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**Creating a Membership**

Definition:

Membership, Club Membership, Club, PM, MA, Maintenance Agreement, Preventative Maintenance are all the same and have to do with reoccurring scheduled visits or benefits for your clients.

*KEEP IT SIMPLE*

Do not create a membership for each client, standardize your maintenance agreements and sell them as they are designed.

When different agreements are created per client it makes the list to sort through sloppy and hard to find things. This also causes more human error as people will select the wrong agreement when selling them.

When agreements are not standardized it makes it tough to use reporting to plan. Some things needed for planning are, how many visits are due as well as how many pieces of equipment are going to cleaned to account for time.

**Best Practices** [(top)](#a7)

Typically, there are a few factors to determine how to set up an agreement.

* How many visits.
* How much time each visit will take.
* What materials/benefits are included.
* Auto Renew
* Monthly or Yearly subscription

In ThermoGrid we have a default that is the easiest way to setup and sell memberships.

Here’s a summary of them.

* Silver: 1 visit, 12-month plan, auto renew, one system, safety inspection, discounts, $11.95/month
* Gold: 2 visits, 12-month plan, auto renew, one system, safety inspection, discounts, full cleaning, $19.95/month
* Platinum: 2 visits, 12-month plan, auto renew, one system, safety inspection, discounts, full cleaning, service in 12 hours guaranteed, red carpet vendor list, $29.95/month
* Extra system add-on $9.95/month

Clear, concise, and easy to remember. If it is possible, 4 is perfect but try to keep less than 7 different plans to accommodate all of your scenarios. If the technicians can not remember all of your options, they will not talk about them and your conversion will be low.

Accounting wise it could be more beneficial to charge as one payment for the full year because it reduces the number of transactions by 12 times to reconcile.

*Example: $19.95/month = $239.40/year instead.*

The downfall in this is it can reduce the conversion ratio on what techs will typically sell because with a repair of $350 plus the Agreement for $239.40 is $589.40 now. The higher the ticket the harder it is for some to afford.

This is one of the areas you can weigh the pros and cons and choose what makes the most sense for your company.

Either way it will be important to set up your memberships properly as well as the visits when performing the maintenance.

Example: Some do a visit now and then charge $19.95/month for 6 months to cover the visit. This means you are charging arrears and will cause you to be short on revenue. Some will cancel before they pay the amount, they owe you. This revenue will add up over time and impact your financials.

It is best to charge today and every month, from here the visits will be due after 6 month and 12 months. This way they have paid the amount in previous to you doing the work.

**QuickBooks Desktop** [(top)](#a7)

ThermoGrid will insert the Income account for QBD. The account is called "TGMA-Memberships", the item is called "TGM-Memberships". These accounts cannot be edited, or you will break your sync connection.

**Add Membership Subscription to TG**

Create Membership

1. Administration
2. Club Memberships
3. Edit
4. + Add Row
5. Fill out all of the cells (Membership = Name Rep will choose when adding membership to a client)
6. Done *account to the membership plan*
7. Edit a current plan
8. Edit QuickBooks Online
9. Select Deferred Revenue Account
   * Example: “Club Revenue”
10. Save

**Add Item to sell in the service catalog** [(top)](#a7)

Item 1 Sell - Example

* Type = Tasks & Equipment
* Category = Service
* QuickBooks Account = “Service” or whatever your account name is in QB for service. This item will be zero dollars so doesn’t matter. TG will sync to “TGMA-Memberships" as far as the subscription.
* Description = Example “Purchase Membership Maintenance – $19.95/month auto reoccurring and auto withdraw”
* Retail Override Amt = (**$0**)
* Labor = cost for labor to perform example $0
* Commission = No
* Retail override = No
* Description Override = No
* Calculate Retail Using Gross Margin = No
* Save

**Add Item to perform in the service catalog** [(top)](#a7)

Item 1 Perform - Example

* Type = Tasks & Equipment
* Category = Service
* QuickBooks Account = Example: “Service” or whatever your account name is in QB for service. This item will be zero dollars so doesn’t matter.
* Description = Example “Perform Membership Maintenance”
* Retail Override Amt = (If you’re doing 2 visits per year and you charge $19.95/month then you already charged the client so this item will be **$0**)
* Labor = cost for labor to perform example $45
* Commission = No
* Retail override = No
* Description Override = No
* Calculate Retail Using Gross Margin = No
* Save

**QuickBooks Online** [(top)](#a7)

QBO has a lot of great features. You are able to name the accounts anything you wish.

