

The **ENTREPRENEUR'S** Guidebook Series™

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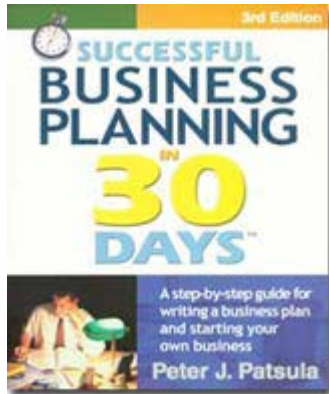
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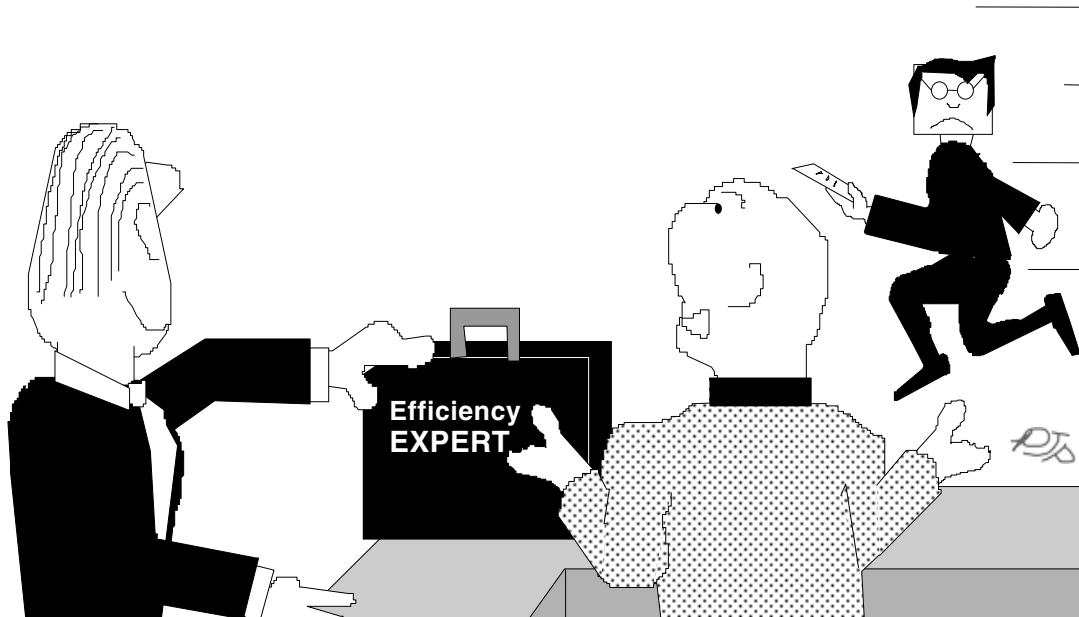


PERSONAL PLANNING

Guidebook #30:

Setting-up an Efficient Order Entry System

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“Wha’da ya mean I need a faster Order Entry System? Oliver’s plenty fast!”

Smallbusinessstown.com

SETTING-UP AN EFFICIENT ORDER ENTRY SYSTEM

THE purpose of setting-up an order entry system is to help you process and keep track of your customer orders. However, a good system must do more than meet this need.

A good system must simplify the buying process for your customers based on an analysis of their buying habits and practices as they deal with the idiosyncrasies of your business. More specifically, it must recognize areas in the ordering process that hinder buying decisions and then offer solutions to remove these obstacles permanently.

CHOOSING AN ORDER ENTRY SYSTEM

THERE ARE five basic types of order entry systems:

- sales receipt based
- cash register based
- coupon based
- form based
- computer based

Each of these systems are described in more detail below:

Sales Receipt Based System –A sales receipt based order entry system is usually seen in a very small service firm in which services rendered and occasional pur-

chases are always written on a receipt. The receipt becomes the order entry form and the record for accounting and tax purposes. The receipts are usually stored in a cash box along with the change fund and sales revenues. This type of system is very cheap to set-up and simple to operate, but very limited as a management tool.

Efficiency is intelligent laziness.

ARNOLD H. GLASGOW

Cash Register Based System –

In this type of system, the cash register is the initial point of entry and is used to keep track of total sales, and within limits, individual items sold to aid in inventory control. However, this system, originating in the 19th century with the introduction of beastly mechanical monsters, is not much use to a large retail chain and should only be considered if you operate a small restaurant, corner grocery store or small independently run retail out-

let. It offers little help in controlling a large inventory. To its advantage however, it is relatively easy to set-up and operate.

