



## 15 Minute Tip Talk – April 26, 2018

### Physical Inventory & Cycle Counts Processes

#### Background

Physical inventory and inventory counting are crucial to any company that manages inventory. Much the work lies not only in the actual count itself, but also in the preparation, audit, and analysis of the inventory counting process. Starting patch level 9 of version 9.0, SAP Business One has enhanced the inventory counting solution to meet a wider range of needs. You can set up inventory cycles with recommendations for periodic counts.

#### Cycle Counting Process Overview

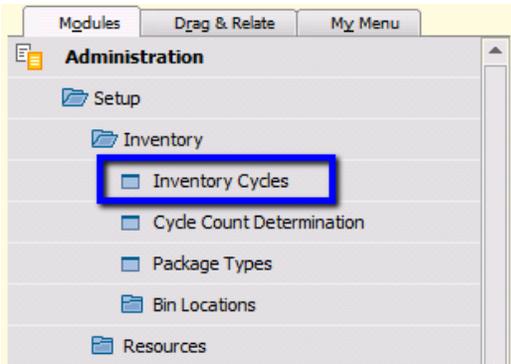
Cycle counting is the process of stock taking based on a schedule, so that all items are counted at least once a year. Primary focus is usually given to items that move frequently, with less attention to items that move less frequently. An overview of the steps is as follows:

1. Set up counting cycle
2. Freeze items for counting
3. Print count sheet \*
4. Use inventory counting document for physical count \*
5. Post any quantity differences

*\* Processes will differ when using Softengine's WMS*

#### Cycle Count Setup

You can set count cycles for different intervals. The setup can be found in Administration > Setup > Inventory > Inventory Cycles.



After setting the recurrence (such as daily, weekly, monthly, annually), you can define the details.

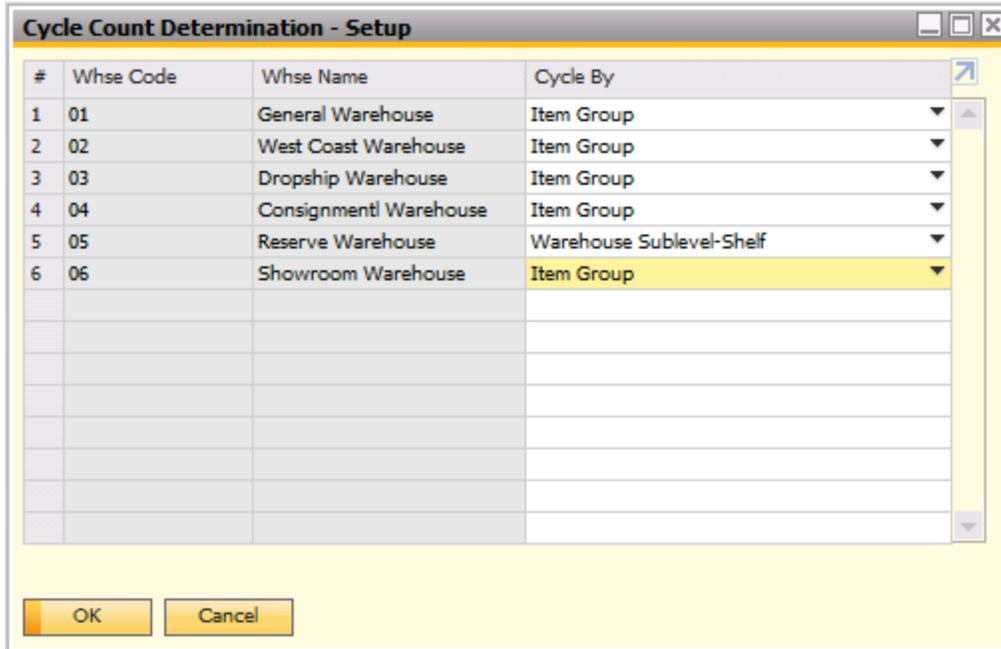
A screenshot of a dialog box titled 'Inventory Cycles - Setup'. The dialog box has a yellow background and contains the following fields and options:

- Cycle Code:** A text input field containing 'Cycle1'.
- Recurrence:** A dropdown menu set to 'Monthly'.
- Repeat Every:** A text input field containing '1' followed by the label 'Months'.
- Repeat On:** Two radio button options: 'Day' (selected) with a text input field containing '28', and 'Fourth' with a text input field containing 'Tuesday'.
- Start Count Date:** A date input field containing '04/24/2018'.
- Time:** An empty time input field.
- End:** Three radio button options: 'No End Date' (selected), 'After' with a text input field containing '1' followed by the label 'Occurrence', and 'By' with an empty text input field.

