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Overview: Design and User Applications of the Physical Inventory Module

The down time and expense required to take a physical inventory can be a substantial cost in lost inventory activity time. The Physical Inventory Module (PIM) from Data Developers Plus, Corp. reduces the time that inventory processing must remain idle while inventory counts are analyzed and processed. It is designed with tools and utilities to process physical counts quickly and accurately. Inventory activities, such as filling sales orders, processing purchase orders, issuing invoices, etc. can be resumed in the shortest time possible. The PIM also integrates with the Riata™ RF Warehouse Management System to add both wireless mobility throughout your warehouse facilities and optional barcode scanning.

The PIM can be used in a variety of multi-user and multi-warehouse scenarios. Using the PIM for your physical inventory procedures follows a four step sequence:

1. The first step is to define a batch. The batch is the content list of what will be counted (e.g. warehouse #1, or items from AAA to BBBB, etc.). The batch is processed once all assigned inventory counts are entered.
2. In the second step of the process individuals are deployed to physically count inventory. No need to worry if the same item is counted by more than one person. The PIM merges all counts into one "net" count. The counts can be entered into the system from a spreadsheet or from a remote scanner if the Riata RF system is used.
3. The third step is to resume all inventory activities once the counts have been entered into the PIM batch.
4. In the fourth step inventory auditors can take the time necessary to analyze variances and update item counts in the batch. Once the batch quantities are finalized the inventory quantities are processed into the accounting system: the finalized batch count is reconciled against the pre-inventory batch count while adjusting for items received or shipped after the physical inventory was completed in step two.

With the PIM a company only needs to "freeze frame" inventory activities for the period of time it takes to create a batch, take the counts, and enter the counts into the batch file. Inventory activities are resumed. The time required to conclude inventory audits and reconciliations does not put a stop to normal business operations.

Example:

Your company has four warehouses, inventory needs to be counted in warehouse 1 (WH1). All inventory activities (receiving, shipping, etc.) are stopped at the time inventory counting is to take place. A new batch is created for all inventory data to be counted in WH1. Count sheets can be generated and deployed with the people who will do the counting. Or, if you have a required counting scheme, you can choose to use that to gather the counts from WH1. We will assume that 12 people are deployed to do the actual physical inventory counting. They return with 12 count sheets with data to be entered into the batch. Once these counts are entered all inventory activities can resume. To start the batch entry process requires that 12 sessions (1 for each person) be identified in the system. Counts are then entered as listed on the count sheets. Once the counts are entered a series of reports can be run for the particular batch that you're working with to see the count totals and what inventory quantity changes will take place when the batch is finally processed.

Installation of the Physical Inventory Module

Unzip the zip file

Using WinZip, extract to the root of Sage Pro. Make certain that the option for "Use Folder Names" in WinZip is checked so that the files are extracted into the correct directories.

Import the Data Dictionary and Update from Data Dictionary

1. Go into System Manager and import the data dictionary. (Maintain - Dictionary - Import/Export Data Dictionary) Choose to Import and then locate the DICT directory off the root of Pro that was created when you extracted the zip file.
2. Update from Data Dictionary (all users need to be out for this step). This is located in System Manager - Maintain - System Recover - Update from Data Dictionary. Choose the IC module for all companies and "Yes" to reindex all files.

Add Physical Inventory to the Task List

The Task List will need to be enabled for each user who will use the Physical Inventory Module. This is in System Manager - Maintain Users. The option is located on the Defaults tab towards the bottom. Edit the user and select "Show Task List" from the Task List option. Once this is enabled, the user will have access to the Task List from the Tool Bar and the View Menu. The Task List, and thus Physical Inventory, can be accessed while in any module.

