INVENTORY COUNTING CHART

Take Time for Inventory Accuracy

Counting your inventory isn't something to do only once a year. High-performance retailers make it an ongoing process that includes cycle counting, investigating "out" items and purging dead inventory. The longer you let inventory issues go unresolved, the more costly they become. Keeping tight control of your inventory by regular counting can increase the efficiency of your shelf space and cash flow. That will add up to higher turns and gross margin return on investment. Here are six processes that should be a part of your yearly calendar.

Shooting the Outs

Once a Week—Shoot the "outs" in your store with an RF Gun and separate by "true outs," which are outs in the POS system, and "outs" with a quantity-on-hand in the system. Then investigate causes of each. Remember that outs are customer-facing and can create a lasting impression in your customers' minds.

Deleting Inactive SKUs

Twice a Year—Delete inactive SKUs (quantity on hand of zero) from the system, based on inventory accuracy parameters you establish to keep the number of SKUs in your POS system from continuing to swell year after year. Cutting down on excess data may reduce confusion later.

Cycle Counting

Four Times a Year—This is the suggested frequency that each SKU in your inventory should be counted through regular cycle counting activities. Rather than waiting for an inventory count once a year, regular counting can reduce your amount of overstock, help you find orphan items and reduce your amount of out-of-stock items.

Discontinuing X Items

Twice a Year—Discontinue X Items from inventory, but first, ask the following questions: Is this SKU a necessity? Is the product required for the sale of a strong-selling complimentary product? Do you stock an alternative item? Does the product make your store stand out from others? If a product fails to meet any of these four criteria and has poor sales, it probably needs to be discontinued.

Accounting for Back Stock

Twice a Year—Go through back stock and top stock, making sure everything is accounted for and purged by bringing it out to the salesfloor, counting it to check for system accuracy, filling any holes on the shelf, then returning the remaining inventory to back stock. This is also a great time to organize back stock.

Auditing Store Processes

Once a Year—Audit existing store processes to check for efficiency and accuracy "killers," including receiving, store transfers, returns/exchanges, defectives/buy backs, scanning procedures, etc. Involve employees in these audits so they will be looking for those accuracy killers throughout the year.