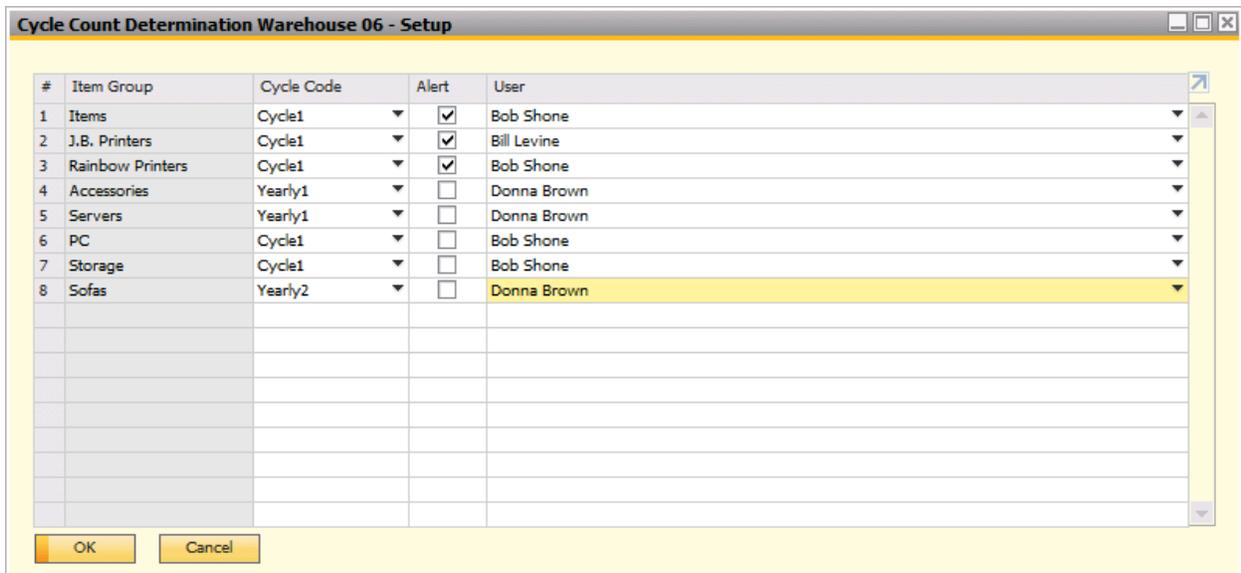
At the bottom of the dialog box, there are two buttons: 'Add' and 'Cancel'.

### Cycle Count Determination

After setting the inventory cycles, you can set up the cycle count determination to obtain recommendations for items to be counted. You can find this in Administration > Setup > Inventory > Cycle Count Determination. You may define your inventory cycle counts by item group or warehouse sublevel (if you are using bin location management).

