



## MAIS of Charleston LLC

### Preparing For A Successful Physical Inventory

#### What You Need To Know To Be Ready For Inventory Day

#### The Need For Inventories

Different types of business require different types of inventories at different times of the year for a variety of reasons. Reasons for a physical audit include:

- Dollar verification of inventory
- Unit verification of inventory
- Price verification-Cost & Retail
- Margin Verification
- Shrink or Loss determination

Regardless of the type of business or reason for the inventory, one thing is certain; the amount of time and effort you spend preparing for your inventory will have a significant impact on its accuracy and consistency. Inventory consistency allows management the greater inventory control. This consistency

can be a valuable tool to use in both checking your auditor's accuracy and controlling your inventory results.

We hope that you will use the enclosed inventory day tips to help manage a more profitable store through inventory control. Accurate inventories mean increased store profits

### Tips For A Successful Inventory

- Pre-Inventory Meeting
  - A pre-inventory meeting should be held with the store staff. Instructions should be given so they understand inventory preparation responsibilities, timetables, cutoff periods, and other duties
  - A pre-inventory meeting should be help with the entire inventory crew. Instructions should be given concerning section identification, price checks, DNI items, etc.
- Use An Inventory Map
  - Each area and section should be clearly labeled
  - The inventory crew should be instructed to count each section and record the information as indicated
  - The count can be verified during the subsequent inventories using the map
  - Use the inventory map to ensure all areas have been counted
  - Prepare a fixture map designating all fixtures, displays, walls, and storage areas where merchandise exists to be counted. This map will serve to control inventory preparation and ensure all areas have been counted

### Inventory Tips

- Sales Floor & Stockroom
  1. ALL merchandise must be priced or identified legibly` and accurately
  2. Remove all damaged, discontinued or otherwise un-saleable merchandise. Decide if and how it is to be counted
  3. All merchandise should be arranged neatly inn an orderly fashion to facilitate accurate counting, including understock and backstock
  4. Check for and remove, or isolate and label all empty boxes, bags, sample or unsaleable merchandise
  5. Wherever possible, Zone merchandise so that only one item is contained in a stack, on a peg, or in a row. This step greatly increases inventory efficiency
  6. Consignment merchandise, displays and departments to be excluded for the inventory must be marked DO NOT INVENTORY
  7. If you merchandise on risers or have stock on high shelving, secure additional ladders so the inventory crew can access out of reach merchandise
  8. Merchandise awaiting return or credit should be priced and included in the inventory
  9. Credit return slip for merchandise which has been returned but credit has not been received yet should be included in the inventory total as a separate line item

10. Make sure all paperwork is complete and up to date. All invoices must be extended at retail, and extensions checked for accuracy
11. Make sure all mark up or mark downs have been recorded
12. All invoices received day of inventory needs to have special care as to reflect before or after audit
13. Pre stock areas prior to inventory. Areas like cooler doors, cigarette rack, gondolas can be stocked and filled. Doing so will help keep inventory levels consistent from count to count
14. Determine how you will count deli items and supplies before the inventory begins and mark the items with the appropriate price. WHAT ABOUT ICE BAGS?
15. Separate all supply items, fixtures and equipment from items needing counted
16. Write the retail price on the outside of all full un-opened boxes, either unit price X quantity or full case price
17. Write the retail price and quantity of all partially filled cases on the outside of the case if the items can't be stocked on the shelf
18. DO NOT PRE-COUNT this is an audit!
19. Set up control areas for both you and the inventory service from which the inventory will be monitored and controlled
20. During the inventory, have a staff of knowledgeable personnel on hand to answer questions and identify unmarked merchandise
21. Have a plan, be ready to execute plan, see the results!!