

# Performing Physical Inventory

Conducting a physical inventory count of the items in your business helps ensure that the quantity on the shelf matches what is available in point of sale.

Recording variances using shrinkage types allows you to properly analyze theft, damage or receiving errors.

In this course, we will demonstrate setting up shrinkage reasons, counting items, assigning groups, and finalizing counts.

## Objectives

- Setting Up Shrinkage Reasons
- Counting Items
- Assigning and Finalizing Items

## Setting Up Shrinkage Reasons

There can be multiple reasons for inventory loss, like theft, damage, and expiration.

Setting up the most credible reasons for shrinkage, assists in analyzing variances.

From the main menu, select **Products > Setup**.

Select **Shrinkage Reasons**.

Click **Add**.

Enter the shrinkage name and a brief description.

Select a shrinkage type from *this* drop-down menu.

Enable the **Default Shrinkage Reason** toggle to set this shrinkage reason as *default*.

If you enable this toggle, choosing this shrinkage reason in Physical Inventory moves the item's remaining quantity to the *defective* quantity.

For example, we use the *Expired* shrinkage reason when counting this item. The count entered here is 1.

Initially, this item's Quantity on Hand is 5.

After *finalizing* the count, the total 'on hand' for this item is 1, and the remaining quantity, 4, is moved to the *Defective* quantity.

Click **Save**.

Export, edit, and delete existing shrinkage reasons in the **Shrinkage Reason** screen.

Note that you cannot delete shrinkage reasons that are used while counting. However, it *can* be deleted *after* the physical count is finalized.

## Counting Items

Periodic counting of items is a crucial part of inventory management.

Best practice is to create location codes and count smaller sections all year long.

From the main menu, select **Products** and then **Physical Inventory**.

To view all the items in the inventory, click **Search**.

The items are displayed in the table.

Click the **Maximize** icon for a maximized view of the table.

You can find data such as the total number of items, items that need to be counted, items without variance *here*.

The items that are not counted are assumed zero variance by default.

**Assume Zero Variance** implies that the uncounted items have no change in QOH.

**Assume Zero Count** implies that the uncounted items' QOH is zero.

You can view the items that are *not counted*, *counted*, the items that have had *a manual variance added*, or *all*.

You can count a single item or multiple items at once.

To count a single item, click the **Add Single Item to Count** button.

Search for the item using the search bar.

The default shrinkage reason is auto-selected. Select **Counting** if you're counting this item.

Choose to enter the item count or variance.

Item count updates the item's QOH while variance is added to the item's existing QOH.

The item's location is displayed in the **Location** column.

Enter the item's shelf capacity and count.

The item's QOH along with other details appear *here*.

Turn *this* toggle on if you wish to add another item to count.

Click **Add**.

The added item is displayed in the table.

To add multiple items to count, click the **Add Multiple Items** button.

Use the Search bar and the available filters to search for items to count. Click **Search**.

You can assign the items you add to a group using *this* field.

The group name could be a location code, like AUB01 for Auburn store items or AISLE03 for items in aisle 3.

Select the items using the checkbox. Click **Add**.

Note that you cannot enter the item count or variance here.

In the **Physical Inventory** screen, select the items you added and click **Edit**.

You can enter the item count or variance in this screen.

Use the **Forward** and **Backward** buttons to move through items.

Remember to click **Update** before you move to the next one.

The changes are updated in the table.

## Assigning and Finalizing Items

Assigning items to a group will make it easier to access counted items.

Especially when the items don't belong to the same category.

In the **Physical Inventory** screen, select the items to assign using the checkbox.

Click **Assign**.

Enter a suitable group name in the **Assign to Group** field. The group name can be the items' count date, location code, or the counted person's name.

Click **Ok**. Enter a suitable group name in the **Assign to Group** field. The group name can be the items' count date, location code, or the counted person's name.

Click **Ok**.

The assigned group's name is displayed in the **Assigned To** column of the table.

To finalize the items' count, select the items and click **Finalize**.

Update the locations if needed.

The items selected but not counted assume zero variance by default.

Select a shrinkage code for uncounted items and click **Ok**.

The finalized items do not appear in this table anymore.

It will take a few minutes for the updated item count to reflect in the Physical Inventory. It is important to wait and verify it.

Select the **Actions** drop-down menu and tap **Finalization History**.

The table displays the most recent finalizations on top. You can search for a finalization history using the available filters.

Select a finalization and click **View History Details**.

The **Summary** section displays the finalized items' details.

View the Physical Inventory Dashboard in the **Product Dashboard** sub-menu.

The inventory shrinkage summary is displayed here.

You can filter the dashboard to display daily, weekly, monthly, and yearly data.

Click a shrinkage name to view its details.

Use *this* icon to export the dashboard data.

The Physical Inventory Dashboard is for reviewing purposes alone. You cannot edit any detail here.

## Recap

Physical Inventory follows an easy workflow that is simplified when you use location codes

In this course, we set up shrinkage reasons and identified items to count, assigned products to groups, and finalized *actual* counts.

We also reviewed the Physical Inventory Dashboard.

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