Coupon Based System – A coupon based order entry system is often used by small mail order or direct mail houses, where newspapers, magazines and direct mail are the chief promotional mediums. A coupon based system uses coupons that can be mailed in as the initial point of entry. Coupons are essentially highly simplified order forms. They will be discussed in greater detail later on in this Guidebook, along with basic order entry forms (see coupon sample on **page 16**).

Order Form Based System – Before computers came along, most businesses

used order entry forms such as invoices, sales orders, and purchase orders (many businesses still do) to organize their orders and purchases, and keep track of their inventory for management and accounting purposes.

A “Daily Record of Responses” allows you to keep track of individual orders or inquiries, how much cash is received, and which advertising pulled in that order.

Of special interest is a “Daily Record of Responses” shown on the next page (a copy of this form can be printed from Guidebook #8, Form #30). This form allows you to keep track of individual orders or inquiries, how much cash is received, and which advertising pulled in that order. This form can be used as your initial order entry point for any small mail order or direct mail business. It can also be used to help build your mailing list, keep track of sales for accounting purposes, and provide an initial starting point

for data that can later be compiled and transferred to other forms for greater analysis.

Computer Based Systems – Not too long ago, computers revolutionized the back end of how a business works in the accounting area with spreadsheet programs. But now, with falling prices in hard

drives, faster processors and the growth of the Internet, computers are learning how to better handle information and super-large databases with ease, thus encroaching ever more and more into the order entry area. Soon they will completely revolutionize the front end of the business as well.

Computer based systems can range

DAILY RECORD OF RESPONSES

Date	Name	Address	Key	Promotion Ad Medium	Order	Inquiry	Total Cash
5/21	JONES Janet	P O Box 301	0012	Railroad Watch	✓		\$22.95
		Kent CT 06757		DM Letter			
5/21	HEALY Patrick	83 Austin Street	0013	Railroad Watch		✓	—
		Kew Gardens NY 11415		DM Letter			

from simple order and receipt entry systems to highly complex systems that keep track of inventory and other factors needed by management – all automatically. It is potentially one of the most complete order entry systems available to the business owner and one of the most efficient, if carefully set-up to meet the needs of the business and the people who use it.



The objective is to find the right balance between order and disorder, between rigor mortis and anarchy.

ROY ASH
CEO, Am International

IMPROVING YOUR ORDER HANDLING EFFICIENCY

ALTHOUGH important to all businesses, effective order handling is especially important to small businesses.

Why? Because, it is difficult for a small business to compete with big firms on things like assortment, price, and promotion. On the other hand, selling effort and service, is one place where the small product or service retail business can compete with larger competitors – and win.

To improve your order handling efficiency and make your entire order entry process more effective:

Selling effort and service, is one place where the small product or service retail business can compete with larger competitors – and win.

- train sales staff to handle orders better
- remove ordering “bottlenecks”
- design a great order entry form
- computerize your order entry system

Training Sales Staff to Handle Orders Better

There are three main types of sales personnel who take and handle orders and who need to be trained properly to perform at peak efficiency. These personnel are:

- order handlers
- order takers
- order getters

The characteristics of each of these types of sales personnel are described be-

low as well as strategies you can use to get them to operate better and smarter:

Order Handlers – Order handlers are the members of your sales staff who perform such tasks as taking tickets at a concert or checking out food at a corner grocery store. Generally, they are the people who receive your customer’s money and the last people to deal with your customer’s. They work in a routine selling environment.

Due to the nature of their jobs, order handlers will be asked numerous questions by customers, as well as hear complaints

about prices and services. It is therefore important to encourage them to be pleasant at all times and help keep them abreast of important facts within their industry. It is also important to make it easy for them to

communicate to you, so you can more quickly recognize problems and find solutions.

Order Takers – Order takers are the members of your sales staff who in addition to taking,

handling and filling orders can be trained in the art of “suggestion selling.” Suggestion selling on the part of the order taker can result in many additional sales. For example a counter attendant at a fast food restaurant, after taking a customer’s order,

Types of Retail Sales Personnel

(classified by level of creative effort)



restaurant, after taking a customer's order, may then suggest to the customer that they might be interested in a hot apple pie, a drink or perhaps an order of fries.

Order Getters – Order getters are the members of your sales staff who operate at their wit's end. They handle transactions and take orders just like other staff members, but more importantly are expected to go out and get orders. In fact, for many clothing, furniture, jewelry and appliance stores, their success rests solely on the creative efforts of their order-getters.

