



# The Liberated Practice

## Part 2:

Digital Transformation for Clients with  
e-Commerce and Inventory  
Management

**WOODARD™**

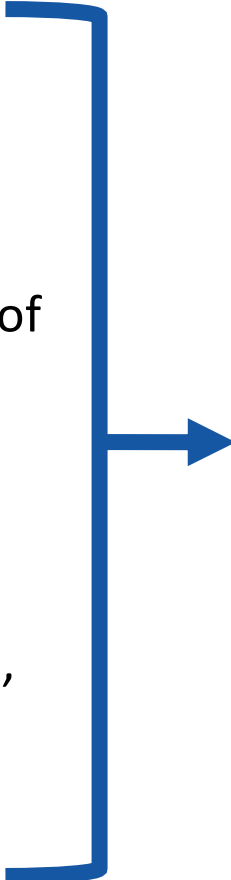
# Starting with Why

Exploring the Opportunity for  
Accountants and Bookkeepers  
to Work with Clients who  
Manage Inventory



# Getting the Elephant Out the Room

- E-Commerce with 3PL (Third-Party Logistics) is Manageable, but Still Requires a Learning Curve
- Warehouse Management is an Entirely Different Field of Consulting with a High Learning Curve and the Involvement of QBO-Integrated Warehouse Management Solutions
- Manufacturing Processes is a Complex Field of Consulting that Requires Extreme Levels of Experience, Often Focused on Specific Industries with Highly Complex QBO-Integrated Solutions



All these complexities become manageable for accountants and bookkeepers whose clients are supported by inventory experts!

# The Fork in the Road

- **Option 1:** Invest in learning inventory, warehouse management, and associated software solutions → Offer Inventory consulting services and resell one or more QBO-integrated software solutions.
- **Option 2:** Expand your practice to include clients with complex inventory controls by partnering with an inventory consultant and QBO-integrated inventory product expert



This online training session assumes you are embracing Option 2 above and is designed for you to facilitate the digital transformation of your clients and your practice to better support (or expand your practice to include) clients who manage inventory. We will also provide pathways for Option 1 later in the session.

# Why Support Clients who Sell, Distribute, and/or Manufacture Inventory?

Clients with inventory tracking and inventory order fulfillment are *typically*...

- Larger/less fee sensitive
- Quicker to value real-time financial information – especially the P&L above Gross Profit
- Have complex sales tax tracking → sales tax advisory services
- Quicker to Seek Operational-Level Advisory Services
  - Spend Management
    - Cost controls for Products and Parts
    - Spend policies for inventory managers and traveling sales reps
  - Accounts Receivable Management
  - Cash Flow Management
- Are supported by a value-added reseller/consultant → Referral sources for accounting and bookkeeping services



Important: For this opportunity to be profitable, the client must be digitally transformed – meaning in the cloud with tight integration with QB Online!



# Talking the Talk

Understanding the Terminology,  
Basic Operations and  
Accounting Impact of Inventory-  
Based Businesses



# Key Terms

Enterprise Resource Planning (ERP)	• Integrated management of main business processes, often in real-time and mediated by software and technology
Material Requirements Planning (MRP)	• A production, scheduling and inventory control system used to manage manufacturing processes
Unit of Measure (UOM)	• A base quantity measurement by which other quantities are determined, usually at a multiple
Electronic Data Interchange (EDI)	• The electronic communication of documents for management inventory-related processes (e.g., sales orders, purchase orders, and invoices)
Third Party Logistics (3PL or TPL)	• The use of third-party businesses to outsource distribution, warehousing and/or fulfillment services.
Landed Costs	• The total cost of a landed (delivered) product including purchase price, freight, insurance and other costs up to the port of destination
Just in Time Inventory (JIT)	• Aligns raw-material orders from suppliers directly with production schedules, and ideally leverages predictive analytics to avoid interruptions in production workflows.
Radio Frequency Identification (RFID)	• Radio-frequency identification uses electromagnetic fields to automatically identify, and track tags attached to objects.
Bill of Materials (BOM)	• A list of the products and labor required to assemble or manufacture or engineer a product. Some bills of materials generate also generate materials used in subsequent bills of materials.