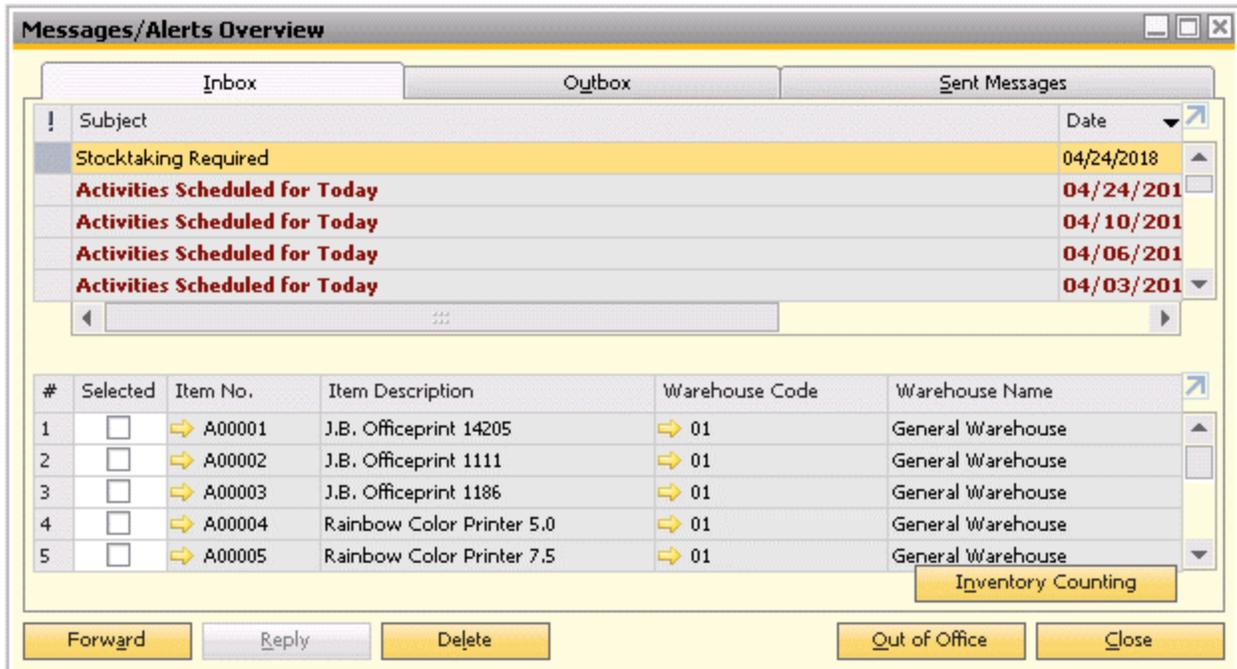


Double clicking on the row number will allow you to set the inventory cycle for each item group or warehouse sublevel in the selected warehouse. There are also options to set alerts for specified users for the item groups or warehouse sublevels that need counting.

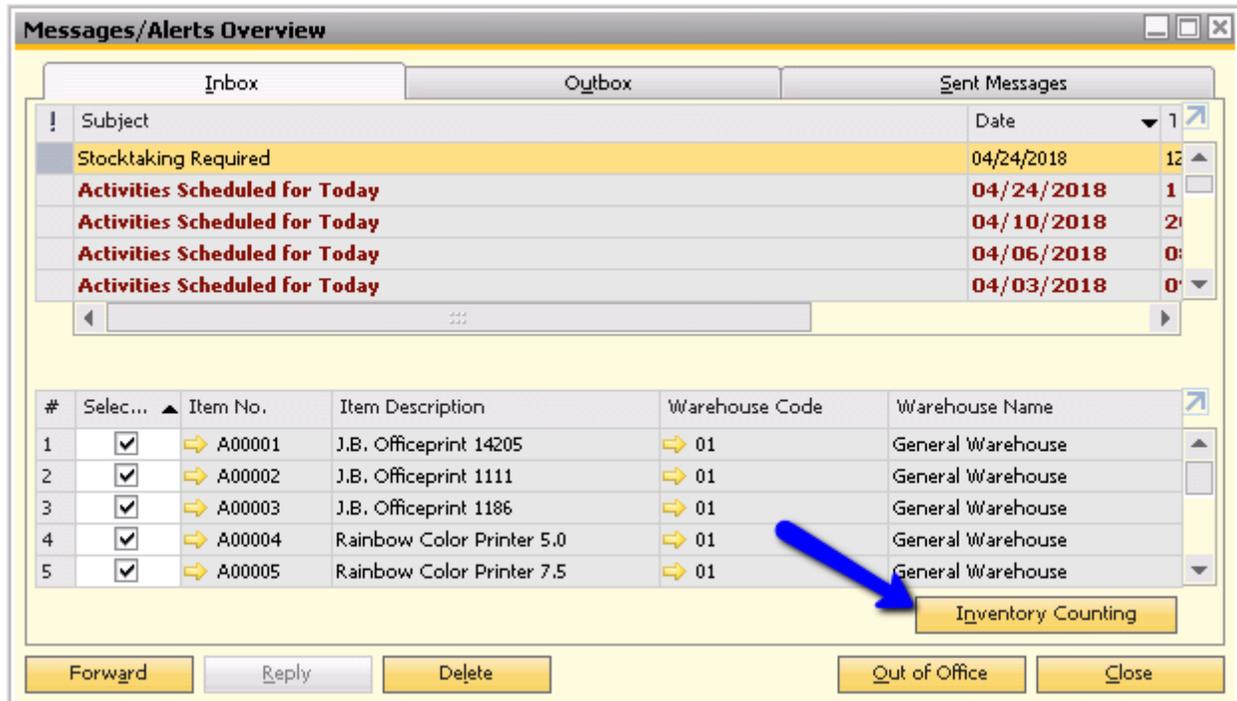


## Receiving Alerts

The designated user will receive an alert with cycle count recommendations.



