



**friedman kannenberg**  
and company pc

Certified Public Accountants

17 Talcott Notch Road  
Farmington, CT 06032  
Tel: 860.677.9191  
Fax: 860.674.9602  
info@fkco.com  
www.fkco.com

## **Inventory Counts: A least favorite task for your most important asset**

**Don't close this email and put this one off even one more day. We want to give you some tools to help you not grimace when you hear this word.**

Below are two checklists to help you get this off your back and make this something that no longer makes you just want to hide out in your office.

### **This is how easy it is:**

1. You need three pieces of paper in your printer – colored paper works the best but if you don't have any – don't wait to find any – just HIT PRINT – RIGHT NOW – on the two documents attached!!!
2. Next you need some tape – scotch tape – packing tape – duct tape . . . it doesn't matter.
3. You will need a marker – because you will need one as you check off these tasks!
4. All right – grab those three pieces of paper off your printer – use the tape to put the first one up on your wall – where you can see it every day! If you have any staff at all – we hope you can pass off the next two pieces of paper and the tape to them.

**READY – SET – GO!**

## PHYSICAL INVENTORY TASK LIST

- How many days until December 31<sup>st</sup>? \_\_\_\_\_**  
Did you fill in this blank – then check the box – see how easy this is.
- Do you have any staff at all? If so you are going to pick someone to lead this counting task.**  
The next two sheets will belong to them. Find a carrot to encourage them. Maybe an additional discount on an inventory item they have been eyeing or even a gift card. Ok – call them or email them and set up a meeting for today or tomorrow. Did you do this? *(check off this box.)*
- Here are the guidelines for this meeting with your physical inventory leader.**
  - A. Intro: Our most important asset we have as a company is our inventory and our crazy accountants are on our case to count everything we have by the end of the year. I am going to need your help along with most everyone on staff to get this done. I have chosen you to help me manage this as I think you can actually get this accomplished.
  - B. Because this is such an important task and we only have \_\_\_ days (see first checkbox answer) to get this done, and I know this isn't going to be easy--- if you can check off all the boxes on your sheet by December 31<sup>st</sup>, I will be showing my appreciation by giving you \_\_\_\_\_
  - C. We are going to be counting by category. Here is your work sheet to use. (Remember the 2<sup>nd</sup> sheet of paper you printed?) We are going to right now select the categories and fill them in on this sheet. You can use the AIMsi report for Inventory Categories or walk around your store and just break it down into 10-20 different types of inventory you carry. Maybe you keep your inventory in Excel – then use that. You need to tape this sheet up on your wall so that everyone understands how important this is.
  - D. You can enlist the help of all the staff – we will have a 5-minute meeting and we will outline to them how it is going to work. I am not going to micro manage this project but will be checking in with you once a week to see how it is going. Let's decide when to have this 5-minute meeting and I will send out an email right now.
- Here are the guidelines for the all staff meeting**
  - A. Inventory is our most important asset. Our crazy accountants are telling us we have to count everything to know exactly what we have.
  - B. We are going to need everyone's help. \_\_\_\_\_ is our going to be heading this project up and I am trusting that everyone will step up. Whenever you aren't with a customer or aren't busy with another task we need you to be counting.
  - C. We only have \_\_\_ days to get this done and will be having a pizza party when we get the last category counted.
- Add a weekly reminder to your calendar to check in with the physical inventory leader.**
  - A. How is it going?
  - B. Are you on schedule and do you need help with anything?
  - C. Is the staff cooperating and helping you with this?



## Physical Inventory Leader Tips and Tricks

### Great tips:

- Divide the categories by the number of weeks left and figure out how many categories you need to count per week.
- Watch for the slow times of day or a slow day of the week to have the sales staff assist. (At 3:00pm when all the lesson students show up is not a great time)
- Remember as you get closer to Christmas things will get busy so try to count as much of this as you can as early as you can.
- Take time to look for items yourself if your employees keep telling you that numerous items are missing. An extra set of eyes often helps.
- Working with a partner while counting helps keep everyone honest.
- Remember to count the items that have been received but not put on the shelves yet.
- Were there any big problems? Take time in January to figure out how to prevent these inventory problems going forward. Make sure you are transferring items out for in store use. Make sure you are matching exceptions.

### A tip for missing serialized inventory.

We know that often times you just can't seem to find that weird one off piece of inventory. You are sure that you didn't sell it and it is hiding in the storage somewhere. Just keep a list of these items and don't transfer it out unless you are sure it is gone. Mark the items with an 'A', next time you do inventory and if they are missing again you can change the code to a 'B'. The third time it is missing you can assume that it really is gone and can transfer it out. This system works great if you are counting your serialized inventory twice a year.

### AIMsi users:

- You can get a list of categories from the GL Report tab – List inventory categories.
- Tri-Tech has a great step by step in their online help under Inventory/Physical Inventory. This will walk you through preparing the list and downloading if you have the scanners and then updating the counts.