Import the Physical Inventory options into the Task List tables (do this from Foxpro Access or full VFP)

- USE symmenu
- APPEND FROM dict\symmenu
- USE symmnc
- APPEND FROM dict\symmnc
- USE symfldr
- APPEND FROM dict\symfldr

Assign Physical Inventory Privileges to Users

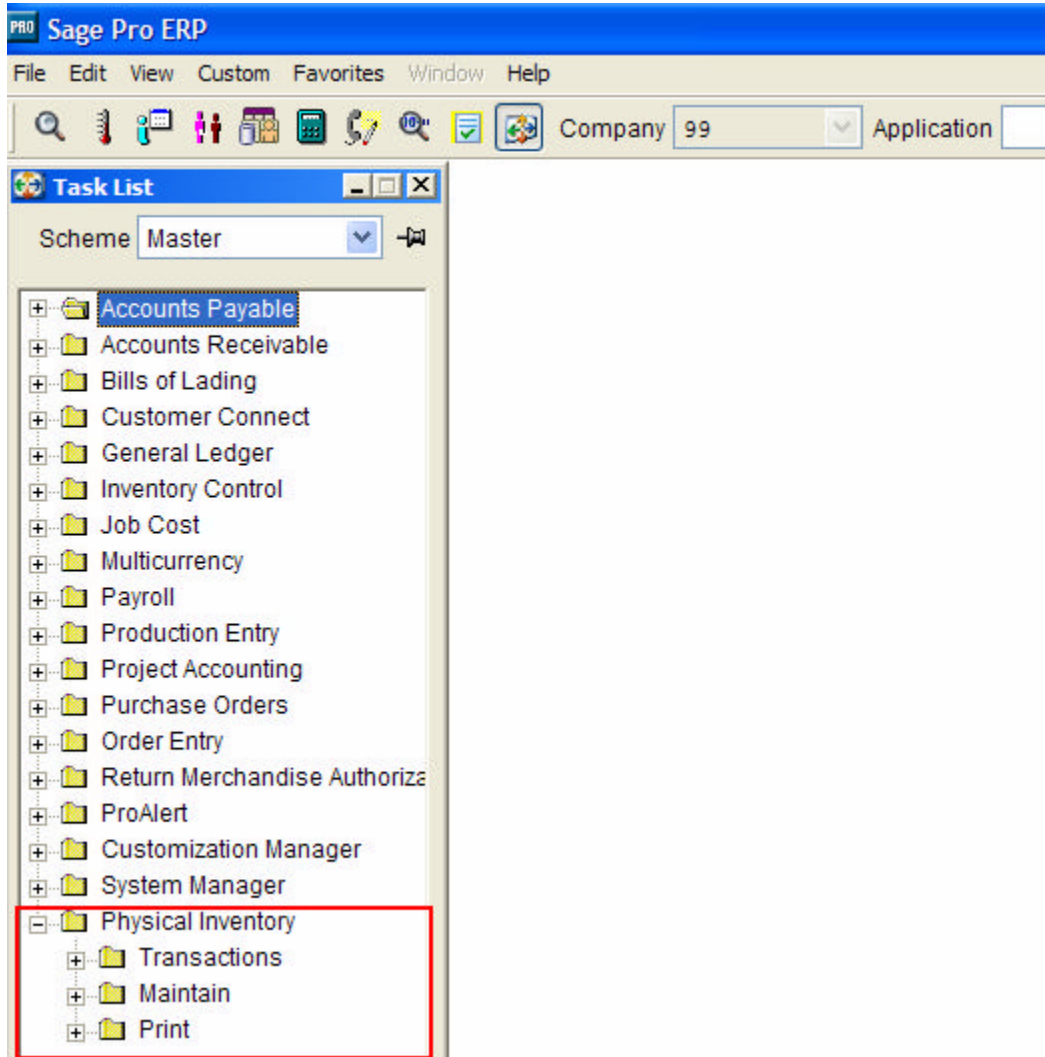
If these privileges are not available to assign to users, you will need to add them in System Manager - Maintain - Dictionary - Processes. Add them to the IC module and make sure to check the box on the bottom for Check Access Privileges.

