Inventory accuracy is an important measuring stick for all distributors. Effective cycle counting can help achieve higher levels of accuracy in your warehouse. Attend this session to learn the best cycle counting techniques. Special attention will be paid to the new features available in version 11.5 to improve this process.

Jason Lieberman
Quality Assurance

Wednesday, 2:30 p.m.

Session Objectives

- Definition of a cycle count
- Benefits of cycle counting
- When to perform cycle counts
- Types of cycle counts
- Cycle counting with Prophet 21
  - Cycle Count Report
  - Physical Count
  - WWMS Inventory Counts
  - Physical vs. On Hand Report
  - Cycle Count Accuracy Report
Return on Investment Opportunity

- Accuracy is the key
  - Improves sales and customer service
  - Purchase the right stuff
  - Minimize inventory carrying costs
  - Helps identify and correct inventory problems before they become widespread
- Fewer resources required
- You do not need to close down your business

What is Cycle Counting?

- Physical inventory of a portion of the warehouse at regular intervals to ensure accurate stock status
- Cycle counting allows you to count blocks of inventory periodically instead of all of your inventory at one time
When to Cycle Count

- Before or after the normal business day
- Cycle counting is best performed at a time of day when there is no activity
- After allocated items have been picked from the shelf if you are counting available quantities

Types of Cycle Counts

- Item
- Geographic method (by bin)
- Ranking method (new in Prophet 21 11.5)
  - Item by ABC Class
  - Item by Putaway Rank
  - Putaway Rank – allows the user to rank items by where they are placed in the warehouse
Procedures for Cycle Counting with Prophet 21

- Print a Cycle Count Report
- Count the items that are on the report
- Enter the quantities in the Physical Count window
- Print the Physical Count vs. On Hand report
- Recount any discrepancies
- Make final modifications
- Approve and save the adjustment

Cycle Counting with Prophet 21

- Cycle Count Location Maintenance
Cycle Counting with Prophet 21

- Count by Item, Bin, ABC Class, or Putaway Rank?

![Image of Prophet 21 software interface]

- Number of Cycles Per Year for Count By Item or Bin
  - How many times per year do you want to count each item / bin?

![Image of Prophet 21 software interface]

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Cycle Counting with Prophet 21

How often should each ABC class or Putaway Rank be counted in a year?

- A Items – 4 to 6 times
- B Items – 3 times
- C Items – 2 times
- D Items – 1 time

Cycle Counting with Prophet 21

Count By ABC Class or Putaway Rank

<table>
<thead>
<tr>
<th>ABC Class</th>
<th>ABC Class Description</th>
<th>Number of Cycles Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>ITEMS</td>
<td>6</td>
</tr>
<tr>
<td>B</td>
<td>ITEMS</td>
<td>3</td>
</tr>
<tr>
<td>C</td>
<td>ITEMS</td>
<td>2</td>
</tr>
<tr>
<td>D</td>
<td>ITEMS</td>
<td>1</td>
</tr>
</tbody>
</table>
Cycle Counting with Prophet 21

- Count Days Per Year
  - How many days of the year will you count?

Example:
Count every day, Monday through Friday, for 52 weeks per year. Subtract out 10 holidays. The number of cycle counting days is 250.

\[(52 \times 5) - 10 = 250\]
Cycle Counting with Prophet 21

- When counting by item
  
  \[
  \text{Items per count} = \frac{\#\text{Items} \times \#\text{Cycles}}{\text{Counting Days}}
  \]

- When counting by bin
  
  \[
  \text{Bins per count} = \frac{\#\text{Bins} \times \#\text{Cycles}}{\text{Counting Days}}
  \]

- When counting by ABC Class or Putaway Rank
  
  \[
  \text{Items per count} = \frac{\#\text{Items in class or rank} \times \#\text{Cycles}}{\text{Counting Days}}
  \]

Cycle Counting with Prophet 21

- Type of Count
  - Available
  - On Hand
Cycle Counting with Prophet 21

- Include Non-stock
- Include Requisition

Cycle Count Report

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Cycle Counting with Prophet 21

- Cycle Count Report
  - Enter company ID, location ID and choose printing options
  - Print the report
    - You will get an Update Was Successful message
    - Click OK
  - Cycle count number will be assigned
  - Report will print

Printing options
- Earliest Transaction Date
- Show Quantity On Hand
- Show Quantity Allocated
- Show Quantity Available
- Print Lots
- Vendor Consigned Items
  - Yes
  - No
  - Only

01/25/07  02:22:33PM  Suggested Cycle Count Report

Cycle Count Number:  54
Company ID:  T  TEST CO
Location ID:  101018
Type of Count:  Available
Group By:  Bin
Unit of Measure:  Default Sales Unit
Show Quantity On Hand?:  Yes
Show Quantity Allocated?:  Yes
Show Quantity Available?:  Yes
Include Non-Stock?:  No
Include Requisition?:  No
Print Lots?:  Yes

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Cycle Counting with Prophet 21

01/25/07  03:39:03PM  Suggested Cycle Count Report  Page 1 of 1
Cycle Count Number:  54

<table>
<thead>
<tr>
<th>Item Id</th>
<th>Item Description</th>
<th>Supplier Id</th>
<th>Supplier Name</th>
<th>Unit Of Measure</th>
<th>Qty On Hand</th>
<th>Qty Allocated</th>
<th>Qty Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>84004</td>
<td>Sandpaper 12 in round</td>
<td>BM200X-2</td>
<td>Metex</td>
<td>EA</td>
<td>36.000000</td>
<td>0.000000</td>
<td>36.000000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BM200X-2</td>
<td>Metex</td>
<td>EA</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
</tr>
<tr>
<td>10901</td>
<td>Sandal Grnd</td>
<td>BM200X-2</td>
<td>Metex</td>
<td>EA</td>
<td>40.000000</td>
<td>0.000000</td>
<td>40.000000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BM200X-2</td>
<td>Metex</td>
<td>EA</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
</tr>
</tbody>
</table>