The user can select the items to be counted and then open an inventory counting document from the alert by pressing the Inventory Counting button:



Alternatively, you can also access the inventory counting document by going to Inventory > Inventory Transactions > Inventory Counting Transactions > Inventory Counting.

## Inventory Counting

The inventory counting document centralizes the recording management of the stock taking. In the inventory count document, you can:

- Freeze the items you plan to count so that no inventory movements can take place during the count
- Set the count to be done by one or multiple stock takers
- Assign the count to teams or individual users or employees
- Print a count sheet for the stock takers to fill out
- Use the document to record the results of stock taking

## Multiple Counters

You have the option of assigning either single or multiple counters to inventory an area. When choosing multiple individual counters, team counters, or a mix of team and individual counters.

**Inventory Counting**

Count Date: 04/24/2018 Time: 12:53 No. of Counters: 2  
 Counting Type: Multiple Counters  
 No. of Individual Counters: 1  
 No. of Team Counters: 0

**General**

#	Item No.	Item Description	Whse	Freeze	In-Whse Qty	Counted	Max. Variance
1	A00001	J.B. Officeprint 1420	01	<input type="checkbox"/>	1,068.000	<input type="checkbox"/>	0.00
2	A00002	J.B. Officeprint 1111	01	<input type="checkbox"/>	953.000	<input type="checkbox"/>	0.00
3	A00003	J.B. Officeprint 1186	01	<input type="checkbox"/>	1,076.000	<input type="checkbox"/>	0.00
4	A00004	Rainbow Color Print	01	<input type="checkbox"/>	1,132.000	<input type="checkbox"/>	0.00
5	A00005	Rainbow Color Print	01	<input type="checkbox"/>	1,107.000	<input type="checkbox"/>	0.00
6	A00006	Rainbow 1200 Laser	01	<input type="checkbox"/>	69.000	<input type="checkbox"/>	0.00
7	LM4029MC	Memory Chip	01	<input type="checkbox"/>	412.000	<input type="checkbox"/>	0.00
8	S10000	Server Point 10000	01	<input type="checkbox"/>	40.000	<input type="checkbox"/>	0.00
9	P10001	PC - 8x core, DDR 3	01	<input type="checkbox"/>	29.000	<input type="checkbox"/>	0.000
10	P10002	PC - 12x core, 64GB	01	<input type="checkbox"/>	5.000	<input type="checkbox"/>	0.000
11	P10003	PC Set 1	01	<input type="checkbox"/>	25.000	<input type="checkbox"/>	0.000
12	I00013	SDHC 64 GB CLASS	01	<input type="checkbox"/>	0.000	<input type="checkbox"/>	0.000
					5,916.000		

Remarks: [Empty text box]

Buttons: Add, Cancel, Add Items, Adjust Counted Quantities, Copy to Inventory Posting

**Select Team Counters**

#	Counter Type	User Name/Employee Name
1	User	Bob Shone
2	User	Bill Levine
3	User	

Buttons: Update, Cancel, Clear All

**Caution:** Be careful when choosing the counting type for individual or multiple counters. If you change this setting after entering your results, you may affect the data already entered. For example, if you change from multiple to single and you have already entered counting results for two individual counters, changing to single counter may delete one counter's results.

## Comparing Results and Posting Differences

After stock taking has been completed, the next step is to manage any quantity differences detected during counting. You have two options to handle discrepancies

1. *Adjust Counted Quantities*

If you suspect inaccurate stock taking, you can set the item as not counted and do a recount. You may also adjust the counted quantities to match the system's in-stock quantities.

2. *Copy to Inventory Posting*

If there are discrepancies between the results, you can select one of the counts. You can also copy items with no counters' differences into the inventory posting.

**Inventory Counting**

Count Date: 04/24/2018 Time: 16:37 No.: Primary 5  
 Counting Type: Multiple Counters Status: Open  
 No. of Individual Counters: 1 Ref. 2  
 No. of Team Counters: 2