To make these order getters truly effective is no simple task. Training order getters in regards to store policies and acceptable selling techniques in an attempt

Desire to have things done quickly prevents their being done thoroughly.
CONFUCIUS

to standardize the quality of your service is mandatory, but more than that, order getters must be encouraged to become “super sales staff.” This can only be accomplished by setting up structures within your organization that rewards creativity, courtesy and exceptional customer service with bonuses, promotions, extra training and peer recognition.

Removing Ordering “Bottlenecks”

The ordering process can be broken down into five distinct areas:

- order writing
- forwarding orders
- receiving orders
- processing orders

- filling orders

Each of these processes is loaded with potential for “bottlenecks.” The descriptions following, outline procedures and strategies for overcoming or preventing these *bottlenecks*:

Order Writing – All sales representatives must be thoroughly trained to complete the order form properly. This applies not only to the field sales force but also to any inside salespeople. Terms, discounts, names and addresses, delivery information, and all special instructions must be written legibly. Poorly written-out order forms, or forms with mistakes should be acted on immediately. Salespeople should be called in such instances and retrained. You must con-

Entrepreneurs have an obsessive concern with doing things faster, cheaper, better.
LYLE SPENCER
*President,
 McBer and Co.
 of Boston*

stantly keep on top of this kind of carelessness if you want to stop it.

NOTE A lot of time can be saved and careless omission or errors avoided when the order form itself is carefully tailored to the needs of your organization.

Forwarding Orders – It’s essential that orders gathered by the field sales office be transmitted as quickly as possible to the home office. A delay of even a day or two can result in customer dissatisfaction.

If the sales representative territory is within an hour’s drive of the office, a good procedure is to have the salesperson deliver the day’s orders in person, either

immediately often completing rounds or early the next morning before starting out again.

Of course, if the sales force operates at substantial distances from the home office, many organizations prefer to keep their salespeople constantly in the field to maximize selling time. With this method, orders must be mailed, or faxed in each evening.

Receiving Orders – Regardless of the method employed in getting the orders to the office (in-person, mail, or telephone), there should be a central clerk to receive all orders. It is this person's responsibility to check all order for accuracy, clarity, conformance with company policy and so forth. Those that contain mistakes or omissions should be put

If additional copies of the order are needed, avoid transcribing the information.

aside for rechecking later. This clerk must be instructed to record every order on a daily order sheet (which can be printed). Each days' sheet should have columns for writing in the order number, the time received, the customer's name, and perhaps the salesperson initial. Additional columns should be used to indicate the routing of the order to its next stop along the system.

Processing Orders – If additional copies of the order are needed, avoid transcribing the information. A good office copier will speed up your operation. Usually all copies go first to the internal sales department where prices are checked, then to the credit desk for an okay. After approval, they're sent on to the warehouse for filling.

Filling Orders – On receiving the order, the warehouse supervisor should register it in logbook and then check over its details. At this point, priorities and routing considerations tend to be taken into account.

With respect to routing, transportation runs to different areas are usually scheduled for different days of the week or month. Order destined for those areas can accumulate in difference boxes or trays. Orders are then distributed as the order pickers become available.

Various types of handling equipment – dollies carts of different kinds, conveyors, even moving belts – should be made available to facilitate movement of the merchandise from the warehouse, to the loading area. Good warehouse layout and proper utilization of

space can be of value in increasing the pickers speed in filling orders.

Two additional strategies you can use to help improve your ordering efficiency are as follows:

Ideally, every incoming order should be filled and the merchandise sent on its way to its destination within 48 hours.

- *Establish a procedure for double checking all outgoing orders.* All outgoing orders should be carefully double-checked before loading to prevent wasted time and money handling returns or reshipping missed items.
- *Give prompt attention and quick dependable service to incoming orders.* Ideally, every incoming order should be filled and the merchandise sent on its way to its destination within 48 hours. Plans also should be in place to anticipate problem that arise when

orders come into the house in heavy quantities, as happens before a holiday season or specific holidays, when there isn't enough labor available to fill them, or when customary transportation facilities are overburdened.

Designing a Great Order Entry Form

If you plan to use an ordering form in your order entry system, and you most likely will, whether this form is on a piece of paper or a computer interface, heed the following advice:

Poorly designed forms cost time, money and customers.

In fact, according to a report published by a business communication newsletter, more than 5 billion forms are thrown away

each year. This happens when people try to fill out forms, make mistakes and have to start over again. Likewise, in a survey of 3,800 Modern Maturity readers, it was found that 58 percent of people who try to fill out forms give up after their first attempt.

