SAP Business One v10
How to Inventory Cycle Count

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1. Introduction

Inventory counting or stock taking is crucial to any company that manages inventory be it perpetual or periodic inventory system by matching the actual inventory to the quantity saved in the database.

Companies can make adjustments to existing inventory records, detect unusual or unacceptable discrepancies and improve inventory management.

Companies take various approaches to ensure the accuracy of inventory counting results. Typically, it is overwhelming to count all of the items at the same time, so you wany to set up a manageable schedule to count a portion of these items at a time and over time, you will achieve a physical inventory count of all items.

2. Inventory Cycles

SAP Business One offers an end-to-end inventory counting process to help improve inventory accuracy. It allows the warehouse manager to determine the frequency of stocks counts based on cycle counts determination. For example, a decision might be made to count all high value “A” items monthly or lower “B” items every quarter and all lower values “C” items once a year.

Using inventory cycles setup screen, the warehouse manager can determine the frequency of cycle count.

2.1 Inventory Cycles Setup

Use this window to define cycles of inventory counts. These cycles can help you track inventory counts by issuing an alert each time a count is due.

In order to setup the inventory cycles, you will navigate to **Administration → Setup → Inventory → Inventory Cycles.**

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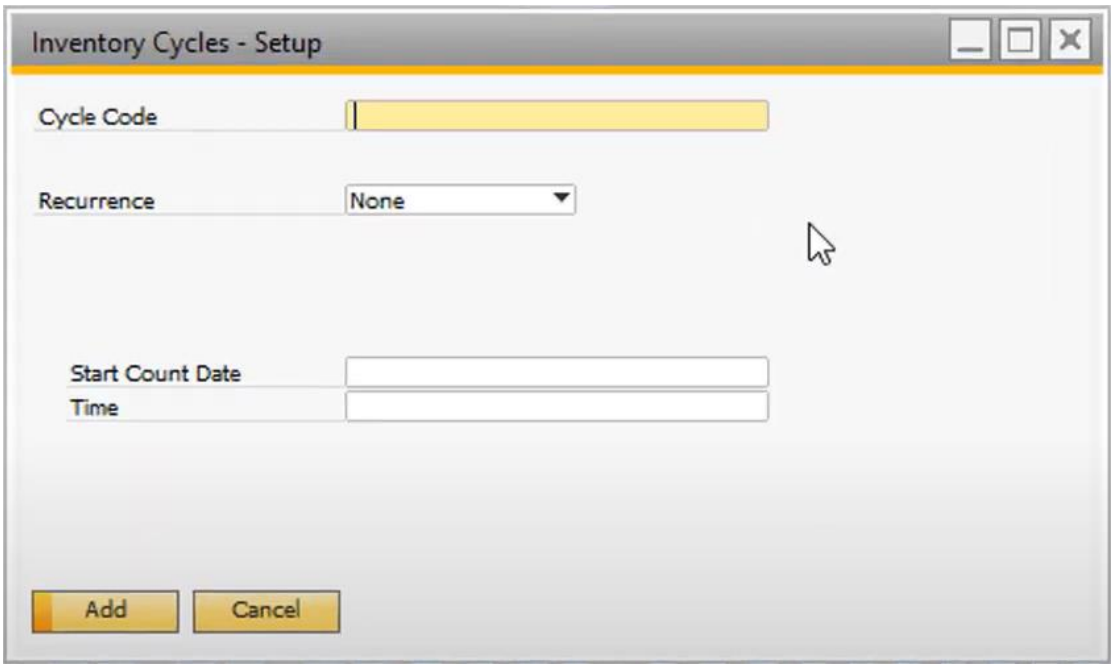
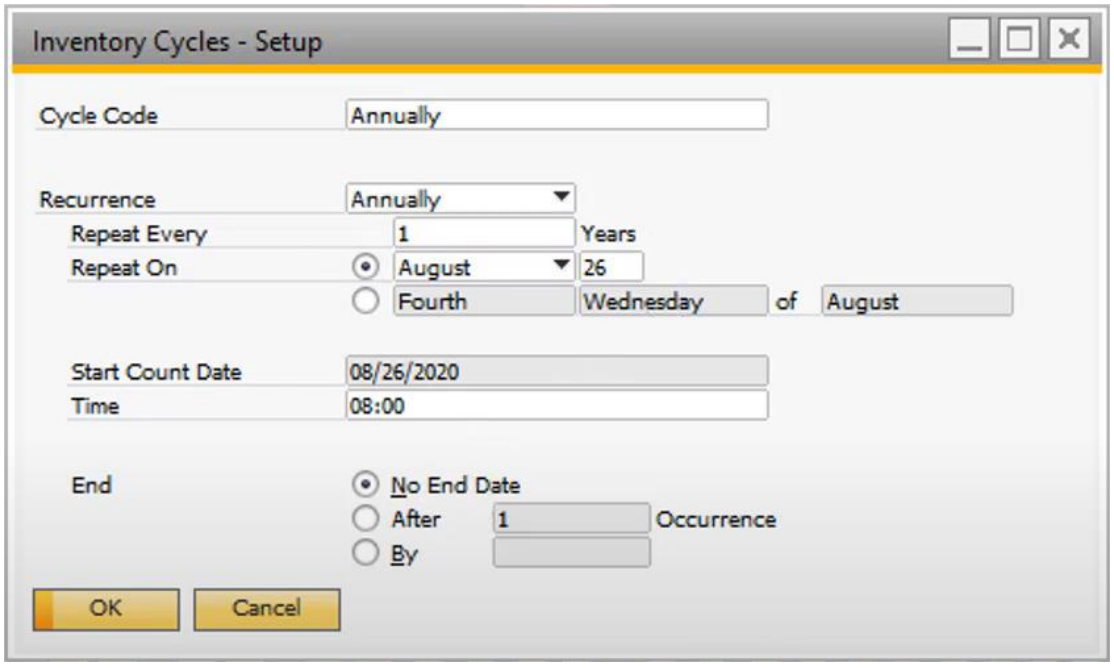


You can have different structures for Inventory Cycles, for example:

The first cycle code you have in the system is annually with an occurrence of once a year, every year. You have it to repeat on august 26 at 8:00 o'clock in the morning with no end date.



