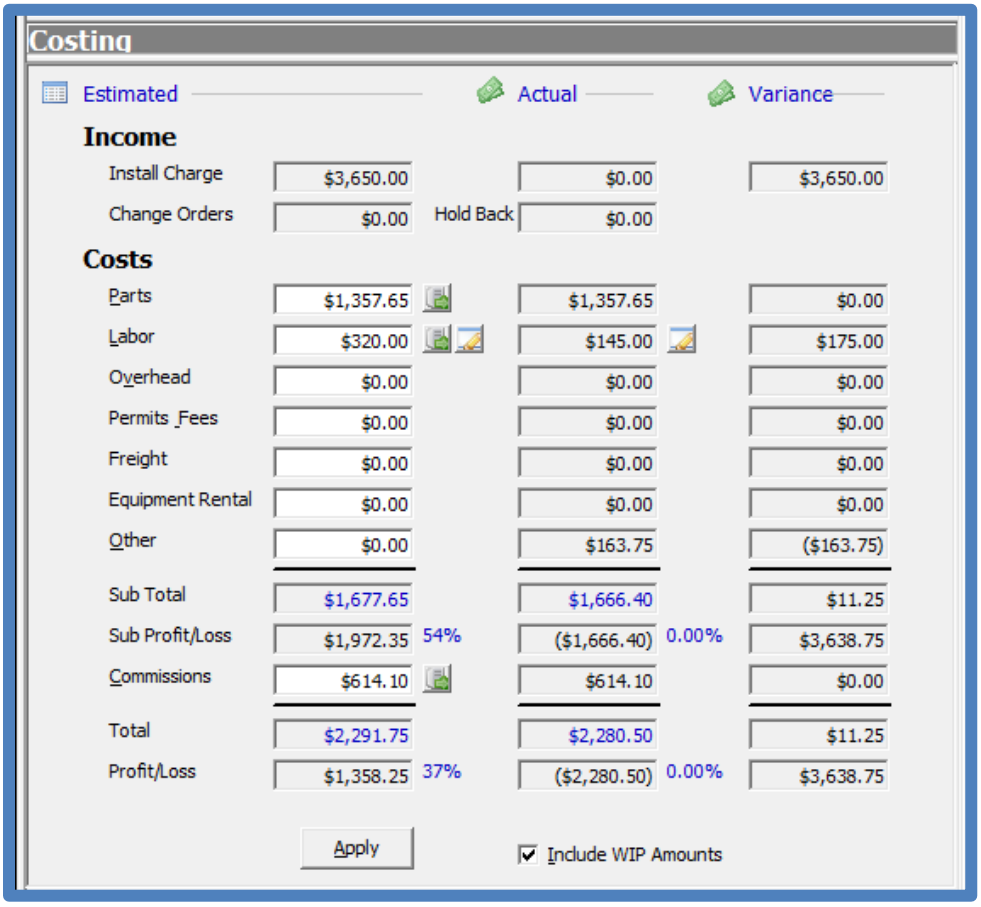


Notes:

Job Costing

This Job has not yet been invoiced. Before invoicing the Job, let us explore the variances.

- Labor – posted costs under the estimate by $145.00.
- Miscellaneous expenses - $0.00 estimate with actuals of $163.75.

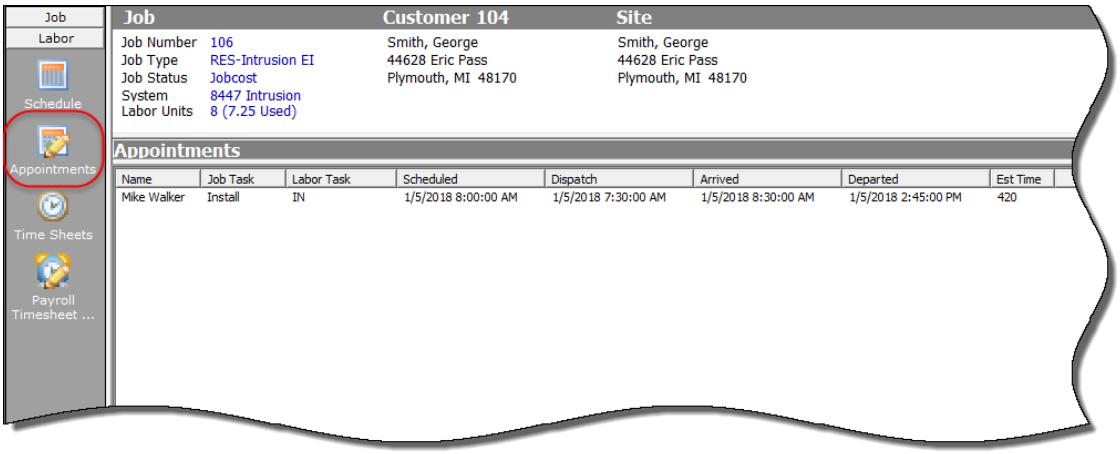


Notes:

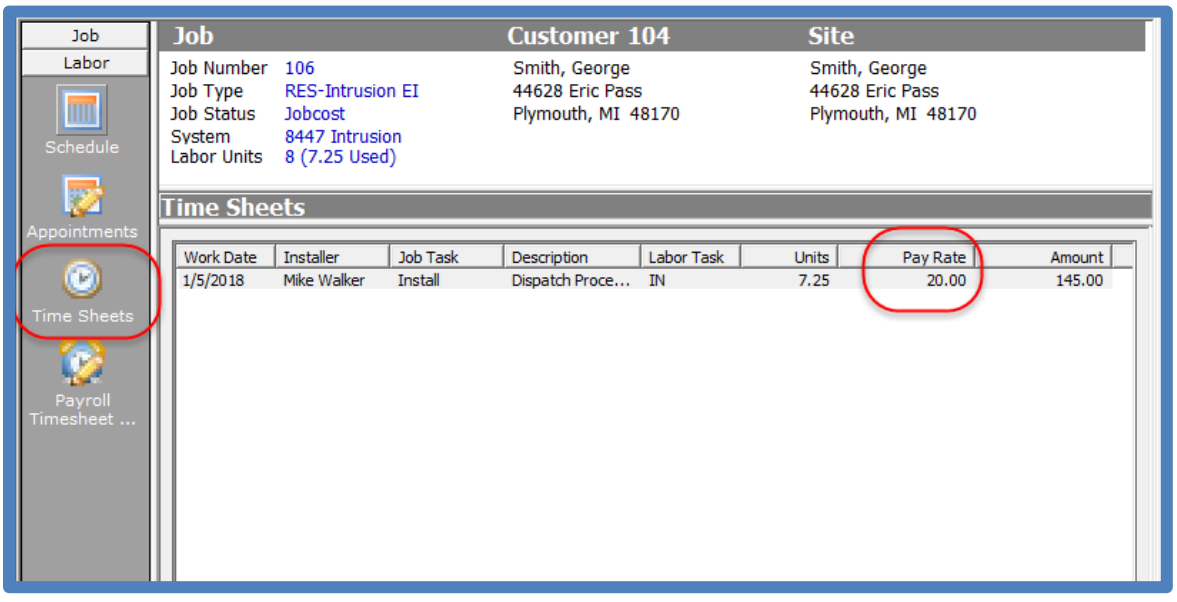
Labor

The labor costs were less than the estimate by $145.00.

We would check to make certain all appointments were completely dispatched, and also review the timesheet posted to the job.



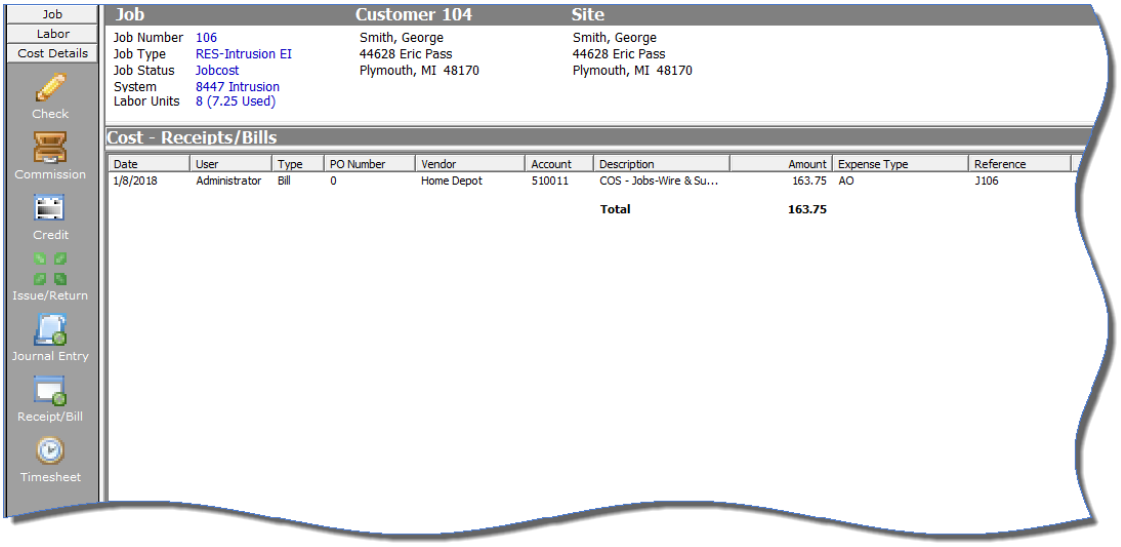
In reviewing the timesheet, labor was posted at $20.00 per hour. The estimated labor was calculated at $40.00 per hour (Job Type setup).