According to a report published by a business communication newsletter, more than 5 billion forms are thrown away each year.

Basic Parts of an Order Form

Good order entry design starts by recognizing the three essential parts of all order entry forms. Order entry forms should contain an entry area for:

- customer information
- ordering information
- purchasing information

NOTE See **page 32** for examples and explanations of generic order entry forms.

Customer Info – Your entry area for customer information should include entry points for a customer’s name, shipping address, phone, Fax etc. This area also often includes your companies *ordered from* address.

Ordering Info – Your entry area for company information should include entry points for customer I.D. number, purchase order number, the date shipped etc.

Purchase Info – Your entry area for customer information should include entry points for price of the product or service, number ordered, totals, methods of payment, and part numbers and part de-

scriptions. This area may also include information or instructions on the actual ordering process. For example in the case of a mail order coupon ad, you might want to include the following instructions:

Cut out and mail this coupon today, along with seven dollars, your name, and your address.

Improving form design and content can increase office and staff productivity as much as 28%.


Order Form & Coupon Design Tips

Carolyn Boccella Bagin, director of the Document Design Center of the American Institute of Research, says that improving form design and content can increase office and staff productivity as much as 28%.

Below are **22** order form design tips to help remove obstacles to filling out order

forms and coupons and improve the efficiency of any paper based or computer based order entry system:

- 1. Ask for names, before asking for social security numbers.** Practice courtesy. This approach communicates that your organization treats people as people, not numbers.
- 2. Ask only necessary questions.** Customers like to fill out forms completely. It gives them a sense of satisfaction. However, they hate it when you make them feel stupid by requiring them to fill out entries they aren't sure how to answer. Leftover empty columns make them feel anxious. Too many questions irritate them.
- 3. Clearly state all payment options.** Having all payment options clearly

Coupon Order Form		
Harry's Pet Supplies		
Dept. 19DB, C912, 453 Dearborn, Seattle, WA 98123		
METHOD OF PAYMENT		
<input type="checkbox"/> Check enclosed <input type="checkbox"/> VISA <input type="checkbox"/> Money Order <input type="checkbox"/> Discover <input type="checkbox"/> Master Card <input type="checkbox"/> Diners <input type="checkbox"/> American Express <input type="checkbox"/> Optima Club		
ITEM NO.	QTY.	PRICE
Card No. _____	Shipping & Handling	\$2.50
Expiration _____	TOTAL	
Signature _____		
 RUSH FREE 80 PAGE FULL COLOR CATALOG		NO C.O.D. Sorry, we are unable to ship Canadian or FOREIGN orders.
Use any additional paper if needed.		
Name _____		
Address _____ Apt. _____		
City _____ State ____ Zip _____		

stated on your form, means your customer won't have to ask you and risk being embarrassed. Customers will appreciate this since many don't like asking too many questions for fear of looking stupid.

4. **Collect and save order forms.** Go out and collect a bunch of order forms from other companies. Use them as guidelines to help design your own.
5. **Consider eliminating the intimidating phrase, for office use only.** Replace it with, *please leave this space blank.*
6. **Demand action.** Put on your order form phrases like *Order Today* or *Yes I will order* (refer to Guidebook #59 "Using Words that Sell"; for additional ac-

Go out and collect a bunch of order forms from other companies. Use them as guidelines to help design your own.

tion promoting phrases).

7. **Design your forms using computer software.** To get maximum control over your order entry form, design it yourself. That way if you need to make changes later on, you can. There is special computer software specifically designed for making forms such as *Formmaker* by Lotus Corp., however any good word processor should be able to handle most of your needs.
8. **Encourage referrals.** Include on your order form, an entry point for your customers to make suggestions about others who might be interested in your company.

NOTE If you get a referral make sure the

referred customer knows that they were referred to by so and so. This is like personal endorsement.

9. List highest price items first.

When listing more than one purchase on your customer's order form, lead with the highest-priced item.

10. Include a few survey questions on your order form.

Use the answers from the survey to create more informative customer files, improve future promotions, and improve customer service.

11. Make order forms and coupons easy to fill out.

Order forms should almost write themselves. They should be user friendly for both the customer or the order taker. You should not need

Well-designed order forms reduce human errors.

a Ph.D. degree to fill them out. Before attempting to design or redesign a form ask yourself the following two questions: What do you want the reader to do?; and, What must the reader know to do it? Then give all the information and only the information they need to fill out the form in a way a grade six student could understand.