You’re are also able to sync as:

1. Income
2. Deferred revenue

**Realize as income**

If you sync as income you need an account in QBO created as an income account and tie that account to the subscription in TG. When you take it as income as you charge the client it means you will not be able to give credit to the technicians for their average ticket. If you did give them credit you would be double counting revenue.

**Create Account in QBO** [(top)](#a7)

*Setup QuickBooks income account for memberships.*

* Cog Wheel – Settings 
* Chart of Accounts
* New 
* Account Type “Income”
* Detail Type “Sales of Product Income”
* Name Example: “Club Revenue”
* Save and Close 

***Sync accounts from QuickBooks to ThermoGRID*** [(top)](#a7)

* Administration>Company settings>QuickBooks Settings>QuickBooks Online>Manage QuickBooks Online>Edit
* Chart of accounts (Note you may need to click “Actions” and refresh to pull the accounts in from QuickBooks)
* Check the box for the Income account “Club Revenue” that you created in QBO.
* Actions
* Track selected Accounts

***Setup settings of sync methods for memberships and orders*** [(top)](#a7)

Order Sync Settings

* Sync Order as
* Invoice
* Sync Order Payments
* Yes, Sync Payments

Membership Sync Settings

* Sync Membership Subscription as
* Invoice
* Sync Membership Subscription Payments
* Yes, Sync Payments
* Save

***Setup membership subscription in ThermoGrid*** [(top)](#a7)

Create Membership

Administration>Club Memberships>Edit >+ Add Row

* Fill out all of the cells (Membership = Name Rep will choose when adding membership to a client)
* Done  *deferred revenue account to the membership plan*
* Edit a current plan

From here we can add the details to each agreement.

1. Add Visits
2. Units
3. QuickBooks account mapping (Online only)

To do this click the pencil on the left of the plan you wish to setup.

+ Add visit

* Example of a club membership that has 2 visits per year.
* Visit = Visit 1 Maintenance
* Description = Clean full system and safety inspection
* Due After = 6 months
* Save (disc on the right)

+ Add Row

* Visit = Visit 2 Maintenance
* Description = Clean full system and safety inspection
* Due After = 12 months
* Save (disc on the right)

Click Edit on the bottom section.

+ Add Unit (in the bottom right)

Unit = select what can be covered under this membership. It doesn’t mean all of these items are covered collectively. This is important to set this up because when you add an agreement to a client you can select their equipment making it where you will have better reporting and know what equipment is included.

No. of Units = 1 means only one of each type of unit... 2 means 2 of each type of unit. So, if this membership covers 3 systems you would put 3 in.

Comments = any notes you want to add.

Add as many units as you want, just because you add 8 units it does not mean this covers 8 units...It means this club can cover one or more of these types of units you added.

Edit QuickBooks Online, Select Deferred Revenue Account, Example: “Club Revenue”

Save 

**Add Item to sell in the service catalog** [(top)](#a7)

Item 1 Sell - Example

* Type = Tasks & Equipment
* Category = Service
* QuickBooks Account = Example: “Club Revenue”
* Description = Example “Purchase Membership Maintenance – $19.95/month auto reoccurring and auto withdraw”
* Retail Override Amt = (**$0**)
* Labor = cost for labor to perform example $0
* Commission = No
* Retail override = No
* Description Override = No
* Calculate Retail Using Gross Margin = No
* Save

**Add Item to perform in the service catalog** [(top)](#a7)

Item 1 Perform - Example

* Type = Tasks & Equipment
* Category = Service
* QuickBooks Account = Example: “Club Revenue”
* Description = Example “Perform Membership Maintenance”
* Retail Override Amt = (If you’re doing 2 visits per year and you charge $19.95/month then you already charged the client so this item will be **$0**)
* Labor = cost for labor to perform example $45
* Commission = No
* Retail override = No
* Description Override = No
* Calculate Retail Using Gross Margin = No
* Main Component Tags = Perform Visit
* Save 

**Setup QuickBooks Deferred Revenue**[(top)](#a7)

**Deferred Revenue for Memberships (Online only):** In this example we will be showing how to setup up a monthly subscription membership payment, have it sent to deferred revenue, and then when the work is performed have it automatically pull from deferred revenue and post as income to a P&L.