PIPHYS Access to Physical Inventory Module

PISETUP Access to Physical Inventory Setup Menu Option

Physical Inventory on the Task List

In Sage Pro, open the Task List and locate the folder for Physical Inventory. If you do not have the Task List, see the section above for “Add Physical Inventory to the Task List”. That section describes in detail how to get the Task List enabled for you.



The Basic Steps

1. Set Up Physical Inventory Options

Maintain - Physical Inventory Options

Page 7

2. Prepare Your Data

Transaction - Preprocessing Check

Page 8

3. Create New Batch

Transaction - Create New Batch

Page 9

4. Print Count Sheets

Print - Worksheets

You probably won't print count sheets if you are using a different method for taking your inventory counts, such as an Excel spreadsheet or a handheld data collector.

5. Take Your Counts

This is where you will physically go out and either hand write your counts on the worksheets, internal count sheets you have generated, or scan the items with a hand held device (HHD) using the Riata™ RF Warehouse Management System (p.11).

6. Enter Batch Session (enter your counts) or Import from an External File

Transaction - Enter Batch Session

Page 10

OR

Transaction - Import from External File

Page 11

7. Resume Shipping/Receiving/Inventory Transfers

Once you are sure everything has been counted you can resume normal Sage Pro functions such as shipping, receiving, inventory issues, receipts and transfers. When you process the batch the new on hand quantities will take these transactions into account for the final on hand total.

(Continued on page 6)

8. Print Variance Report and Missing Tags Report

Print - Variance Report

Page 13

Print - Missing Tags (only if using internal audit tags)

Page 13

These reports will be very useful in spot checking for erroneous entries.

9. Print Detailed Entries Report

Print - Detailed Entries

Page 13

Utilize this report to find a session that a count was entered into so that you can go to the Edit Batch Sessions screen and make your corrections. You could also use this to simply review all the entries.

10. Edit or Cancel a Batch

Transaction - Edit Batch Session

Page 12

Make corrections/additions to the counts that were entered.

11. Print Estimated Inventory Report

Print - Estimated Inventory Report

Page 13

See what your inventory counts and inventory values will look like if you process the batch.

12. Process The Counts

Transaction - Process Batch

Page 13

Set Up Physical Inventory Options

From the Task List, Physical Inventory - Maintain - Physical Inventory Options.

PRO Physical Inventory Setup

Company: Professional Software, Inc.

Company Address and Telephone:
1234 4th Street
Suite # 555
Your Town, XX 99999-9999 USA
415/444-9000

Next Batch Number: 7
Next Session Number: 17

Type of Entry:
 Standard Fast
 Include Audit Tag Entry

Method of Processing:
 All Counted Only

Prompt for locations on Batch Sessions

Change the next batch number and session number to something meaningful to you or leave as defaults.

Type of Entry - Fast is a spreadsheet type (heads down) entry where everything is profiled and you enter in a quantity only. Standard is where you enter in the item, location, serial number and quantity. So, you would choose the detailed entry for sure if you are serialized or lotted or you are using stores and bins. If you are importing from an external file, this option can be left as the default.

Select "Include Tag Entry" if you want to enter a tag number with the count.

Method of Processing - *All* means it will process everything in the batch regardless of whether or not there is a count. So, if the item is not counted, it will be zeroed out. *Counted Only* means only what is counted will be processed. Uncounted items will remain what they were before the physical.

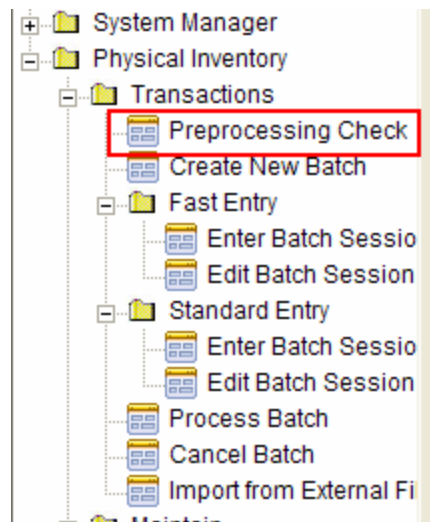
Prompt for Location on Batch - A method of breaking down the batch by location during entry if only 1 batch is being used for the entire inventory.

