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Greetings!

As has been my habit since I started writing this weekly missive, the one topic I have repeated every year is Physical Count. I normally do this in January, but it has been pointed out to me that it would be helpful to have this information before January, so I have moved my Physical Count series up one month. If you were looking forward to hearing about the new features in latest version of CounterPoint, you will be waiting one more month.

This information is not new, but it is timely. Even if you have read my Physical Count emails in the past, I suggest you take two minutes and re-read the best practices. It's always a good idea to be reminded (also called nagging - sorry about that).

J. Lombardi

Almost every CounterPoint customer will take a physical count sometime between now and the end of January. That makes this an excellent moment to review what I consider to be "best practices" for your physical count.

This first thing you should consider when starting your physical count is the type of inventory you will be counting. Where is the inventory? Regardless of whether it is in the store, a warehouse, your garage, or the truck of your car, you need to account for every place you have stored inventory. Whether you are counting gift items, trees, or shoes, the basic steps needed do not really change. Therefore, please bear in mind that what I am about to share is somewhat generic; however, the basic principles are true, regardless of whether you are selling swim suits, roses, beanie babies, or widgets to the west coast on Tuesday after 3:00 pm EST.

Best Practices for Physical Inventory

1. If the three principles of real estate are location, location, location; then the three principles for your physical count process is planning, planning, and more planning. Some of the questions you should ask yourself include:
 - a. Who will be helping me count the store? Is the staff experienced in the process? How much supervision will they need? Investing your time and effort in this phase will pay off big later in the quality of the count.
 - b. How familiar with the inventory are the people taking physical count? Unless you are planning to have a service come in and count items at a price point only, having some familiarity with not only speed up the count but improve the value of the data collected.
 - c. How much inventory is there to count? Normally, January is the slowest time of the

year for most of my retailers, so taking a physical count works, not only because business is a little slower, but because your inventory levels are usually at their lowest point at this time of the year. I won't even mention the tax man and his part in the timing process. Please allow enough time to get a good count.

- d. Are you going to count a section at a time? Who is going to count each section? Make sure that, if you divide the store or the warehouse, it is clearly defined and understood by all the parties involved as to who is responsible for what! Also, make sure all the areas are defined. Don't forget the backroom, the bathroom in the warehouse, and the three trucks where they throw stuff! Define every area and assign someone to count that area.
- e. Are you counting multiple warehouses, stores, or locations? Please allow enough time to get a completed count at one location before moving to the next location. This is not a rule, but definitely a best practice.

2. Should I count the entire store at one time? It depends.

Let's look at the pros of doing a full store count at one shot. You complete the process in a shorter period of time, although it's usually one long day and a longer night. Because you are counting everything at once, you may get a better count because everything was looked at and accounted for in a single effort. On the downside, it may get a poor count if, because of trying to get everything done in one day, the quality of the count was lacking. Again, review your planning steps; they are the key!

Counting everything at one time depends on whether you can count the entire store at one time. I have often been asked, "*Should I close my business to take a physical inventory?*" I often answer the question with another question, "*Can you close your business for a day to take physical count?*" If you can close the store without harm, then the answer to this question is "Yes." However, if the answer is "No," then review the planning stage of your physical count process carefully.

Next, your count process will depend on your hours of operation. Many of my retailers are now open 7 days a week and, depending on your business, you may even be open 24 hours a day. This means that closing the business to take physical count is out of the question. That leaves you with one of two alternatives: count at night after the store closes, or count while the store is open, the latter being our last choice. Cycle counts may be the key for you, but I will save that discussion for a couple of weeks from now.

3. Will you be using a data collector? A data collector is a device that reads bar codes and may prompt you with a quantity. This is not a wireless unit, so distance doesn't matter. If you are using a data collector, I would encourage you to download your bar code file into the data collector. The normal process is to scan the bar code and then scan the next bar code and the next until all the items in your store are scanned. You may have a prompt for quantity, but a lot of our customers will just default to one and keep scanning merchandise. If you haven't downloaded the bar codes from CounterPoint into your handheld scanner, then you may scan a bar code which is not on file in CounterPoint. When CounterPoint uploads the item file, it will reject that line. Trying to find the item after it was scanned is almost impossible. So, please, make sure your handheld has enough memory to store your bar codes. This will definitely be your best practice!

If you would like to add a hand-held device to your system, I am sure your CounterPoint rep will be happy to help you. These are great units and start as low as \$ 800 with a mid-range unit selling for around \$ 1400, depending on how much RAM you put into the unit.

Next week's topic - Steps to take a Physical Count

J. Lombardi

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Contact Information

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Quote for the week: *"Luck is infatiated with the efficient."*
Persian Proverb

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