What’s The Difference Between a Work Order and an Invoice?



A work order is a document that assigns a service to be completed for a customer. An invoice is a document that provides an itemized list of the services provided and the charges for each.

They are used together just like a purchase order and an invoice are used.

What is a Work Order?

As you’ll learn in our work order vs. purchase order blog post, a work order is used to designate tasks or jobs for customers that are scheduled and assigned to a staff member.

Work orders are most often used in field service industries such as utility installation and service and maintenance work.

A customer or resident submits a request to report an issue that needs attention. The work order is created and then assigned to someone on the staff to take care of.

If a customer calls customer service to repair or replace equipment, a work order

is created and assigned for someone to visit the home and take care of on or before a certain date.

In most situations, the work orders are part of a customer request, but they can also be used as follow-ups for audits or inspections that indicate the need for repairs.

How Work Orders Are Used

Work orders are used the same way purchase orders are used. Where purchase orders are used to indicate the need to purchase products, work orders are used to indicate the need for services.

The work order includes:

- Description of the job, task, or need
- Name of the requestor – department or individual (customer information and contact information)
- Estimated completion date
- Name of the person who will be completing the task (may be in-house or require a third-party)
- Location of the activities – often a property address where the customer lives or the location of the apartment that needs work.
- Prerequisites to completing the end goal (such as parts, tools, documentation)

> *Work orders and invoices go hand in hand. A work order is issued first, and an invoice is issued after the work is completed.*

What's an Invoice?

An invoice is a bill sent to a customer or client after you have provided the goods sold or the services have been rendered. Invoices are used in conjunction with work orders to indicate the amount of money the buyer owes the seller. You may also hear invoices called "statements", "sales invoices" or "bills".

The invoice typically includes:

- Date of invoice
- Invoice number
- Work order number
- Quantity of goods/services provided
- Price of each purchase
- Discounts, if applicable.
- Taxes, if applicable
- Total amount due
- Name and address of buyer
- Name and address of seller
- Signature of authorized agent
- Payment terms
- Due date

How Invoices Are Used

Typically, invoices describe the products or services that were provided to the customer. It includes the price of the products or services, along with the payment terms.

Invoicing occurs in response to a work order – so the work order comes first.

Customers may also request an estimate before deciding if they want to hire a business to take care of a certain project.

The estimate serves as a preview of the invoice from the seller. The buyer can use it to build an accurate work order.

Invoices are used to help small businesses track their revenue and expenses.

They also provide a written record of goods and services you've delivered to customers, along with how much each customer was charged.

This makes it easier to tell which accounts are complete and paid for, and which accounts have an outstanding balance.

It makes things much easier for the accounting department to spot when it's time to add late fees for late payment.

Similarities and Differences Between Invoices and Work Orders

- The work order is prepared by the buyer when they order the services. An invoice is created by the seller to request payment for the services rendered.
- The work order is sent to the seller, while the invoice is sent to the buyer.
- The work order lists the order details with an expected completion date. The invoice includes the price of the order, the terms of payment, and the payment due date.
- A work order is generated when the customer places the order, while an invoice is created when work order is complete.
- A work order details the contract of the sale. The invoice confirms the sale.
- Buyers use work orders to track accounts payable and sellers use invoices to track accounts receivable.
- Both the work order and invoice include details about the order specifics, but the invoice also includes the invoice number, date of delivery and work order or purchase order or PO number.
- Both the work order and the invoice are legally binding documents.

Understanding the difference between work orders and invoices is crucial to properly managing business operations and finances.

Learning how to use both of them effectively ensures proper record keeping and data collection.

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