

# Sales

## Understanding Direct Ship Purchase Orders

### Definition:

A "Direct Ship Purchase Order" is used to supply product for a Sales Order, where the product is shipped directly from the Supplier to the Customer/Receiver. The product is never seen by the Shipper, nor placed into on-hand inventory. The Shipper pays for the product through the Direct Ship Purchase Order, and receives payment for the product through the Sales Order invoicing process.

### Example Scenario:

A salesperson creates a Sales Order, probably knowing at the time that some or all of the product will be directly shipped from a Supplier to the Customer. The salesperson relies mostly on industry experience to know which Suppliers to use, and what products those Suppliers can offer. Sometimes the salesperson will use more than one Supplier to satisfy the Sales Order, in fact more than one Supplier might be used to supply product for a single Sales Order product line. Envio facilitates creating the Purchase Order directly from the Sales Order, so that knowledge of products and quantities sold can be automatically copied from the Sales Order to the Purchase Order.

The salesperson contacts the Supplier(s) to confirm that they have the required quantity of product available, agree on its price, possibly discussing freight terms, and exchanging reference numbers. The salesperson then books the truck (Carrier), including agreement of freight terms with the Carrier. A document is sent to the Supplier to confirm these details, including knowledge of the Carrier, the product(s) and quantities to be shipped, the destination of the product (the Receiver), and when the truck will arrive to pick up the product. Some Shippers will also send a document to the Carrier with the same or similar information.

After the truck has picked up the product from the Supplier, the Supplier will communicate to the Shipper the quantities actually shipped (via fax, phone call, EDI, etc). Most of the time the quantities and products shipped are exactly what was ordered from the Supplier. In those cases, the salesperson then goes into the Sales Order and marks that shipping is complete: all product has been shipped. Envio then updates the shipped quantities and amounts on the Sales Order and on the Purchase Order. Thus only one entry is made.

In cases where the products and/or quantities shipped differ from what was ordered, the salesperson goes into the Purchase Order Receiving and enters the shipped quantities/products. Again, this would update shipped quantities and amounts for both the Purchase Order and the Sales Order with one entry. The shipped product is paid for via normal Purchase Order processing, and the Shipper receives payment from the Customer via normal Sales Order invoice processing.

Unique solution ID: #1052

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Last update: 2017-05-15 20:34