Sage Business Cloud Accounting:
Sales Quotes and Estimates

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Sales Quotes and Estimates

Learning Objectives

After completing this module, you should be able to:

- Understand differences between quotes and estimates
- Create a new quote/estimate
- Change default expiration date for quotes/estimates
- Convert an estimate to a Sales Invoice
- Mark an estimate as declined
- Get a snapshot of sales/quotes won, lost, pending and expired

NOTE Throughout the duration of the course, you will encounter important icons and visual conventions as part of your learning experience to guide learners through the chapters. Some of the cues are indicated here.

	Important Information / Important Note / Additional Information	Item where caution and attention is required or additional insight and information is provided.
	Exercise	Your opportunity to practice a concept.
	End of Exercise	Indicates the end of an exercise.
	Check Your Knowledge	Review questions at the end of a lesson to check your understanding and ability to implement concepts.
	Summary	Overview of the most important items covered in a section or lesson.
	End of Lesson	The end of the lesson.

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Sales Quotes and Estimates

Quotes and estimates are an important component to all businesses and can prove invaluable to start-ups. They can determine future cash flow and if done efficiently, can increase business. As business grows, it's important Divine Chocolates has the ability to quickly produce quotes and estimates without having to spend time creating complex configurations. In addition to working from a laptop or desktop, Christina is thrilled to be able to work from the **Accounting** mobile app where she can easily create quotes and estimates on the spot, increasing chances of winning a sale.

What's the difference?
A **Quote** is a firm price a customer *would pay* for products or services should they decide to do business with a company. For example, Lisa Smith wanted a quote from Divine Chocolates for wedding favors. She provided the number of guests, 100. Divine Chocolates has a fixed price of 7.50$ for each wedding favor. Based on the confirmed number of guests and fixed product price, Divine Chocolates was able to provide a firm quote for Lisa's wedding day of 607.38$. Ms. Smith was able to make an informed decision as to what candy company would create her wedding favors for her special day by comparing the price quote with other candy companies while shopping for the best rate without obligation.

An **Estimate** on the other hand is a *projected price* that *could change*. For example, a landscaper is providing an estimate to a customer for new grass and flowers. Mr. Jones would like 1 acre of new sod (grass) and rose bushes throughout. He's unsure if wants to put grass on the entire 1 acre or only ½ acre. Additionally, because of the recent drought, the cost of the flowers fluctuates based on the area they come from, making the roses more or less expensive based on where the landscaper is able to secure a vendor. Therefore, we'll provide two estimates to Mr. Jones.
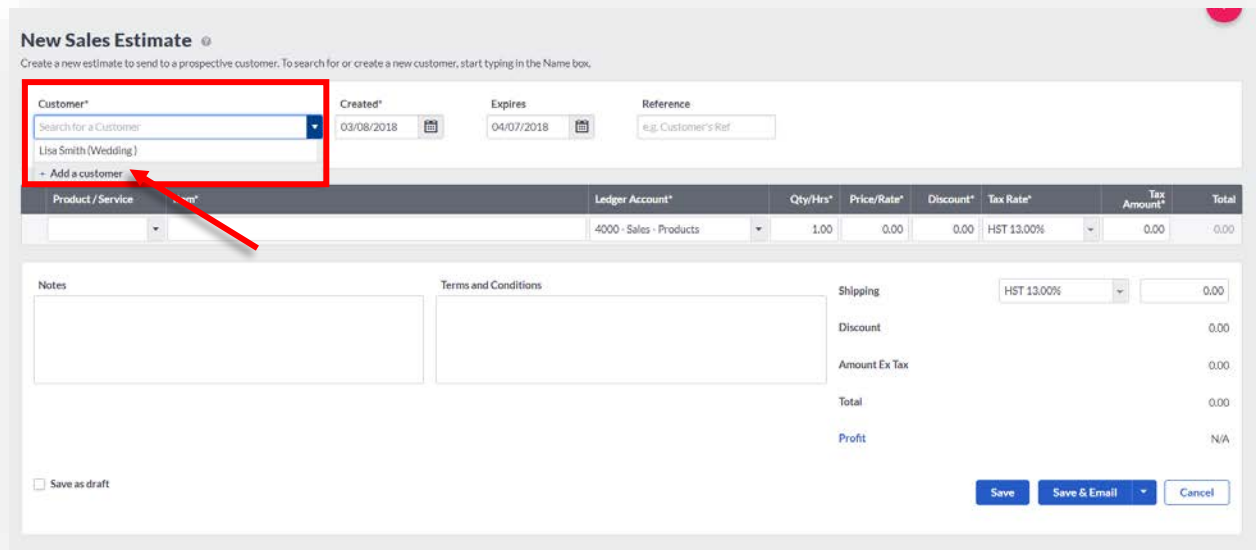
Lesson: Create the **New Estimate** based on the example described with Mr. Jones above. Begin by going to **Quotes and Estimates** from the **Sales** tab menu.