NOTE Well-designed order forms reduce human errors.

12. Make sure your order form looks like an order form.

Have the word "order form" prominently displayed on your order form. Furthermore, design the form within normal conventions. Don't try to be clever and create an order form in the shape of a gorilla, mountain or the product you're

selling.

- 13. Make your coupons easy to cut out.** Coupons should be in straight lines. Rounded corners also help since that's the natural flow of cutting with a scissors anyway.

NOTE Can you imagine how much an arthritic elderly person would hate you for making them cut out a coupon in the same of a palm tree or an octopus.

- 14. Place coupons at the bottom of a space ad and order forms on the last page of a catalog.** This is where people look for and expect these forms to be.

According to one survey source, 41 percent of the people polled said that complex forms forced them to seek outside help to complete the forms; 31% said forms were too long; and 31% said that complex documents meant they weren't getting the product or service they sought.

FUNFACT

NOTE If you have your choice try and get your coupon on a bottom right hand page.

- 15. Print a reminder on your order form, especially if you deal with telephone orders.**

Have a reminder note on your order form to make sure your customers don't forget to do something essential to the ordering process, or to encourage them to fill out an area where they otherwise might have left blank. For example, tell customers to have

credit card number, social security number, or purchase order number ready for faster service.

16. Put a dotted line around coupons.

Although it isn't essential to place a dotted line around a coupon, it can be a good idea for two reasons: it helps to prevent essential information (like an advertising key) from being left out; and it allows you to leave the address of the main part of the ad intact so that another reader, who sees the ad with the coupon already cut out, can still order from you.

17. Put your company name, address and phone number on the order form.

Putting your name, address and phone number on your order form, as well as every element of a mailing piece (if the order form is part of a direct mail promotion), means that if parts of the mailing get

separated or lost (and they will), your customer will still be able to order from you or get in touch with you.

18. Repeat your guarantee. State your guarantee right beside purchase information, to instill a sense of security and confidence in your customer.

State your guarantee right beside purchase information, to instill a sense of security and confidence in your customer.

19. Request a daytime number as well as an evening phone number.

Putting this entry on your order form allows you to contact your customer in case you have a question about their order. To make your customer feel more comfortable about providing this information, use the statement "no tele-marketers will call" or "number requested for order verification purposes

only.”

- 20. Simplify entry points for customer information.** Consider using narrative fill-in-the-blanks points of entry, especially when targeting kids such as:

My name is Jack Benign. I live in New York. My street address is . . . etc.

- 21. To process your order faster, give each customer a special customer number.** If you need to keep track of a large amount of customers, over ten thousand for instance, then you will need to invent a customer numbering system to help keep track of them. It is true that people dislike numbers, but computers love them. Your customer number could include your

Avoid fuzzy phrases such as, “payment recovery is voided” when you mean, “you can’t get you money back.”

customer’s initials, birth date, or any other piece of personal numerical information that will make it easier for them to remember. For example Henry Johnson, born February 9th, 1954 could read HJ0020954.

NOTE Consider using a person’s social security number as your own customer number. Obviously however, this strategy cannot be used if you deal with businesses.

- 22. Use words readers will understand.** Avoid fuzzy phrases such as, “payment recovery is voided” when you mean, “you can’t get you money back.” Also, cut as much jargon as possible. Don’t say, “charge for excess drip” when you mean, “charge for extending wire more

than 500 feet from the premises.”

Computerizing Your Order Entry System

Computerizing your order entry system can easily increase its overall efficiency by a factor of two or more. However, although finding the right computer powerful enough to meet the needs of your software is easy to do, finding the right software to meet the needs of your business is not so easy. In fact, using order entry software that doesn't fit in well with the natural flow of your order entry system can actually do more harm than good.

Therefore, to keep you from buying software you shouldn't and to help you recognize software you should buy, read through the following selection of **22** char-

Computerizing your order entry system can easily increase its overall efficiency by a factor of two or more.

acteristics and benefits of “The Ultimate Order entry Software:”

The Ultimate Order entry Software . . .

- 1. Allows you to link up with other computers over the telephone.** The ultimate order entry software will allow you to set up customer ordering via a computer, modem and telephone line.
- 2. Allows you to network with other computers.** The ultimate order entry software will allow you to link up with several other computers.
- 3. Allows you to send out personalized letters to your customers.**

The ultimate order entry software will allow you to send out personalized letters to your customers based upon their purchases.

4. Automatically retrieves a customer's file when they phone in.

The ultimate order entry software will automatically bring up a customer's file whenever they phone in, thus giving you a service edge.

