# Departments and Classes Overview

Departments and classes are categories that users with the Administrator role can create to identify, categorize and track records such as financials, transactions, and employees. There is no limit to the number of departments or classes you can create.

Departments are listed first on transactions, and are useful when designating transactions and employees as part of an internal team. For example, you can create a department for each team of employees dedicated to a certain area of business (Sales, Marketing, Accounting and others). Then you can track income and expenses by each department over any time period in the reports. Also you can use the classification to departments in Sales Forecasting with the Forecast vs. Quota by Department Report or the Alt. Sales Forecast vs. Quota by Department Report.

Classes are useful for wider segments within your business. For example, if you have created a department for your sales team, you can create classes to track information on sales transactions such as new customers and repeat customers. Sales orders would then indicate whether the transaction was created for a new or repeat customer. This is useful in tracking where income and expenses are generated.

To set up departments, go to Setup > Company > Classifications > Departments > New.

To set up classes, go to Setup > Company > Classifications > Classes > New.

After you have set up departments and classes, you can select them on forms and records.

**Note:** Custom Segments are custom classification fields similar to class and department. You can use the Custom Segment feature to create an unlimited number of custom segments and add them to specific record types. For more information, see Custom Segments.

## Related Topics