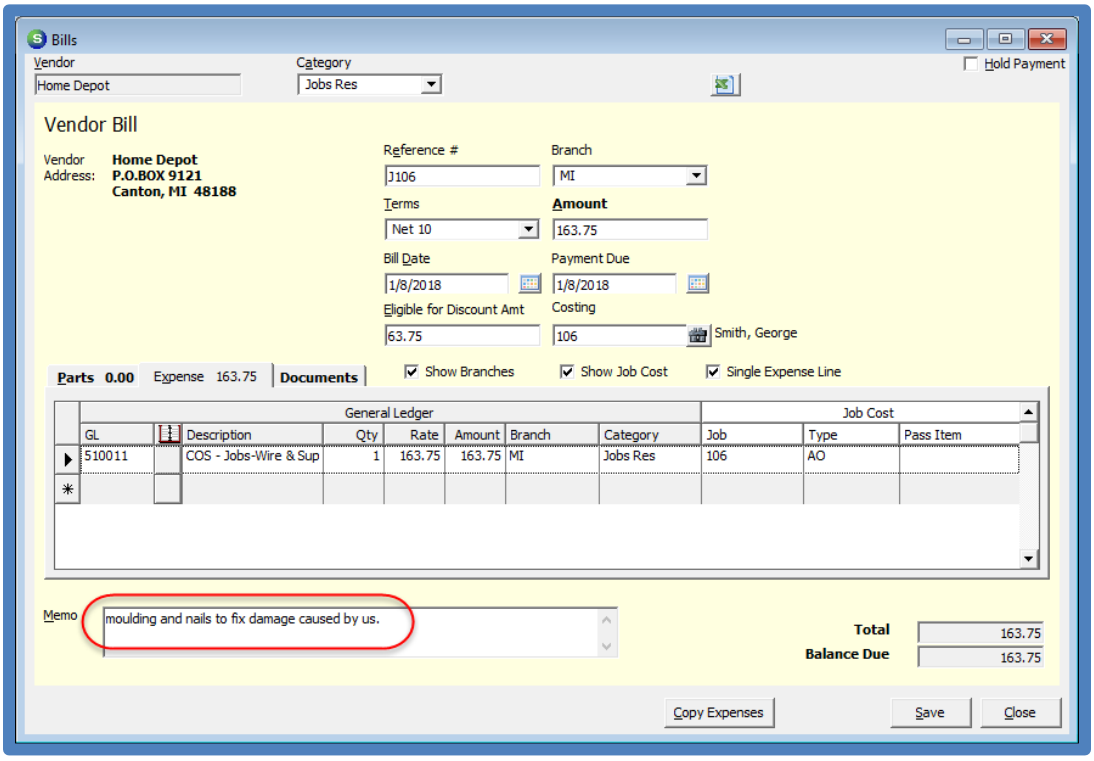


Miscellaneous Expense Overage

The estimate shows $0.00, however $163.75 was posted to miscellaneous expenses.

If we look at the Cost Details, we see a bill was entered for Home Depot in the amount of $163.75. To get more information as to the purpose of the expense, we would open the bill to see if there is any more information available.





Commissions Setup

SedonaOffice offers several methods for calculating sales commissions on Jobs. Depending on the complexity of each company's commission structure, you may or may not be able to use our automated calculations.

Each commission type code is identified as being one of six types: Recurring, Non-Recurring, Estimated Gross Profit, Gross Profit, Estimated to Gross, and Other. These commission types are used to calculate commissions based on one or more of the sales elements entered on a Job.

Once Commission Types have been created, they are then linked to the Employee records for those individuals eligible to receive Job Commissions.

Non-Recurring Commission Type

Commission types of Non-Recurring will use the dollar basis for the commission calculation as the total of all Installation charges and Parts (if parts are invoiced separately) entered for the job.

Estimated Profit Commission Type

For jobs using commission types based on the estimated profit of the job, the application will take the total of all install charges and part charges then subtract the estimated parts, labor, overhead and other charges to arrive at an estimated profit for the job. The application then looks at the salesperson's commission setup to calculate the commission for the job. The employee commission setup may have one flat rate for the commission type or may have a rate schedule that is variable based on the estimated profit percentage of the job.