5. Ensures there are no duplicate names in customer mailing list.

The ultimate order entry software not only organizes all your customers in a easily accessible database, but also gives you some kind of warning if a customer's name is entered slightly differently un-

The ultimate order entry software will automatically bring up a customer's file whenever they phone in, thus giving you a service edge.

der a different initial or surname, or even spelled differently. This is to ensure a customer is not entered into your database twice.

6. Has advanced as well as regular order processing features.

The ultimate order entry software has features which include:

- calculating the best way to ship an order taking into account the cost and speed
- checking if an item is in stock
- creating shipping logs for UPS and the post office
- listing whether a payment is made by check and whether they payment was large enough to cover the order

- making a back-order notation if the item is not in stock
- printing out credit card forms
- printing shipping labels

7. Has a user friendly GUI. The ultimate order entry software will have an easy-on-the-eyes graphical user interface. Colors will be bright. Areas of entry for customer, company and purchase information will immediately be apparent.

The ultimate order entry software will have a easy-on-the-eyes graphical user interface.

8. Has built in security features. The ultimate order entry software will have features to:

- backup your data easily and quickly in case of tragedy
- help keep your data secure

- limit the access to important files
- prevent data from being accidentally lost
- prevent data loss in case part of the system crashes

9. Has inventory control features in addition to its order entry features. The ultimate order entry software will be able to:

- deduct each item ordered from your inventory
- indicate the level of the inventory after updating
- compare the post-shipment inventory to some target inventory level and indicate whether the item has been reordered each time an item is ordered

- keep track of product information
- include the name of the supplier of the stock item, the price paid, date of purchase, the quantity on order, the quantity back ordered, the size and weight of the item and so on

- report the rate of item sales

10. **Has proven itself in the marketplace.**

The ultimate order entry software has lots of satisfied customers that can attest to its efficiency and overall performance.

11. **Includes numerous safety checks to make sure data isn't entered incorrectly.**

The ultimate order entry software helps keep errors in check. For example, if a customer reorders,

just by typing in their customers number or name, their complete database label pops up automatically.

12. **Is compatible with many database formats, spreadsheet applications and accounting programs.**

The ultimate order entry software can easily transfer files from one format to the next, quickly and with no loss of data.

13. **Is easily customizable.**

The ultimate order entry software can be customized to meet your specific needs. You don't have to be a programming whiz to make changes.

14. **Is fast and reliable.**

The ultimate order entry software doesn't bog down your high powered system nor have

Management problems always turn out to be people problems.

JOHN PEET

bugs in the programming code that make it crash when you need it most.

15. Is user friendly. The ultimate order entry software has a low learning curve, enabling all employees to learn and operate it easily.

16. Is written in an easily understood computer code.

The ultimate order entry software isn't written in some archaic or high tech computer code that no one but the designer understands. Therefore if the company who designed your software folds, you can still get some help or technical support.

17. Keeps all information on a single customer in one file. The ultimate order entry software doesn't scatter

The length of a meeting rises with the square of the number of people present.

EILEEN SHANAHAN

you customer information in all kinds of different files.

18. Keeps track of every piece of information an inquirer or customer provides to you. The ultimate order entry software should keep track of information such as:

- your customer's name
- firm name
- account identification number
- shipping address
- billing address if different from shipping address
- phone number

It should also keep complete information about a customer's orders including:

- order numbers
- date of entering orders, date of receipt of orders
- date orders must be shipped
- order takers initials or name
- salesperson who served them
- shipping method requested
- method of payment
- credit card number
- discount percentages
- profit on each item and on the entire order

In addition, the program should also be able to hold all personal information and other demographic information important to help meeting their needs (in-

cluding gift instructions).

NOTE There should be an automatic retrieval of all information when identification number, customer name, or even a phone number is typed in.

19. Makes quick calculations and format pertinent data relating to all customers.

The ultimate order entry software can make various calculations upon request such as:

- purchase amount this year
- profit this year
- number of purchases this year

The ultimate order entry software can also retrieve key information such as:

The ultimate order entry software keeps track of profit on each item and on the entire order.

- advertising source of first order, date of first purchase
- credit information
- date of last previous purchase
- gift giver or receiver
- personal characteristics of customer
- tax exempt status
- complete information on ALL orders

20. Keeps track of advertising

performance. The ultimate order entry software keeps track of which advertisement or catalog triggered an order. The program should also be able to keep track of each advertising medium in proportion to sales and costs.