# Barcode Types and Terminology

## Code 39



One of the easiest to generate from an alpha-numeric string. Great for serial numbers

## Universal Product Code (UPC)



Most common barcode for consumer products

## QR Codes



Economical spacing for complex and long code strings. Great with optical readers (e.g., on cell phones)



# Barcode Types and Terminology

Shipping  
Container Code  
(SCC)



Carton codes usually to receive containers with multiple products – where each product has a product code. Also used for pallets and skids

Data Matrix



Like QR codes, but readable when room on products is limited (very small packaging). Can be read horizontally or vertically at the same time. Can be square or rectangle

Time doesn't permit covering all possible barcode types. This presentation focuses on the ones most used by small to medium sized businesses in their warehouse and light manufacturing requirements

# Pricing Levels

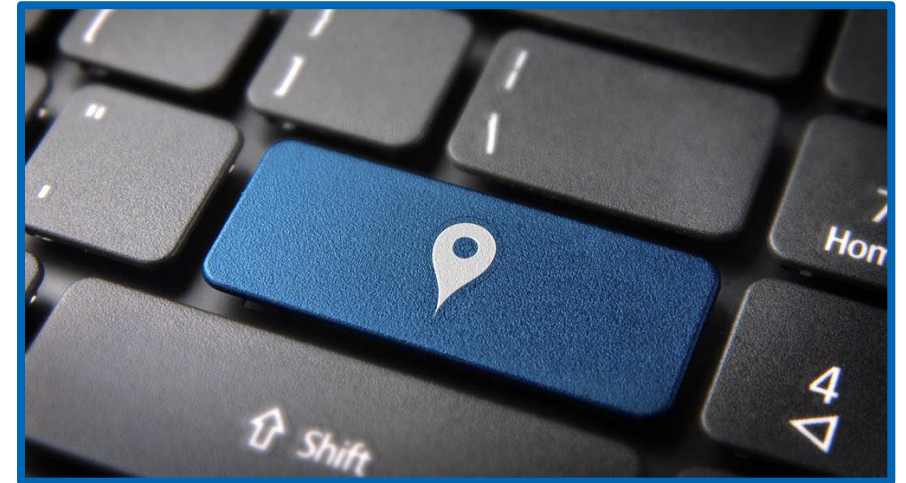
- Date-Driven
- Quantity/Tier Based
- Percentage over Cost
  - Weighted Average Cost
  - First in First Out (FIFO)
  - Last in Last Out (LIFO)
  - Specific Identification\*



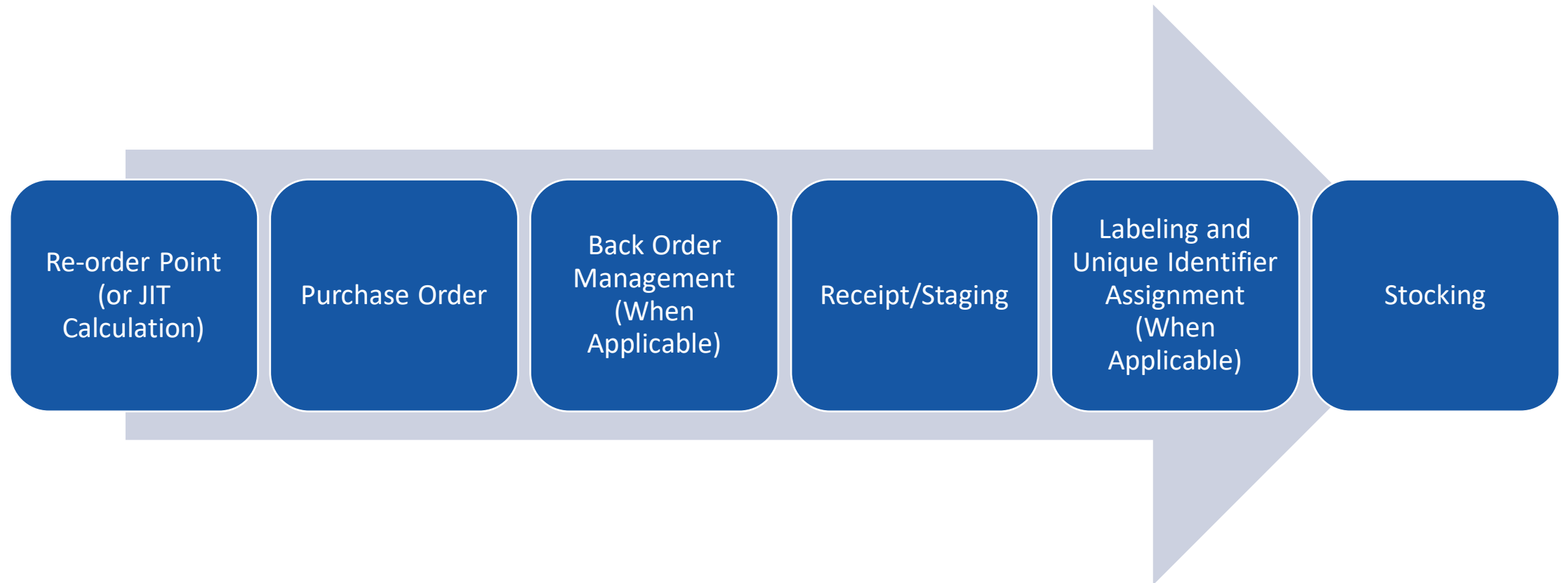
\*Most common costing approach when setting price as a percentage over cost (e.g., cars, pianos, antiques, artwork, etc.). This may or may not be the costing method used by the business for financial reporting and/or tax reporting.