Navigate to the blue **New Estimate** button:
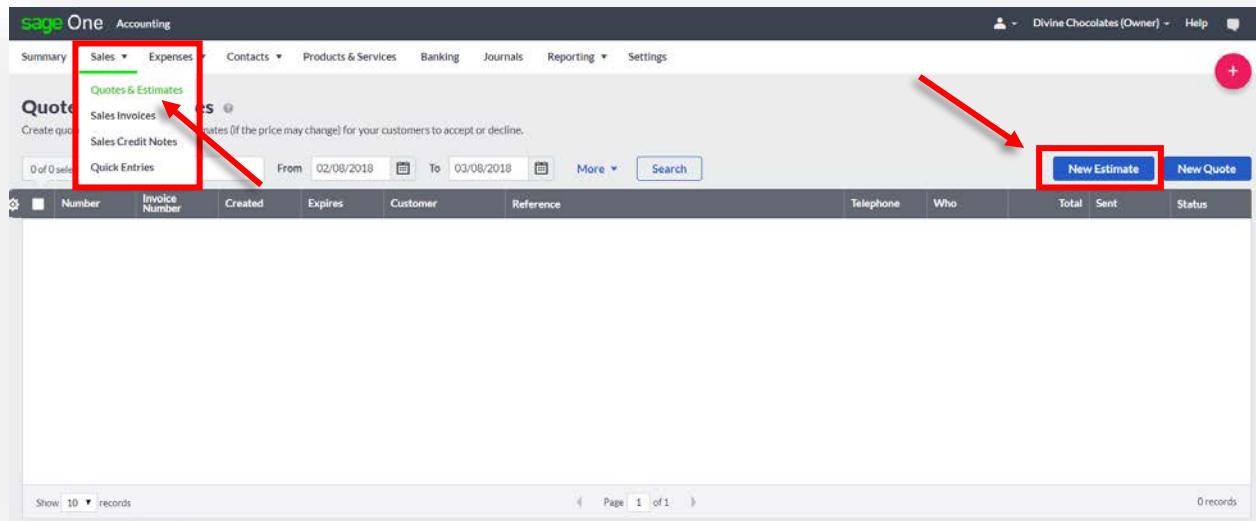
Since Mr. Jones isn't a current customer, let's add him on the fly. Navigate down to **Customer** and click **+Add a customer**

Fill in an address for Mr. Jones and all pertinent details within the contact record and click **Save.** Once Mr. Jones contact record has been created you are now able to select him as a customer within the drop-down menu.

The **Created** date will default to todays date. Should you need to adjust this, you can do so here.

Expires: All estimates in **Accounting** have a default expiry date of 30 days

The adjust the expiration date or set them to not expire, navigate SETTINGS > INVOICE FORM SETTINGS.