The ultimate order entry software keeps track of which advertisement or catalog triggered an order.

21. Processes every order received completely so that no additional paperwork or entry is required.

The ultimate order entry software automatically brings all inventory up to

date noting decreases in stock etc., makes additions to a customer's order record, and even prepares invoices or sales orders as well as shipping labels upon request. In other words, the ultimate order entry software requires a one time only entry.

Other files don't need to be manually updated.

22. Supplies an analysis of existing records in order to help you make improvements.

The ultimate order entry software can provide you with daily, weekly or on demand reports of

sales, inventory stock levels, sales results by item, sales results by advertisement, and of other topics of interest to management including accounting.



The ultimate order entry software requires a one time only entry. Other files don't need to be manually updated

The “Top Five” Mail Order entry Software Programs

THE FOLLOWING SOFTWARE titles are geared towards mail order houses. For examples of order entry software suitable for businesses

The Controller +

Sigma/Micro Corporation
1238 N Pennsylvania Street
Indianapolis IN 46202
317-631-0907; 800-227-4461
inventory control and catalog management

The Mail Order Accountant

Goldsmith & Associates
48 Shattuck square # 86
Berkeley CA 94704
415-540-8396
mail order fulfillment software

Profile 90 / Coral Companies

Prudential Plaza, 18th Floor
1050 17th Street
Denver CO 80265
303-820-3000; 800-262-6275
order processing software for mail order

Response / CoLinear Systems

1000 Johnson Ferry Road #F-130
Marietta GA 30067
404-578-0000
order entry software for direct marketers

T.O.P.S. Software

AIRS Inc, P O Box 43161
404-949-4019
mail order processing software

Glossary of INCO Terms

IN ORDER TO AVOID misunderstandings, “Incoterms” were established by the International Chamber of Commerce as a standardized set of trade terms which describe the seller’s and buyer’s rights and responsibilities. **ALWAYS** use Incoterms when making price quotations to foreign markets.

C&F: Cost and Freight – The seller’s price includes the cost of the goods and transportation up to a named port of destination, but does not cover insurance. Under these terms, insurance is the responsibility of the buyer/importer.

CIF: Cost, Insurance & Freight – The seller (exporter) pays for insurance plus loading and unloading costs and freight charges. This is maximum seller obligation.

EWX: Ex Works – The buyer assumes all risks and costs involved in shipping merchandise from the exporter’s premises to their final destination. The seller’s sole responsibility is to make the goods available to the buyer at their premises. This agreement is also called *Ex Factory*.

FAS: Free Alongside Ship – The exporter has title to the goods and the responsibility for handling them only until they are placed alongside the ship at the port of embarkation, at which point the buyer assumes all costs and risks.

FOB: Free on Board Vessel – The seller’s price includes the cost of the goods, transportation to the port of shipment, and loading charges on a vessel. This can be a ship, railway car, or truck at an inland point of departure. The seller’s responsibility for the goods ends when they are placed on board at the named point. Loss or damage to the shipment afterwards is the responsibility of the buyer. *FOB Airport* is used when air transport is involved.

FOT, FOR: Free on Truck, Free on Rail – The seller is responsible for loading goods onto the railway wagons or truck. The buyer then takes responsibility for moving the merchandise to its destination.

Glossary of Commercial Terms Used in Invoices & P.O.s

THE FOLLOWING TERMS are commonly used around the world for invoices and purchase orders of imported or domestically purchased goods or materials:

Bill of Lading – A *Bill of Lading* is a document issued by a transportation company (such as a shipping line) to the shipper, which serves as a receipt for goods shipped, a contract for delivery, and may serve as a title document.

The four major types are:

Straight (non-negotiable) Bill of Lading – Indicates that the shipper will deliver the goods to the consignee. It is often used when the goods have been paid for in advance.

Order (negotiable or “shippers order”) Bill of Lading – This is a title document which must be in the possession of the consignee (buyer/importer) in order for him to take possession of the shipped goods.

Air Waybill – A Bill of Lading issued for air shipment of goods, which is always made out in straight non-negotiable form.

Overland/Inland Bill of Lading – Similar to an Air Waybill, except that it covers ground or water transport.

A/R – All risks

A/S – At sight

B/L – Bill of Lading

Bs/L – Bills of Lading

CAD – Cash against documents

C&F – Cost & freight

C&I – Cost & insurance

CIF – Cost, insurance, freight

CIF&C – CIF plus commission

CIF&E – CIF plus exchange

CIF&I – CIF and interest

COD – Cash on Delivery

C/S – Case(s)

CWT – Hundred weight (112 or 100 lbs.)