General Team Counting

#	Item No.	Item Description	Whse	Freeze	In-Whse Qty ...	Counted	Total Counted Qty	Max. Variance	UoM Code	Item...
1	A00001	J.B. Officeprint 1420	01	✓	1,068.000	☐	0.000	0.000		
2	A00002	J.B. Officeprint 1111	01	✓	953.000	☐	0.000	0.000		
3	A00003	J.B. Officeprint 1186	01	✓	1,076.000	☐	0.000	0.000		
4	A00004	Rainbow Color Print	01	✓	1,132.000	☐	0.000	0.000		
5	A00005	Rainbow Color Print	01	✓	1,107.000	☑	199.000	-908.000	Manual	
6	A00006	Rainbow 1200 Laser	01	✓	69.000	☑	12.000	-59.000	Manual	
7	LM4029MC	Memory Chip	01	✓	412.000	☑	0.000	-412.000	Manual	
8	S10000	Server Point 10000	01	✓	40.000	☑	0.000	-40.000	Manual	
9	P10001	PC - 8x core, DDR 3	01	✓	29.000	☑	0.000	-29.000	Manual	
10	P10002	PC - 12x core, 64GB	01	✓	5.000	☑	0.000	35.000	Manual	
11	P10003	PC Set 1	01	✓	25.000	☑	0.000	75.000	Manual	
12	I00013	SDHC 64 GB CLASS	01	✓	0.000	☑	0.000	60.000	Manual	
					5,916.000		211.000	1,618.000		

Remarks

OK Cancel Add Items Adjust Counted Quantities Copy to Inventory Posting

- Items with No Counters' Diff.
- Team Counted Qty
- manager - Counted Qty

**Inventory Posting**

When an inventory counting document is posted to an inventory posting document, the differences between the system in-stock quantity and the accepted stock taking values will be copied over.

**Inventory Posting**

Posting Date: 04/24/2018 No.: Primary 5  
 Count Date: 04/24/2018 Time: 16:37 Ref. 2  
 Price Source: Item Cost

Find Item No. Warehouses

#	Item No.	Item Description	Whse	Bin Location	In-Whse Qty on Count Date	UoM	Counted Qty	Counted Qty	Variance	Var...
1	A00005	Rainbow Color Pri...	01		1,107.000			200.000	-907.000	
2	A00006	Rainbow 1200 Lase...	01		69.000			10.000	-59.000	
3	LM4029F	Memory Chip	01		412.000			10.000	-402.000	
4	S10000	Server Point 10000	01		40.000			20.000	-20.000	
5	P10001	PC - 8x core, DDR	01		29.000			30.000	1.000	
6	P10002	PC - 12x core, 64G	01		5.000			40.000	35.000	
7	P10003	PC Set 1	01		25.000			100.000	75.000	
8	I00013	SDHC 64 GB CLAS	01		0.000			60.000	60.000	
9					0.000			0.000	0.000	
					1,687.000			470.000	1,559.000	92.413

Remarks: Based On Inventory Counting 5  
 Journal Remark: Inventory Posting

Add Cancel Add Items Copy from Inventory Counting

The inventory posting document is the only document that creates both inventory and journal transactions in the inventory counting process:

**Journal Entry Preview**

Series: Primary Number: 2933 Posting Date: 04/24/2018 Due Date: 04/24/2018 Doc. Date: 04/24/2018 Remarks: Inventory Posting

Origin: ST Origin No.: 5 Trans. No.: Template Type: Template: Indicator:

Trans. Code: 5 Ref. 1: Ref. 2: Ref. 3:

Blanket Agreement:

Expand Editing Mode

#	G/L Acct/BP Code	G/L Acct/BP Name	Debit	Credit	Ref. 3
1	13400000-01-001-01	Inventory - Finished Goods (HO, USA, GA )		256,701.81 \$	
2	52300000-01-001-01	Gain/Loss Inventory Variance (HO, USA, GA )	256,701.81 \$		
3	13400000-01-001-01	Inventory - Finished Goods (HO, USA, GA )		15,196.56 \$	
4	52300000-01-001-01	Gain/Loss Inventory Variance (HO, USA, GA )	15,196.56 \$		
5	52300000-01-001-01	Gain/Loss Inventory Variance (HO, USA, GA )		1,114.25 \$	
6	13400000-01-001-01	Inventory - Finished Goods (HO, USA, GA )	1,114.25 \$		
7	52300000-01-001-01	Gain/Loss Inventory Variance (HO, USA, GA )		45,281.25 \$	
8	13400000-01-001-01	Inventory - Finished Goods (HO, USA, GA )	45,281.25 \$		
9	52300000-01-001-01	Gain/Loss Inventory Variance (HO, USA, GA )		92,128.50 \$	
10	13400000-01-001-01	Inventory - Finished Goods (HO, USA, GA )	92,128.50 \$		
11	52300000-01-001-01	Gain/Loss Inventory Variance (HO, USA, GA )		720.00 \$	
12	13400000-01-001-01	Inventory - Finished Goods (HO, USA, GA )	720.00 \$		
			411,142.37 \$	411,142.37 \$	