Navigate to **Terms and Conditions**. Click on the tab for **Quotes** or **Estimates**. If you don't want quotes or estimates to expire, delete what's in the **Default Days to Expiry** box and leave it blank. Otherwise, change the number of days your quotes and estimates will be good through. We want Mr. Jones estimate to expire within 14 days. *Type: 14* Once done, be sure to scroll to the bottom and click **Save**.

Returning to the **New Estimate** we're creating, we'll need to add the products and services we plan to quote Mr. Jones for. Remember, businesses planning to sell Products and Services would set up their Inventory in the beginning, initially upon creating their **Accounting** account. For purposes of this lesson, we're simply adding Mr. Jones products on the fly within the **Estimate.**

Scroll down to **Products/Service** and click on **+Create Item**

- Let's add the sod (grass) first. Since the landscaping company stocks the sod, select **Stock.**
- Input an **Item Code** of 100-SOD and an **Item Description** of Bermuda Sod.
- Since Mr. Jones is a retail customer, scroll down to **Sales Price** and add 3.50$ as the selling price for each piece of sod sold to retail customers.
- **I buy this item:** If this was a vendor your company purchased the sod from, you would input the vendor name, cost price, reorder levels and reorder quantities here. But since the landscaping company grows and sells their own sod, we won't need to add this info.
- **Expense Account:** This will default to expense lender account **1200- Inventory.**
- **Opening Balance:** The landscaping company has 10 pallets or 750 pieces. Check the box **I have existing stock on hand** and input 750 for **Quantity on Hand.**
- Lastly input the **cost price.** This is the price it costs the landscaping company to grow each piece of sod. *Type: 1.00$* Click **Save.**

Your product, *sod* was added to your company inventory and now appears on the quote. Return to the Estimate dashboard and do the same to add one additional product and service. Add the following:

- 1- gallon red roses – 25.00$ each (Stock: 100 on hand, Cost Price: 5.00$)

- Installation **Service** - 35.00$/hour (Be sure to select *Service*)
- **Notes:** Be sure to tell Mr. Jones this estimate is based on *1-acre of land.*
- **Terms and Conditions**: Remind Mr. Jones estimates are good for 14 days only.

Once complete add the following to create Mr. Jones estimate:
- Sod – We'll need 500 pieces for 1 acre. *Add 500.*
- 20 1-gallon red roses
- Installation services of 40 hours.

Your estimate should look similar to this. Note the profit highlighted in blue at the bottom for your reference. The customer will not see your profit:

Now that the **Estimate** is complete, we'll want to get it over to Mr. Jones quickly. Click **Save & Email.**

Email Estimate   ✕

This is where you can send your estimate as a PDF file attachment.

To*   jjones@yopmail.com

Cc

☑ Copy to me (Christina.Lopez88208@sageone.com)

Subject*   Divine Chocolates - Estimate (SE-1) for $3,762.50, on 03/08/2018 (Expires on 04/07/2018)

Attach   📄 Sales_Estimate_SE-1_Divine Chocolates.pdf

Message* Thank you for your enquiry - we hope you'll like the estimate attached in PDF.

Please let us know if you'd like to go ahead and accept it.

If you have any questions or would like us to amend the estimate, please just let us know.

Looking forward to hearing from you.
Kind regards,
ABC Landscaping Company
7389729929

☐ Also print a copy of this estimate   Edit your email defaults in Settings

Send   Cancel

Mr. Jones will receive the estimate as follows:

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Estimate

Number: SE-1
Issued: 03/08/2018
Expiry Date: 04/07/2018

Deliver To
530 Lake View Way
Finnegan AB T0J 1L0

Divine Chocolates
100 Chocolate Way
Toronto ON M4B 1B3
Canada

7389729929
Christina.Lopez88208@sageone.com
GST/HST 123456789 RT 1234

John Jones (Mr. Jones)
530 Lake View Way
Finnegan AB T0J 1L0

Item		Qty/Hrs	Price/Rate	Sales Tax	Amount
100-SOD	Bermuda Sod	500.00	3.50	GST 5.00%	1,750.00
200-RDROS	Red Roses - 5 Gallon	20.00	25.00	GST 5.00%	500.00
300-INSTL	Installation Service - Hourly	40.00	35.00	No Tax	1,400.00

Subtotal	3,650.00
GST 5.00%	112.50
Estimate Total	**3,762.50**
Total to Pay	**$3,762.50**

Comments
Mr. Jones, this estimate is based on 1 acre of land. We will provide a
separate estimate for 1/2 acre. Please keep in mind the price of the Roses
may increase or decrease due to the current drought.