Gross Profit Commission Type

For jobs using commission types based on the gross profit of the job, the application will take the total of all install charges and part charges invoiced for the job then subtract the actual parts, labor, overhead and other charges to arrive at a final gross profit for the job. The application then looks at the salesperson's commission setup to calculate the commission for the job. The employee commission setup may have one flat rate for the commission type or may have a rate schedule that is variable based on the actual gross profit percentage of the job. When using this commission type, the commission calculation is performed by the software during the Job closing process to ensure all income and expenses are used to determine the salesperson's commission amount.

Est to Gross Commission Type

This method will calculate an initial commission based on the Install Charges of a job using the percentage of the estimated profit of the Job. When the Job is closed, the software will recalculate the commission based on the actual profit of the Job. When setting up the commission structure of a salesperson using this method, you are able to set up a variable rate schedule.

Other Commission Type

Commission types of Other will not display a dollar basis for the commission calculation; the User may enter any amount for the basis of the commission.

Recurring Commission Type

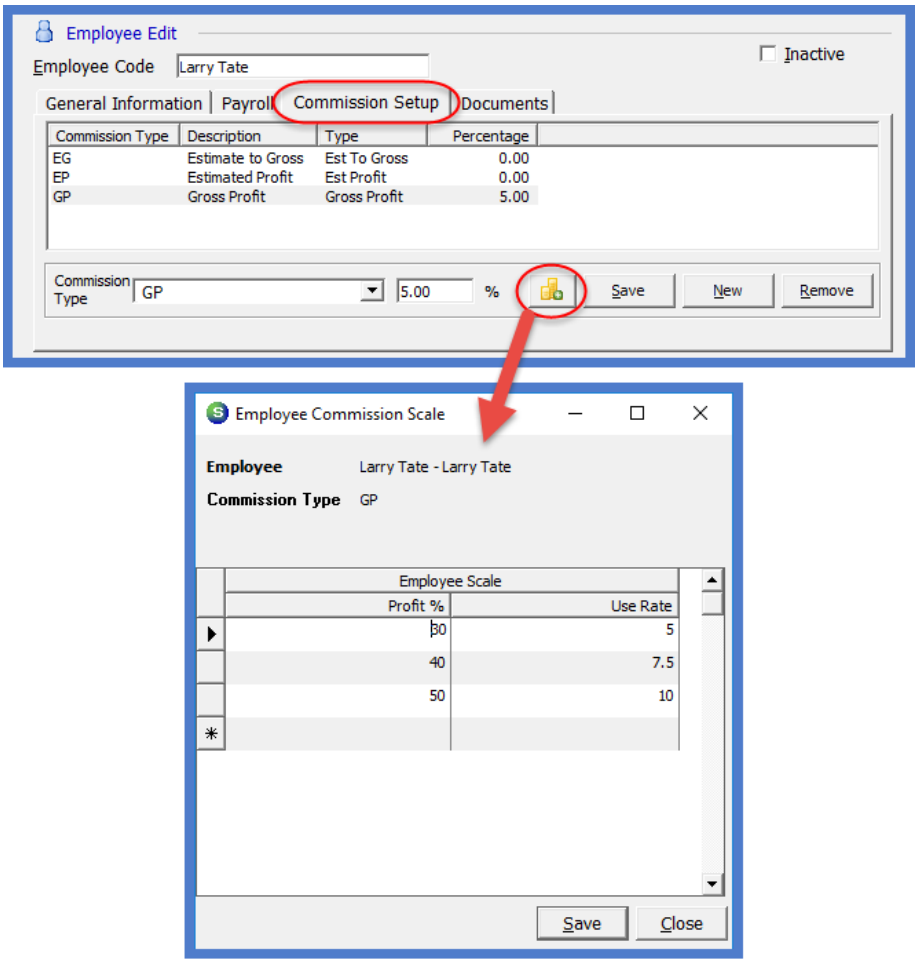
Commission types of Recurring will use the dollar basis for the commission calculation as the total of all RMR entered for the job.

	A	B	C	D	E
1	**RMR Commission Formula**				
2	Monthly RMR	RAR	% of RAR	Calculated Commission Amount	Commission Setup %
3	$ 25.00	$ 300.00	0.10	$ 30.00	120
4		=A3*12		=B3*C3	=(D3/A3)*100

Variable Commission Rate Schedules

For three of the commission types, you are able to create a variable commission schedule based on the margin of the Job. Each salesperson may have separate rate schedules.

- Estimated Profit
- Gross Profit
- Estimated to Gross Profit



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