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Cycle Counting with Prophet 21

- What items/bins will appear on the report?
  - The next items to be counted according to Location Criteria Maintenance

Cycle Counting with Prophet 21

- Adding items in Inventory Adjustments
  - Example screenshot showing an inventory adjustment interface with data entry fields.
Cycle Counting with Prophet 21

- Entering the counts

![Physical Count table]

- Retrieve the items and enter the counts

![Physical Count table with item details]
Cycle Counting with Prophet 21

- Save the adjustment as unapproved

![Image of Physical Count window]

Cycle Counting with Prophet 21

- Run the Physical Count vs. On Hand Report

<table>
<thead>
<tr>
<th>Item ID</th>
<th>Item Description</th>
<th>Supplier ID</th>
<th>Unit of Measure</th>
<th>Quantity Available</th>
<th>New Quantity</th>
<th>New Quantity Allocated</th>
<th>Unit Cost</th>
<th>Value Available</th>
<th>New Value</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>3H 04802</td>
<td>Sandpaper 12 in round</td>
<td>3H</td>
<td>EA</td>
<td>25,000000</td>
<td>25,000000</td>
<td>.000000</td>
<td>1.000</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>425 MAC-2</td>
<td>Taped Out</td>
<td>V/All</td>
<td>EA</td>
<td>40,000000</td>
<td>40,000000</td>
<td>.000000</td>
<td>2.700</td>
<td>$18.00</td>
<td>$18.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Total 2 Item(s) | $572.00 | $572.00 | $572.00
Cycle Counting with Prophet 21

- If there was anything incorrectly counted or entered the first time, make the corrections
- Enter the adjustment number, and change the quantities for the appropriate items
- You will need a reason why you are adjusting inventory – typically a “Physical Count” or “Cycle Count Adjustment” is created
- Save the adjustment

Cycle Counting with Prophet 21

- Paperless count for WWMS Inventory Counts

[Image of a screen with a physical count interface, showing options for Reason, Period, and Year, with an arrow pointing to the Paperless Count option.]
### Cycle Counting with Prophet 21

#### WWMS Inventory Counts

| Count Number | Current Bin: | Scan Bin: | Current Item: | Item ID: | Lot Size: | New Qty: | Item: | Lot: | Package Type: | Qty/Pack: |
|--------------|-------------|----------|--------------|---------|----------|---------|------|-----|---------------|----------|----------|
| 12002        | 02002B-2    | 02002B-2 | 02002B-2     |         |          |         |      |     |               |          |          |

#### Cycle Count Accuracy Report

![Cycle Count Accuracy Report](image)
Cycle Counting with Prophet 21

- Cycle Count Accuracy Report

<table>
<thead>
<tr>
<th>Location ID</th>
<th>Location Name</th>
<th>Adjustment</th>
<th>Cycle Count Number</th>
<th>Adjustment Number</th>
<th>Number of Items Counted</th>
<th>Number of Items Edited</th>
<th>Accuracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>191018</td>
<td>Valley Stream</td>
<td>04</td>
<td>106314</td>
<td>2</td>
<td>1</td>
<td></td>
<td>50.00%</td>
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</tr>
</tbody>
</table>

Summary

- Definition of a cycle count
- Benefits of cycle counting
- When to perform cycle counts
- Cycle counting with Prophet 21
  - Cycle Count Report
  - Physical Count
  - WWMS Inventory Counts
  - Physical vs. On Hand Report
  - Cycle Count Accuracy Report
Additional Resources

- On-site consulting service
- Web-Based Training
- Jason Lieberman - jason.lieberman@activant.com

Suggested Action Plan

- Optimize your warehouse layout
- Talk to your auditors
  - What is the minimum cycle count accuracy % required to eliminate physical counts?
- Cycle Count Setup
  - Determine type of cycle count
  - Number of cycles per year
    - How much time do you want to spend counting?
    - How many items do you want to count?
  - Cycle count days per year
Thank You for Attending

- W507 – Streamlining the Cycle Counting Process
- Jason Lieberman
- Please submit the Session Feedback Form
  - To receive NASBA credits, please be sure to complete the Session Feedback Form and sign the class roster in the back of the room
Session Feedback Form
Summit 2007 – Las Vegas, NV

Please take a moment to evaluate this session and offer feedback. Activant uses your input to understand your needs and to determine future Summit sessions.

Session Name: ___________________________ Session Number: ________

Presenter’s Name: ___________________________

How important is this topic to your job/company? 1 2 3 4 5

Not Important

Important

Please rate the educational value you received from this session. 1 2 3 4 5

Low Value

High Value

1. What software are you currently using? ___________________________

2. How long have you personally used this software? ___________________________

3. Describe the effectiveness of your instructor. ___________________________

4. What is your overall evaluation of this session? ___________________________

5. What could have been done to improve this session? ___________________________

6. What sessions would you like to see presented at future conferences? ___________________________

7. What issues will be critical to your business in the next 12-24 months? ___________________________

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Did the session materials contribute to achieving the learning objectives? ☐ ☐

Did the equipment (screen, microphone, projector, etc.) in the room enhance the instruction? ☐ ☐

Was the time allotted for the session appropriate for the topic? ☐ ☐

Name: ___________________________________________

Company: ___________________________________________ E-mail: ________________________