Terms and Conditions
This estimate is good for 30 days.

Good News! Mr. Jones received the quote and has just called to accept the bid for your services. We can easily convert the estimate to a **Sales Invoice** and bill Mr. Jones.

From the **Quotes and Estimates menu**, locate Mr. Jones estimate from the list below. Notice it is currently in a **Status** of *Pending*.

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- Double click the estimate. When it launches, navigate to the side menu.

- You can either **Mark as declined** if Mr. Jones opted to go with another company and decline your services or **Create Invoice**. Since he's decided to proceed, click on **Create Invoice.**

- In doing so, a notification box will appear asking you if you want to keep the notes associated with the **Estimate** or replace them with the default notes set for all invoices, created in **Settings.**
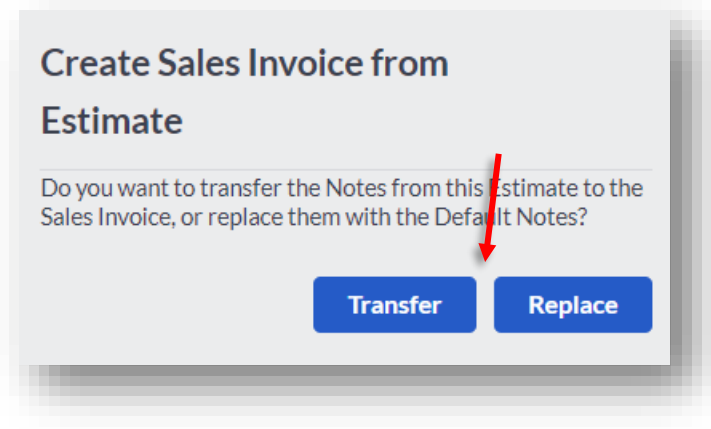

- Good thing **Accounting** asked. Our notes from the estimate are specific to Estimate terms and conditions. Now that Mr. Jones is accepting, we'll need to change the notes on the invoice to be reflective of when payment is due versus how long the quote was good for. In this scenario, select **Replace.**