*Setup account for deferred revenue.*

* Cog Wheel – Settings 
* Chart of Accounts
* New 
* Account Type “Other Current Liabilities”
* Detail Type “Other Current Liabilities”
* Name Example: “Club Deferred Revenue”
* Save and Close 

*Setup QuickBooks income account for memberships.*

* Cog Wheel – Settings 
* Chart of Accounts
* New 
* Account Type “Income”
* Detail Type “Sales of Product Income”
* Name Example: “Club Revenue”
* Save and Close 

**Convert existing clients to deferred revenue.**

When changing to deferred revenue you need deferred revenue in the deferred revenue account to pull from. The easiest way to do this is a couple journal entries. One will be to reduce income from the P&L income account club maintenance. We need to account for **all** money paid in that your clients are still owed services for. Whatever amount you reduce your income account you will do a journal entry to deferred revenue.

**Example purposes only consult your CPA:**

Example 1: A client on a 12-month plan, 2 visits/year, that is $20/month and they have paid in 7months already. The amount that needs to be in the deferred revenue account is $140 and that also would-be revenue removed from the P&L. When the first visit is complete very soon because it is due, you add the Item on the order estimate that will debit deferred revenue and credit the income account club maintenance (P&L).

Once all the remaining steps are complete this is what will happen automatically as the tech adds the item on the order estimate.

Example 2: If you sold a 10-year membership where the client prepaid $200/year = $2000 and you completed 3 years’ worth of visits than the amount remaining you owe services for is $1400. This should be in the deferred revenue account and removed from the revenue on the P&L.

**Setup ThermoGRID** [(top)](#a7)

***Sync accounts from QuickBooks to ThermoGRID***

Administration>Company settings>QuickBooks Settings>QuickBooks Online>Manage QuickBooks Online

* Edit
* Chart of accounts (Note you may need to click “Actions” and refresh to pull the accounts in from QuickBooks)
* Check the box for the deferred revenue account “Club Deferred Revenue”, the income account “Club Revenue”, and the “Clearing Agreements”.
* Example: “Club Deferred Revenue”
* Example: “Club Revenue”
* Actions
* Track selected Accounts

***Setup settings of sync methods for memberships and orders***

Order Sync Settings

* Sync Order as
* Invoice
* Sync Order Payments
* Yes, Sync Payments

Membership Sync Settings

* Sync Membership Subscription as
* Invoice
* Sync Membership Subscription Payments
* Yes, Sync Payments
* Save

*Setup membership subscription in ThermoGrid*

1. Create Membership
2. Administration
3. Club Memberships
4. Edit
5. + Add Row
6. Fill out all of the cells (Membership = Name Rep will choose when adding membership to a client)
7. Done *to the membership plan*
8. Edit a current plan
9. Edit QuickBooks Online
10. Select Deferred Revenue Account
    * Example: “Club Deferred Revenue”
11. Save

**Adding a membership to the Club Section of ThermoGrid** [(top)](#a7)

*Administration>Club Memberships>Edit>+Add Row*

Here you will see many columns you can fill out, let’s explain each of them to you.

* Membership Name - Each name needs to be unique, so you know which one to choose when adding to a clients account. Make sure the name gives enough info to determine which one to select.
* Description - This is internal information to know what all is included.
* Duration – This allows you to choose how long each membership is for. 12 months, 36 months, etc. Once the duration is complete this membership will expire.
* Auto Renew - If yes it will automatically add a new membership to the clients account when the previous one expires.
* Price - How much are you charging monthly or yearly, this is going to be a default and you can override when you add an agreement to a client. (make sure Billing option matches)
* Billing Option - Charge client Monthly or Yearly
* Click "Done"

If you want to rearrange your agreements simply click the three horizontal lines (hamburger) on the far right of the plan.

From here we can add the details to each agreement.

1. Add Visits
2. Units
3. QuickBooks account mapping (Online only)

To do this click the pencil on the left of the plan you wish to setup.

+ Add visit

* Example of a club membership that has 2 visits per year.
* Visit = Visit 1 Maintenance
* Description = Clean full system and safety inspection
* Due After = 6 months
* Save (disc on the right)

+ Add Row

* Visit = Visit 2 Maintenance
* Description = Clean full system and safety inspection
* Due After = 12 months
* Save (disc on the right)

Click Edit on the bottom section.

+ Add Unit (in the bottom right)

Unit = select what can be covered under this membership. It doesn’t mean all of these items are covered collectively. This is important to set this up because when you add an agreement to a client you can select their equipment making it where you will have better reporting and know what equipment is included.

No. of Units = 1 means only one of each type of unit... 2 means 2 of each type of unit. So, if this membership covers 3 systems you would put 3 in.