D/P – Documents against payment

FAA – Free all average (insurance)

FAS – Free alongside (ship)

FOB – Free on board

FPA – Free of particular average (insurance)

GA – General average (insurance)

IB – In Bond

L/C – Letter of credit

LCL – Less than carload lots

M/V – Motor Vessel

NCV – No Commercial Value

N.O.P. – Not otherwise provided

N.O.S. – Not otherwise specified

P.A. – Particular average (insurance)

P.L. – Partial Loss

Pro-forms – Form for the guidance only, e.g., “pro forms invoice”

SD – Sight Draft

SS – Steamship

TBL – Through bill of lading (from point of original to final destination when transshipment required)

TT – Telegraph (or cable) transfer (of money)

W/M – Weight or measure

WPA – With partial average (insurance)

WR – War Risk (insurance)

Form #36 – The “Purchase Order”

This number must appear on all related correspondence, shipping papers and invoices

P.O. #	63456
Date	1/2/95
Attention	Jack Shaker

CUSTOMER INFO

2/10, n/30 – means that the bill is due within 30 days but the buyer can deduct 2 percent if the bill is paid within 10 days from the date appearing on the invoice.

Name:	Ordered From:	Name:	Ship To:
	Shapple Wholesalers		J. J.'s Discount Jewelry Shop
	Address:		Address:
	473 Brighton Dr., Bloomington IL 60108		2205 W. Devon St. Chicago IL 60659
Phone/Fax:	1-800-444-7900; Fax 312-644-0001	Phone/Fax:	312-567-8000; Fax 312-567-1234

Please notify us immediately if you are unable to ship complete order by date specified

Please Deliver By	Account Number	Purchasing Agent	Ship Via	F.O.B. Point	Terms Requested
Jan. 6, 95	JJ012345	J. Johnston	Links	Bloomington	2/10, n/30, C.I.F.

C.I.F. (Cost, insurance and freight) – means that the seller pays the total cost of shipping the product to the buyer.

Form #37 – The “Sales Order”

Our Tax Registration #	Salesperson	Shipping Date	Shipped VIA	F.O.B. Point	Terms Offered
89-3678955	B. K. Shelly	1/6/95	Links	Bloomington	10% cash discount

ORDERING INFO

2/10oem – means that a 2 percent discount will be allowed if the bill is paid within 10 days after the end of the month (eom).

Form #38 – The “Invoice”

Our Tax Registration #	Reg- Salesperson	Date Shipped	Shipped VIA	F.O.B. Point	Terms Offered
89-3678955	B. K. Shelly	1/6/95	Links	Bloomington	2/10oem, F.O.B.

Form #39 – The “Return Authorization Form”

Our Invoice #	Your P.O. #	Our Invoice Date	Date Returned Goods Received	OTHER	Terms			
99865	63456	Jan. 6, 95	Jan. 22, 95	–	5% restocking fee			
Quantity Ordered	Item Number	Description	Number Returned	Unit Price	Total			
10	#00124	1/4 Carat Diamond Engagement Ring	4	750.00	3,000.00			
20	#00231	Pearl Necklace	5	300.00	1,500.00			
10	#00123	Opal Studded Gold Wedding Band	2	250.00	500.00			
30	#00233	20 Inch Gold Chain	10	25.00	250.00			
100	#00189	50 Costume Jewelry Cameo Broach	50	6.50	325.00			
30	#00678	10 Silver Heart Charms	10	5.00	50.00			
<input checked="" type="checkbox"/>	Reason for Return:				Subtotal	5,625.00		
<input type="checkbox"/>	Overstock	COMMENTS: Damaged during shipment.	CREDIT ISSUED FOR \$ 5,737.50	Sales Tax	393.75			
<input type="checkbox"/>	Order was canceled				NO CREDIT WILL BE ISSUED (circle if applicable)	Restocking Fee	(281.25)	
<input type="checkbox"/>	Order duplicated						Other	
<input type="checkbox"/>	Arrived too late							
<input checked="" type="checkbox"/>	Damaged							
<input type="checkbox"/>	Error on Invoice							
<input type="checkbox"/>	Wrong Item							
<input type="checkbox"/>	Other:			TOTAL	5,737.50			
Date: Jan. 23, 95		Authorized By: Glen Miller						

F.O.B. (Free on Board) – means that the seller only pays to move the product to the ship or plane. The buyer must pay the rest of the shipping cost.

PURCHASING INFO