- In doing so, the default message created in **Invoice Form Settings** from within **Settings** will appear.
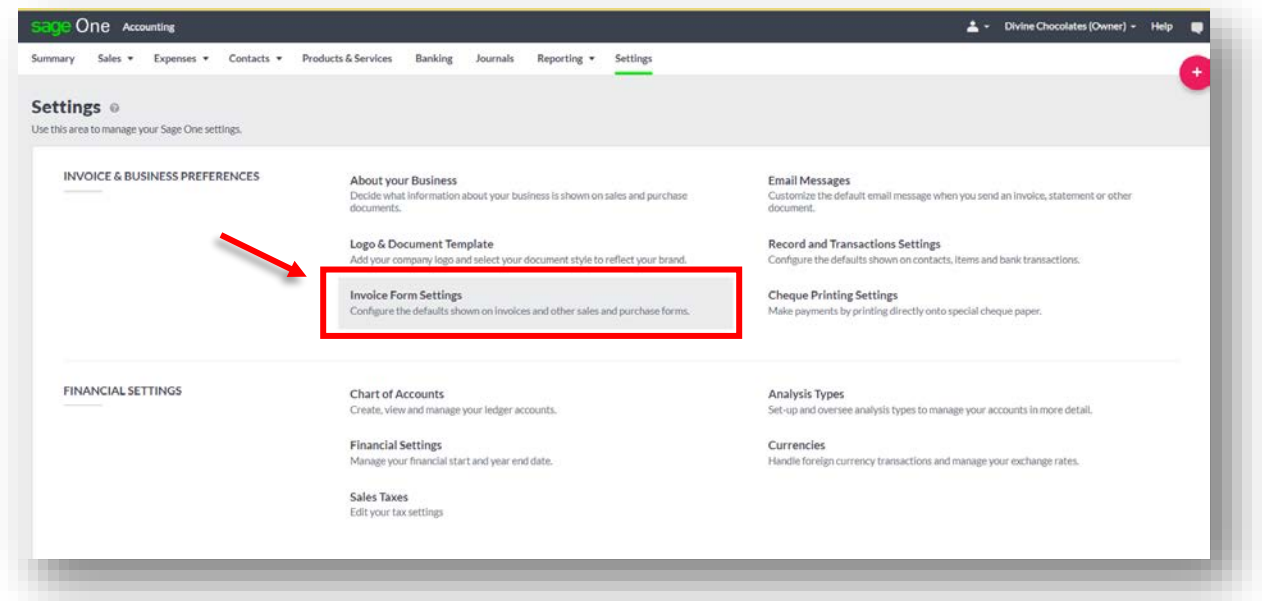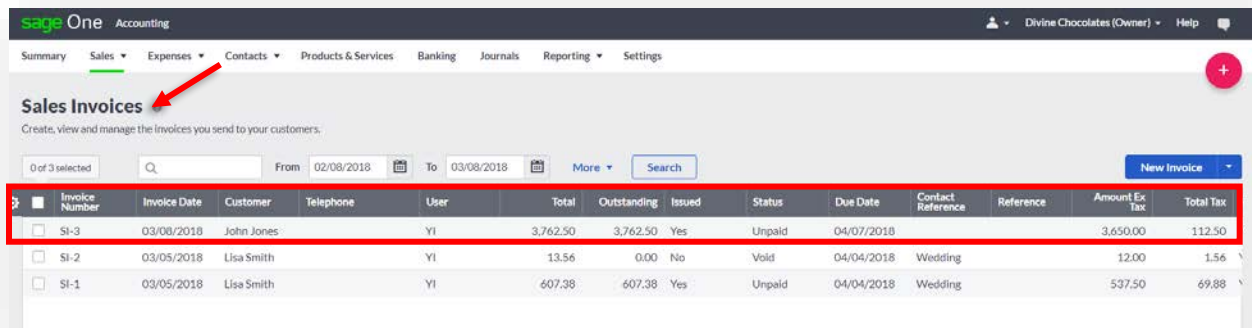

