

PROFITEDGE CHECKLIST · OPERATIONS

Physical Inventory Planning Checklist

Most of a good count is decided before anyone picks up a scanner. Work back from the count date, give every line an owner, and use page two to make the review worth the day.

PICK THE DATE FIRST

The count date is usually tied to fiscal year end. Confirm it with your accountant before planning anything else.

COUNT AT THE LOW POINT

If you have a choice, count when stock is lowest. Fewer units, less overflow to miss, a smaller adjustment.

PLAN FOUR TO SIX WEEKS OUT

A well-prepared count with an average crew beats a rushed count with a great one.

1 Work back from the count date

WHEN	TASK	OWNER	DONE
6 WEEKS	Confirm the count date with your accountant and set the freeze window	_____	☐
	Assign a counter and a backup to every area of the building	_____	☐
	Catch up on any areas the year's cycle counts missed	_____	☐
2 WEEKS	Post every pending receipt, return and adjustment	_____	☐
	Decide what happens to everything in the returns area	_____	☐
	Walk the building for product with no location or no tag	_____	☐
	Check unit-of-measure setup on problem items, such as a case of 24 set up as an each	_____	☐
1 WEEK	Brief the count teams	_____	☐
	Agree how anything that does not scan, has no tag or is in the wrong place will be handled, and who decides	_____	☐
	Agree one rule for parts already pulled to open work orders, and share it with the service team	_____	☐
	Using an outside counting service? Brief them on customer-owned stock and unit-of-measure exceptions	_____	☐
COUNT DAY	Freeze transactions	_____	☐
	Count blind: sheets show location and item, not the expected quantity	_____	☐
	Recount the large variances, ideally by a different person, before the freeze lifts	_____	☐

2 Dealers and service departments: also get ownership right

A count is only accurate if it gets the item, the quantity, the location and the ownership right.

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|--|--|
| ☐ Wholegoods counted by serial number, not by model | ☐ Parts already pulled to open work orders |
| ☐ Customer units in the shop kept clearly apart | ☐ Consigned and special-order stock identified |
| ☐ Rental fleet handled separately from sale inventory | ☐ Warranty parts waiting on a return or a claim |

3 The review is the point

The net variance is the number that gets reported. The gross variance is the one that tells you how much was wrong. Fill in both.

TOTAL OVER 	TOTAL SHORT 	NET over minus short 	GROSS over plus short 	GROSS AS % OF INVENTORY
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Illustrative example: \$900,000 of inventory, \$48,000 over and \$54,000 short. Net is \$6,000 short, under one percent. Gross is \$102,000, more than eleven percent wrong in one direction or the other.

WORK THE VARIANCES IN THIS ORDER

- ☐ 1. The largest dollar variances, in either direction
- ☐ 2. Locations where one side was zero: nothing on the shelf, or nothing in the system
- ☐ 3. Items that come up wrong in the same direction year after year
- ☐ 4. Everything else, posted with a note after a reasonable look

Overs count too. Finding more than the system expected usually means a process failure: a delivery received twice, a return put back that never came back, a vendor credit entered as a receipt. Close the review out within a couple of weeks. Target date: _____

4 Next year's watch list

The items and areas that came up wrong this year are the ones to count more often next year.

ITEM OR AREA	OVER / SHORT	LIKELY CAUSE	COUNT HOW OFTEN

Causes to look for: receiving, returns, adjustments posted without a reason, parts leaving service without a ticket.

5 Count a little all year

FLOOR

Count every location in the building at least once every 90 days.

MONTHLY

High value, fast moving, or a history of problems. Start with the top fifth of items by sales dollars.

HABITS

A written schedule. A named person on a named day. One zone at a time. Never during a delivery. Recount before posting.

**A variance is a symptom. Posting it fixes the number.
Finding the process that caused it fixes next year.**

WANT A SECOND SET OF EYES?

Start a conversation at profitedgesystems.com about planning the count or working the variances.