Comments = any notes you want to add.

Add as many units as you want, just because you add 8 units it does not mean this covers 8 units...It means this club can cover one or more of these types of units you added.

**Adding a membership to the Service Catalog** [(top)](#a7)

*Administration>Manage Service Catalog> Manage Service Catalog Items>+Add Item*

There are 2 things you need to keep in mind for managing agreements in the service catalog.

1. Selling an agreement.
2. Performing the visit.

To sell the agreement we need a line item in the service catalog that we can select on the order estimate. This item will tell the client what they are charged (in the description, not the price area), when they will be charged, and the benefits included. This is basically your terms for signing up. We recommend that the line item is a zero-dollar amount and when you add the agreement to the client the membership subscription will charge them.

Item 1 Sell - Example

* Type = Tasks & Equipment
* Category = Service
* QuickBooks Account = Example: “Club Revenue”
* Description = Example “Purchase Membership Maintenance – $19.95/month auto reoccurring and auto withdraw”
* Retail Override Amt = (**$0**)
* Labor = cost for labor to perform example $0
* Commission = No
* Retail override = No
* Description Override = No
* Calculate Retail Using Gross Margin = No
* Save

Another item we need in the service catalog is the item to select when performing a membership.

\*You will add 3 items one that will debit deferred revenue and one to credit income and one that will not sync to QBO.

Item 1 Perform - Example

* Type = Tasks & Equipment
* Category = Service
* QuickBooks Account = Example: “Club Revenue”
* Description = Example “Perform Membership Maintenance”
* Retail Override Amt = (If you’re doing 2 visits per year and you charge $19.95/month then this would be **$119.70**)
* Labor = cost for labor to perform example $45
* Commission = No
* Retail override = No
* Description Override = No
* Calculate Retail Using Gross Margin = No
* Main Component Tags = Perform Visit
* Save

Item 2 Perform –

* Search for “Item 1”
* Click the circle next to the edit button
* Copy Item
* Change Category to something techs do not use.
* QuickBooks Account = Example: “Club Deferred Revenue”
* Description = Example “Prepaid”
* Retail Override Amt (If you’re doing 2 visits per year and you charge $19.95/month then this would be **-$119.70**) *(This will be a negative amount, so it debits deferred revenue)*
* Labor = cost for labor to perform example $0
* Delete out the Main Component Tags
* Accessory Component Tags = Perform Visit
* Save

Item 3 Perform –

* Search for “Item 1”
* Click the circle next to the edit button
* Copy Item
* Change Category to something techs do not use.
* QuickBooks Account = Example: doesn’t matter
* Description = Example Description of services included in the agreement.
* Retail Override Amt (If you’re doing 2 visits per year and you charge $19.95/month then this would be **$119.70**) *(This will be a negative amount, so it debits deferred revenue)*
* Labor = cost for labor to perform example $0
* Delete out the Main Component Tags
* Accessory Component Tags = Perform Visit
* Uncheck –“Sync Item to Quickbooks”
* Save

By having all three of these line items pull in it manages deferred revenue, income, performance credit. QuickBooks does not have a good way of managing deferred revenue, so we are tricking the system in making it as automatic as possible. Because we have this third Item allowing us to give credit to technician’s average ticket, we will need to do a journal entry in QuickBooks. The account we created “Clearing Agreements” needs to have a balance of zero dollars when you do your reviews and end of year.

Pay full upfront in field item [(top)](#a7)

**Closing a Visit** [(top)](#a7)

**Visit gets completed.**

When you add a call, you will see the visits due and can check the box. It will ask if you want the visit completed now or after the call closes. If the work is done you can close the visit now but if it is not, it is recommended to close the visit when the call closes. The reason for this is the visit may cancel or reschedule and we want to see this visit still needs to be done.

**How to close visit when cannot get ahold of them** [(top)](#a7)

If you cannot reach the client to schedule their visit you can complete the visit and continue to let the membership run. There are a few things you need to do to make this happen.

If you process memberships as deferred revenue you need to create and order and select Example: “Performed Maintenance Agreement Visit” and submit the order as well as sync it to QuickBooks. This will take care of all the money and numbers. Under the client section, memberships, you need to check the box for the visit to complete it. Put in the membership notes, could not get ahold of the client.

Wants to sign up and

**Agreement’s report** [(top)](#a7)

There are many different reports you can pull for various reasons.

Current club members

Customers that have never had a membership.

Customers that have had a membership but don’t now.