NOTE: This is the same place we went to review/change the **Default Expiry Date** for **Quotes & Estimates.**
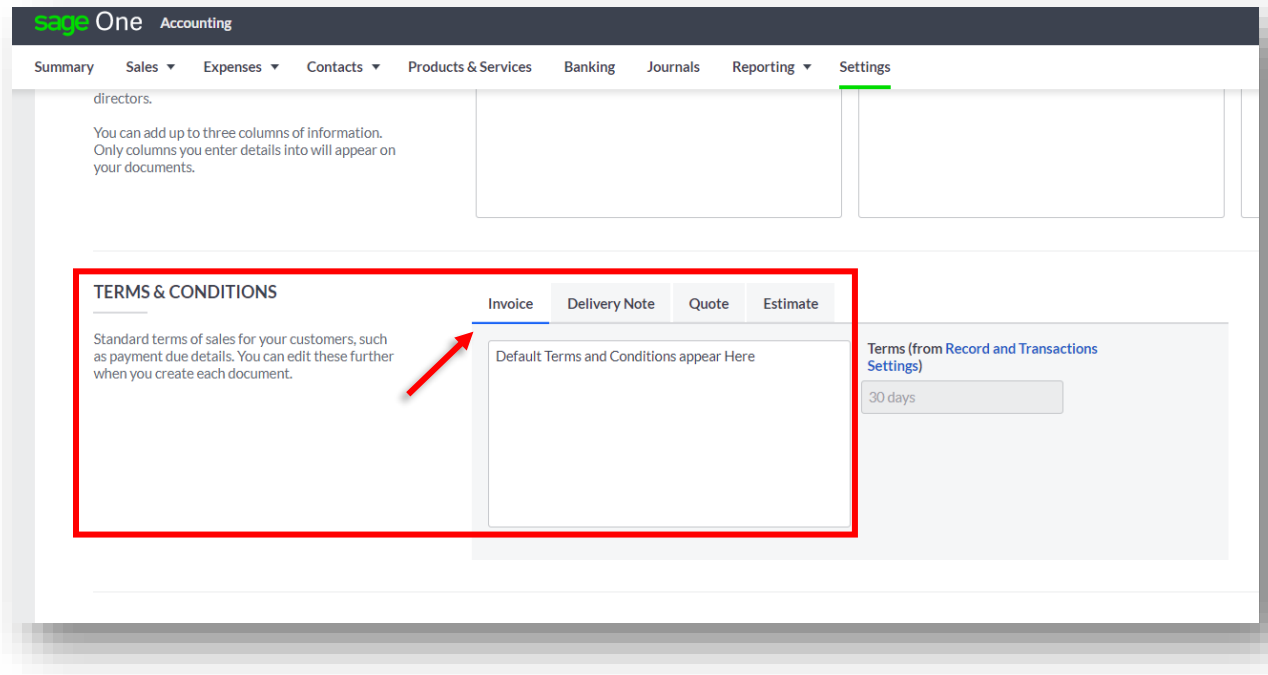
- Unless, of course you created a message specific to Mr. Jones when you created his new customer record. In that case, that message would appear. In reviewing his customer profile, it doesn't look like appear any custom **Terms and Conditions** were added to his record:
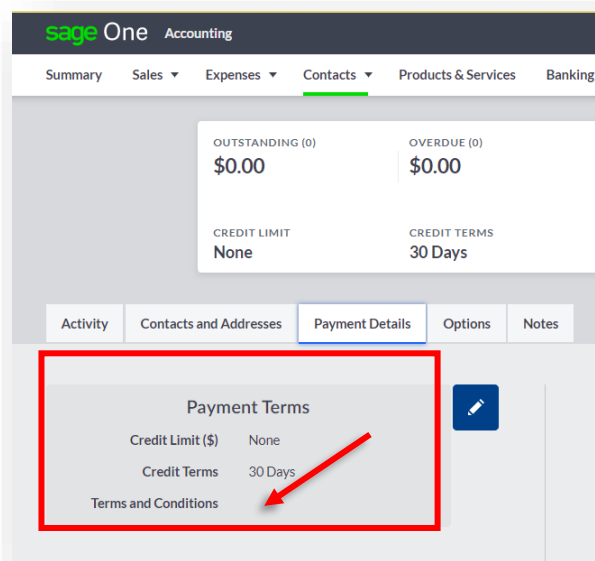
- On the estimate you are converting to an invoice, let's customize Mr. Jones message. In the **Notes** field type: *Inclement weather may affect anticipated completion date.*

- In the **Terms and Conditions** field type: *50% deposit required prior to sod/floral delivery. Remaining balance due upon completion of work.*

- If everything is correct, click **Save & Email**. Mr. Jones will be able to pay his invoice directly from a link provided in the emailed attachment. We'll discuss how to set up **Online Payments** in another lesson.

- Mr. Jones invoice now appears within the **Sales Invoice** dashboard as SI-3 or Sales Invoice #3.

Quotes and Estimates Reporting

Divine Chocolates will closely monitor their **Quotes and Estimates** with the hopes of converting them all to potential customers. Christina would like to see what percentage of **Quotes and Estimates** she Won, Lost, Expired or are Pending. To avoid having to do manual calculations herself, she can get a quick snapshot in graph form.