Prepare Inventory Data

Use the Task List to Navigate to the Physical Inventory Folder. The Preprocessing option is located under the Transaction Folder - Preprocessing Check. You will be prompted to generate a report only so you can view the discrepancies before allowing the preprocessing routine to change any data.

Back up all data prior to running Physical Inventory Preprocessing

The menu below is a partial view of the Task List



Run the Pre-processing check. This is a critical part of the process because the implementation requires that a record exists in the ICIQTY table in order to be counted. This process is designed to get inventory in line for the physical process and needs to be run *prior* to creating the batch.

The Pre-processing routine checks and fixes the following:

1. Roll up `_OVERSHIP` records in ICIQTY. (i.e. `_OVERSHIP` record has a quantity of -3 and the nonovership record has an on hand of 10. The `_OVERSHIP` record will be changed to have a quantity of 0 and the nonovership record a quantity of 7, 10-3)
2. Rolls ICILOC and ICITEM from ICIQTY. So, ICILOC and ICITEM will now match what is in ICIQTY.
3. Creates 1 ICIQTY record for each ICILOC record that does not already exist. This is a key piece because when the batch is created, a copy of ICIQTY is made and this is where all the reconciliations are done from for the final count.

Create A New Batch

Use the Task List to Navigate to the Physical Inventory Folder. The Create New Batch is located under the Transaction Folder - Create New Batch.

Remember, the batch is the extent of what you are counting (e.g. warehouse 1, or items from AAA to BBBB, or store AA to BB). This is NOT to be confused with what a particular person is counting. You will process a batch once you have all of the information entered for it. Batches are not combined, but are totally separate entities. So, you could have only one batch for an entire inventory if you are counting and processing everything at the same time. A good example of a batch would be by location. This way you could count everything at one location and process the batch for just that location.

Enter in the batch description and all of the criteria for the items in that batch. Save the batch. Continue entering the batches for everything you will be counting and processing now.

The screenshot shows a window titled "Create Physical Inventory Batch" with a blue header bar. Below the header are three buttons: "Process", "Reenter", and "Exit". The main area is labeled "Option Grid - Create Physical Inventory Batch" and contains a table with the following data:

Type of Counting	{Physical/Cycle}	Physical
Batch Description	Month-End Physical Inventory	
Beginning Item	(first or blank for all)	
Ending Item	(last or blank for all)	
ABC Code	(ABC code or blank for all)	
Location	(Portion or blank for all)	WH1
Class	(Portion or blank for all)	
Product Line	(Portion or blank for all)	
Bin	(Portion or blank for all)	
Misc Code	(Portion or blank for all)	
Sort by Misc Code	{Yes/No}	No