# Locations

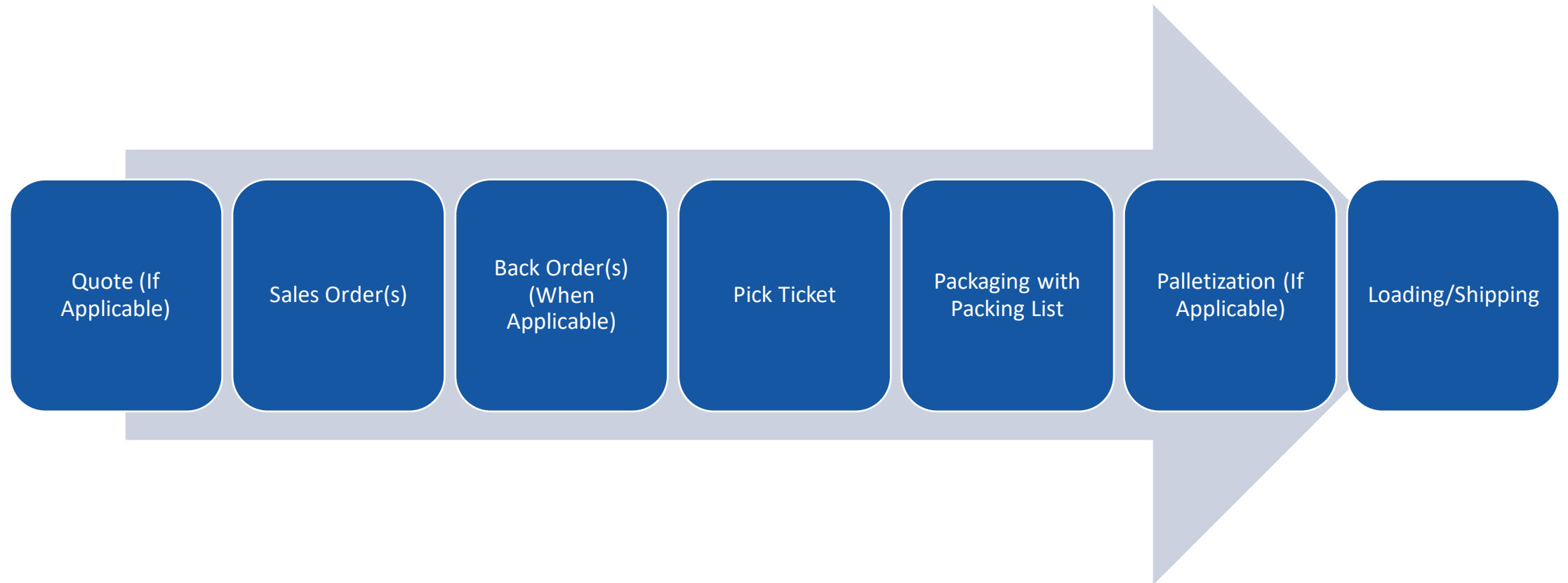
- Physical Address
  - Warehouse, Retail Store, Yard, etc.
- Third-Party Location
  - Consignment, 3PL Company, Company-Managed Transit/Logistics
- Mobile Location
  - Delivery vehicle, service vehicle, etc.
- Sub-Locations
  - Warehouse Sector (sometimes with physical controls)
  - Workshop/Assembly Area (For Component Parts)
  - Repair or Service Centers
  - Equipment (e.g., for Raw Materials)
  - Row, Shelf, Bin, etc.