Navigate to the **Getting Started Dashboard** and click on the **Sales** tab:

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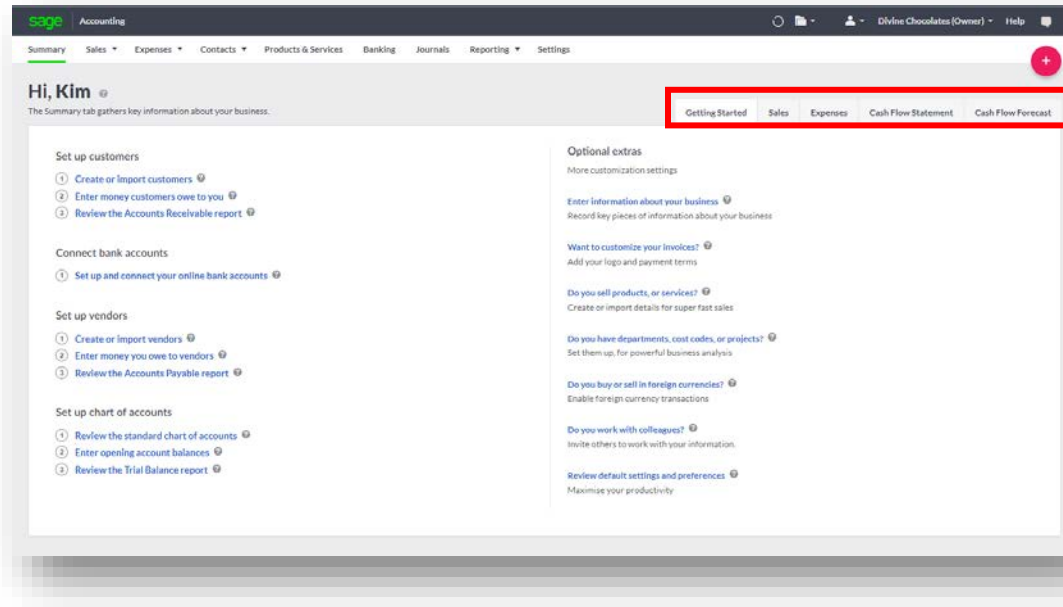
The percentage and total value of sales quotes won, lost, pending expired are on the lower half to the right
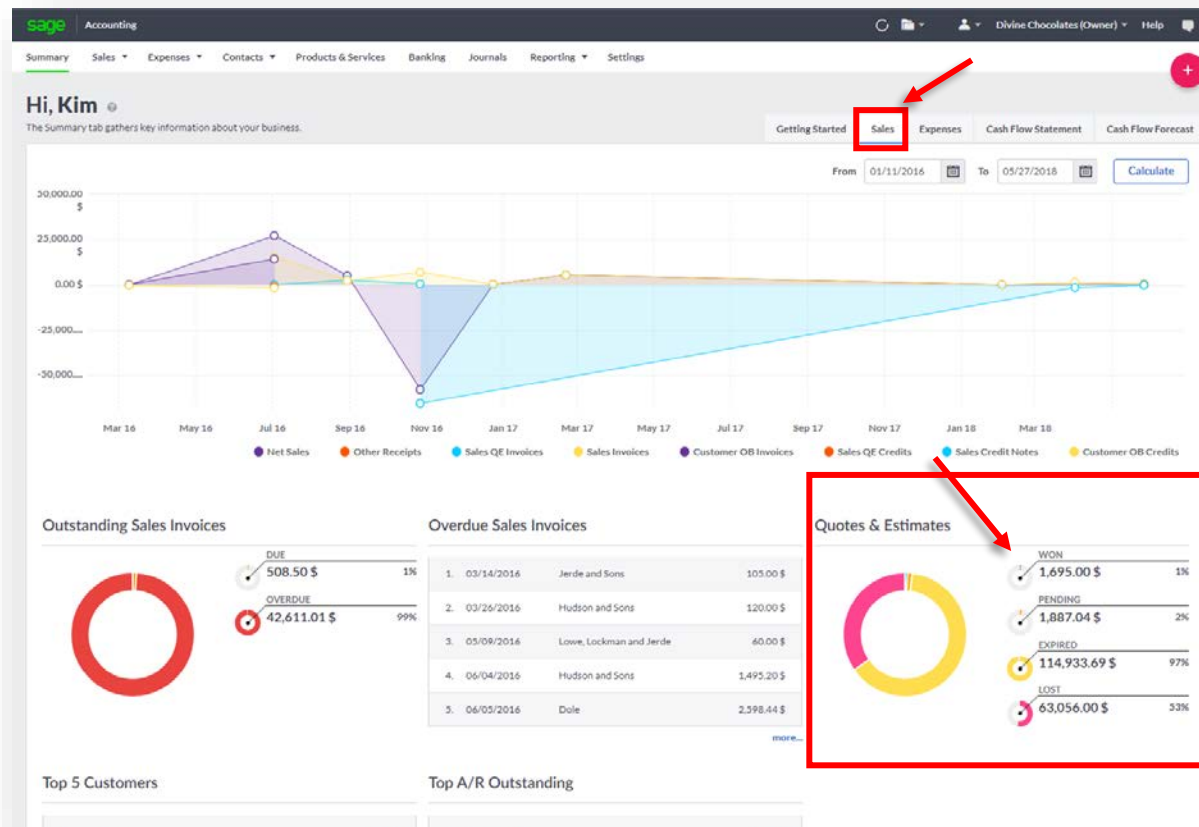
☑ **Check Your Knowledge**