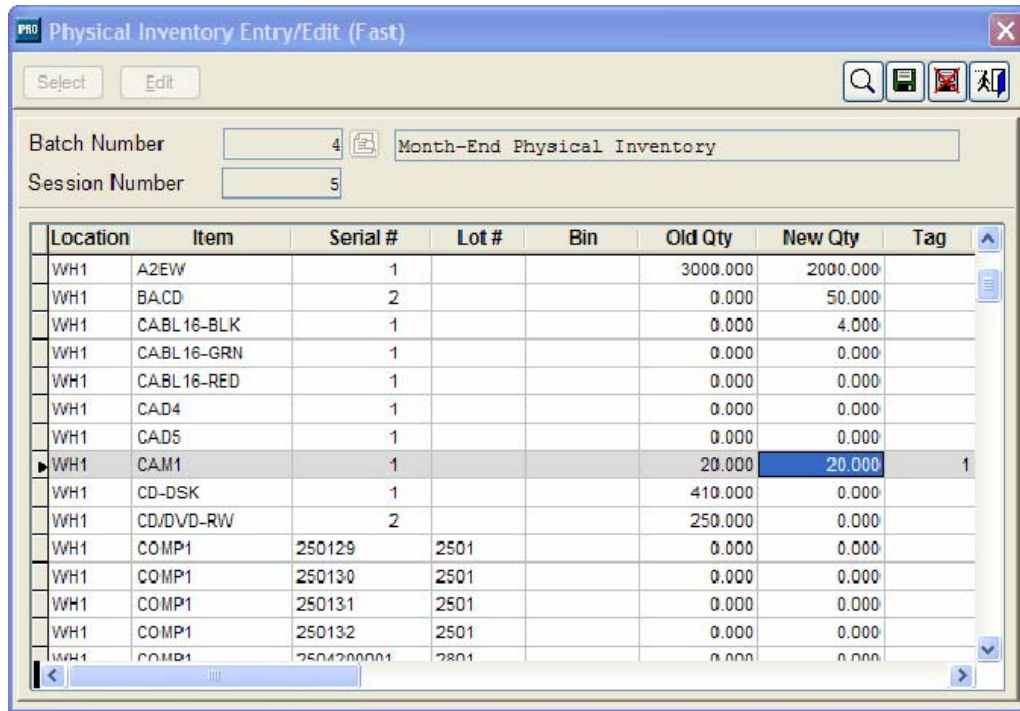
You also have the ability to utilize the Cycle Count information as setup in Sage Pro to define the batches. Please see the Sage Pro ERP IC documentation for more information on how to set up and maintain Cycle Counts. All the Cycle option does is allow you to utilize the Cycle Count information to create your batch. Everything else functions the same. If you are not utilizing the Cycle Count in Sage Pro, simply choose the Physical option from the grid for the Type of Counting.

You will be prompted with the batch number. This will be an important number for the next steps and if importing from an external source.

Enter Batch Session

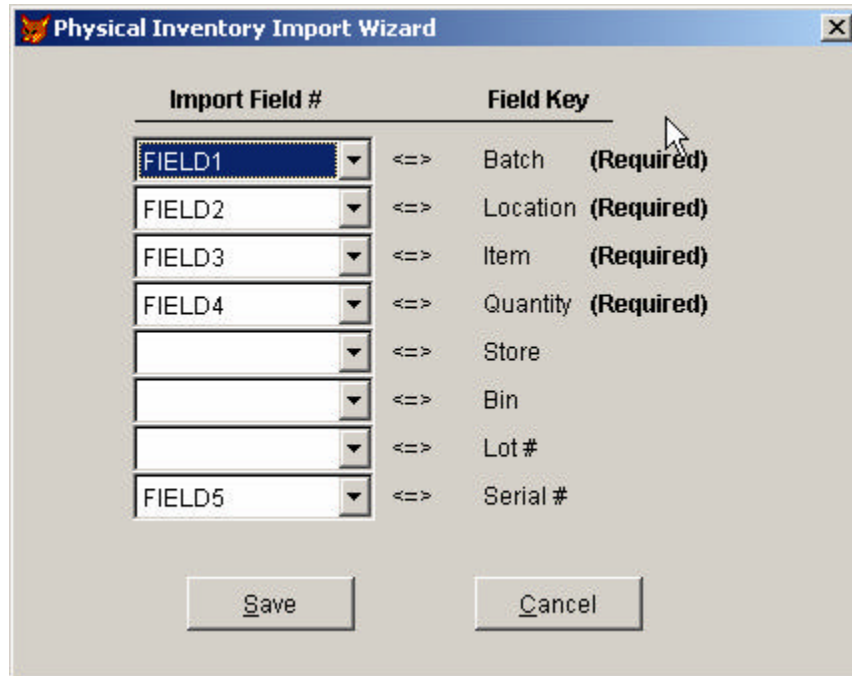
To begin the process for entering manual counts, use the Task List to Navigate to the Physical Inventory Folder. The Enter Batch Session is located under the Transaction Folder. You can choose Fast Entry or Standard Entry and then Enter Batch Session. See examples of the two different methods below and on the next page.