# Process Flows: Ordering and Receiving



# Process Flows: Order Fulfillment



# Process Flows – Order Fulfillment for Manufacturing





# Accounting Considerations

Understanding the Terminology,  
Basic Operations and  
Accounting Impact of Inventory-  
Based Businesses



## Accounting Considerations

How Inventory Management and Warehouse Controls  
Impact the General Ledger

# Costing Methods

- Periodic
  - Not advisable for clients with material inventory assets, bills of material, and/or a high volume of inventory transactions
  - Requires accurate year-end inventory counts!
  - JE as of the Last Day of the Fiscal YE to Adjust Inventory Assets and COGS per Physical Counts
- Perpetual Costing Methods (Posted by Inventory Management Software Automatically)
  - Average Cost
  - LIFO (Last In First Out)
  - FIFO (First in First Out)
  - Specific Identification



# Inventory Adjustments

- Quantity on Hand per Physical Inventory Counts → Increase/Decrease in Inventory Asset and COGS
- Waste
  - → Reduction in Inventory Assets (Raw Materials) and Increase in Inventory Assets (Finished Goods) – Best Practice
  - → Coded to COGS in a “Waste” account – Not usually advisable
- Obsolescence – Reduction in Inventory Asset and Increase in COGS
- RMA’s (Return of Merchandise Authorization) → Credit Memo



## The QuickBooks Desktop Ceiling

Addressing Warehouse Management and Order Fulfillment Needs by Moving Your Clients *from* QuickBooks Desktop to QuickBooks Online

# ERP/MRP Not Addressable by QBES

- Mobile Picking and Packing
- Barcode Scanning on certain barcode formats
- Multiple unique tracking identifiers
- Trace tracking of serial and lot information during assemblies
- Complex manufacturing processes (e.g., that include labor and equipment burdens, inventory variances, etc.)
- High transaction volume businesses (e.g., thousands of orders per month)
- Native cloud access (i.e., other than QBES hosted)
- Omni-channel e-Commerce integration
- EDI (Electronic Data Interchange)
- Inventory forecasting with intelligent re-order points
- Alternate materials recommendations for variable bills of material
- Tracking inventory in-transit
- Complex shipping processes, integrating with multiple carriers



# Inventory and Order Management in QBO

Dear is partnered with Intuit to offer a Dear + QBO Advanced Bundle



Mobile Scanning and Order Fulfillment  
(Dear integration coming soon)



Omni-channel e-commerce integration

## Breakout Sessions

Discussion topics related to supporting clients with inventory and order management

# Discussion Topics

- Do you see yourself as an operational consultant and/or technology consultant for businesses with inventory tracking? Why or why not?
- Is your practice actively seeking bookkeeping and tax clients who sell, distribute and/or manufacture inventory? Why or why not?
- Does the content of this online training session make you more comfortable recommending QBO to clients with inventory tracking? Why or why not?



## Panel Discussion

A conversation with experts in the areas of warehouse management and inventory technology

# Panel Conversation



Joe Woodard  
Founder and CEO



Michelle Calkins  
Global VP, Partnerships



Robin Hall  
Founder and CEO



John Foster  
Director, Business Services



Submit questions for the panel using the chat feature.

Note: This segment is an interactive conversation with inventory experts. No slides will change during this segment.

# Multi-company discount

## Limited time offer!

Desktop clients with multiple companies can now take advantage of a multi-company discount of \$10 per company for 2 years, when they move to QuickBooks Online.

- Discount is normally \$20 per company
- Requires one copy of QuickBooks Online Plus (*applies to subscriptions with ProAdvisor discount*)
- Up to 10 companies
- Offer valid through January 31, 2023

Learn more by calling (888) 241-3279 or click [here](#) for more information





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