Answer the following questions about the material covered in this lesson.

Short Answer

Write a short answer to the question below.

1. What's the difference between a Quote and an Estimate?

_____

_____

Fill In The Blank

2. Sales Quotes/Estimates have a default expiration date of _____ days. The default number of days can be changed in_____?
   A. _____ 60 days / User Management
   B. _____ 120 days / Customer Contact Record > Account Details
   C. _____ 30 days / Settings > Invoice Form Settings > Terms & Conditions
   D. _____ 14 days / Settings > Financial Settings

3. Where do you go to create a Quote or Estimate?
   A. _____ Products and Services tab
   B. _____ Contacts tab
   C. _____ Banking tab
   D. _____ Sales tab

4. While awaiting a customer to accept your Quote/Estimate, it will have a status of_____ on the dashboard?
   A. _____ Awaiting Response
   B. _____ Declined
   C. _____ Sold
   D. _____ Pending

5. To convert an Estimate to a Sales Invoice:
   A. _____ Navigate to the customer contact record
   B. _____ Navigate to Sales menu, Quotes/Estimates, select record, and click Create Invoice
   C. _____ You are unable to convert Estimates to Sales Invoices in **Accounting**
   D. _____ Have customer click accept on the Estimate and it will convert automatically

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6. Mr. Jones was able to obtain more competitive pricing elsewhere. What should happen to the Estimate that was created?
   A. _____ It should be archived
   B. _____ It should be voided
   C. _____ Start sending automatic messages to accept the proposal at the discounted rate
   D. _____ It should be marked as declined

True or False

Enter 'T' for True or 'F' for False for each of the affirmations below.

7. _____ Businesses can see their profit while creating an Estimate
8. _____ You are unable to copy, download or edit an invoice
9. _____ You can print a packing slip for an estimate
10. _____ You can get a snapshot of quotes/estimates won, lost, pending without running an extensive report

Please note:

Every effort has been made to ensure that the information provided in this educational series is accurate, up-to-date, and complete, but no guarantee is made to that effect. URLs and additional resources 'Beyond the Classroom' are continuously changing. Because the software is customizable in a number of ways, the language used in this guide may be different from what you 'see' when you work with your company's data file(s).