“Fast” Entry as Selected in the Physical Inventory Options Screen



Enter the physical counts in the “New Qty” column. Requiring the entry of the Tag is an optional setting in Physical Inventory Setup under the Maintain menu. If you do not have an item in this list but have counted it, that means there was not an ICIQTY record for the item at the time the batch was created. You will need to go into the Detailed Entry Screen to enter this count. First, you will need to go into the Physical Inventory Options screen and switch to Detailed Entry. So, it is best to save all these items until the end so you don’t have to keep switching back and forth between Fast and Detailed Entry.

Once you select the file to import, you will be presented with an import wizard where you will map the fields from the text file to the appropriate Sage Pro field. Only the fields marked as required need to be in your text file. This field mapping will be stored for the next time you import.



Editing/Canceling Batches

Task List - Physical Inventory - Transaction - Standard or Fast Entry and then Edit Batch/Session.

This will allow you to add, edit, or delete counts before processing. You select the batch and the session.

Task List - Physical Inventory - Transaction - Cancel Batch: This allows you to cancel an entire batch. You will then start from the beginning with creating your batch, collecting and entering your data.

Process Physical Inventory Counts

Use the Task List to Navigate to the Physical Inventory Folder. The process option is located under the Transaction Folder - Process Batch.

You will then choose the batch number to process.

You will be prompted if there are any preprocessing errors. The only thing that will generate an error at this point is a count that will make the inventory go negative.

After the batch is processed your inventory will be populated with the counts and the adjusting journal entries will be created. Print the posting register from the IC Module and release to GL.

Reports

All of the reports can be accessed by using the Task List to Navigate to the Physical Inventory Folder. All of the reports are under the Print section.

Worksheets

Worksheets are your detailed sheets used for taking the counts. This will show you the current on hand with a place to write in what was counted.

Variance Report

Shows the original on hand, the counted on hand, and the variance in units and cost dollars. It also shows which items have not been counted with a "No Count" in the far right hand column. The sequence number in the first column is a computer generated tag. Tag is a freeform field that is not yet implemented for the handheld process. There is a summary and detail option for this report.

Estimated Inventory Quantities

This is a grand total report that shows one total line of on hands before and after count with variances.

Missing Tags

If using the freeform tag, this is a method of determining what tags have not come back. This indicates items (or sections of items) were missed in the count.

Detailed Entries

Use this report to see the details of what was entered for a batch. This is useful to spot check for problem entries and then locate the session number to edit. If you have imported data from an external source, this report will detail what was imported in each session.

Technical Information and Technical Support

No Sage Pro ERP programs are modified for the Physical Inventory Module.

All Physical Inventory programs begin with PI and are located in the root Sage Pro directory.

No existing Sage Pro ERP tables are modified for the Physical Inventory Module.

Physical Inventory Tables:

1. PIIMPT## - Cross reference table. References key fields in the external text file to the fields in the Physical Inventory Process.
2. PIBTHD## - Physical Inventory batch header table. Uniquely identifies each batch that has been generated.
3. PIBTCH## - Physical Inventory batch detail table. One record for every item in ICIQTY## that matches the batch criteria.
4. PISESS## - Physical Inventory session table. Stores the status of each session for each batch (a batch can contain many sessions).
5. PIENTR## - Physical Inventory entry table. Detailed quantity entries for the session within the batch.
6. PISYS## - Physical Inventory Next Session Number Table

Technical support: Sage Pro resellers contact Data Developers Plus, Corp.
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