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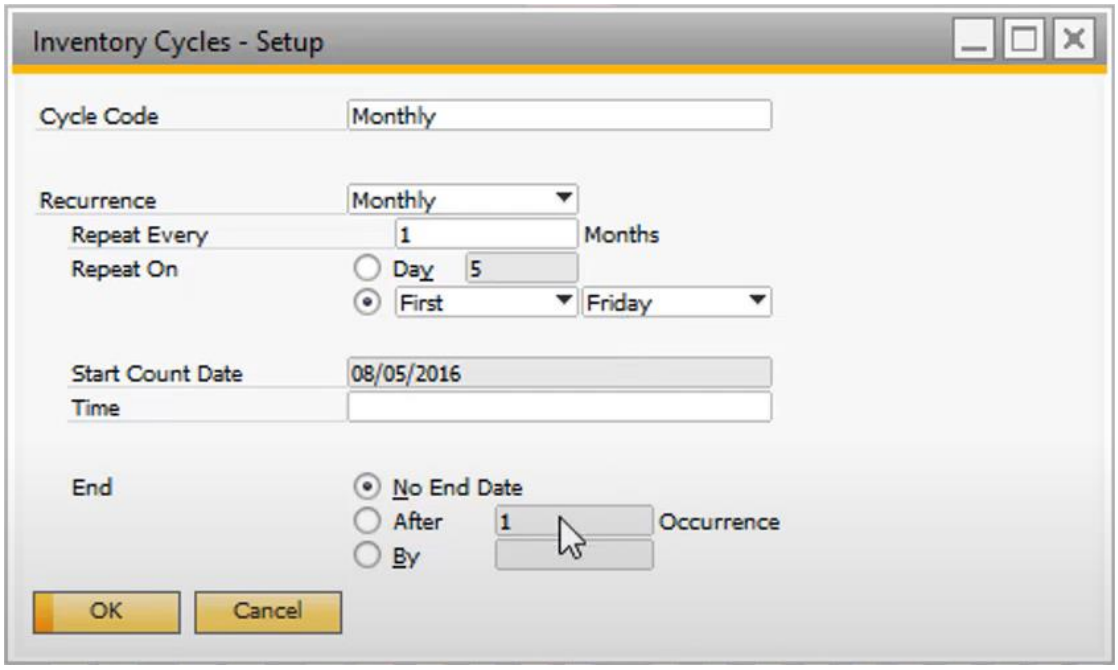
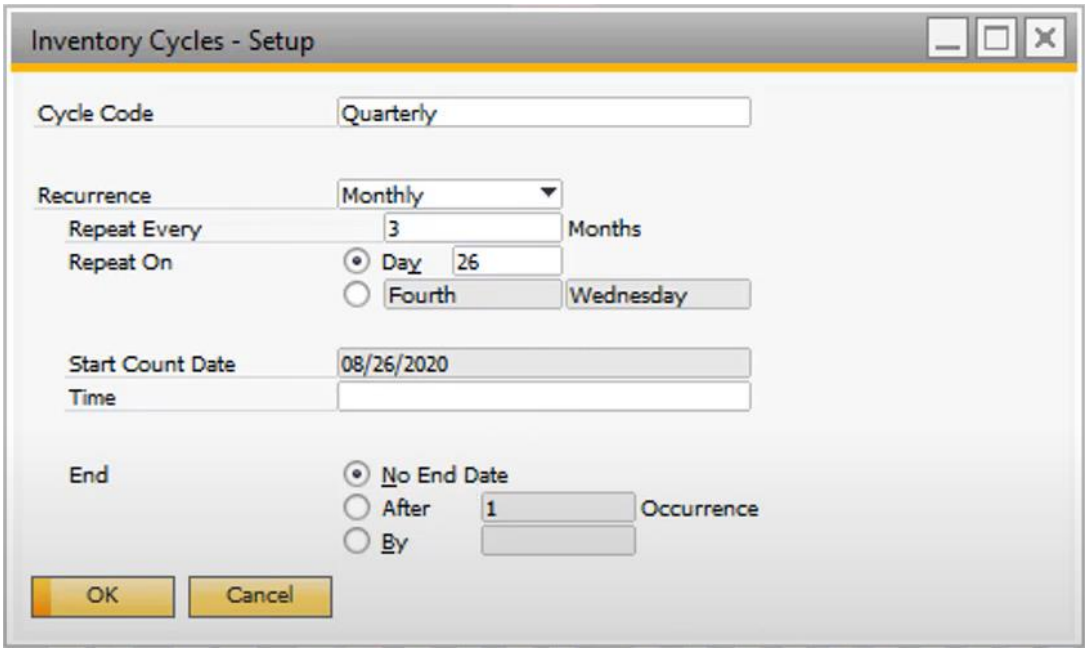
Next, you have monthly, which will be a recurrence every month. Here you have on the first Friday of set month with no specific end date.



Next, you have quarterly, which is the occurrence every three months dated on the 26th of set month, with no specific end date.



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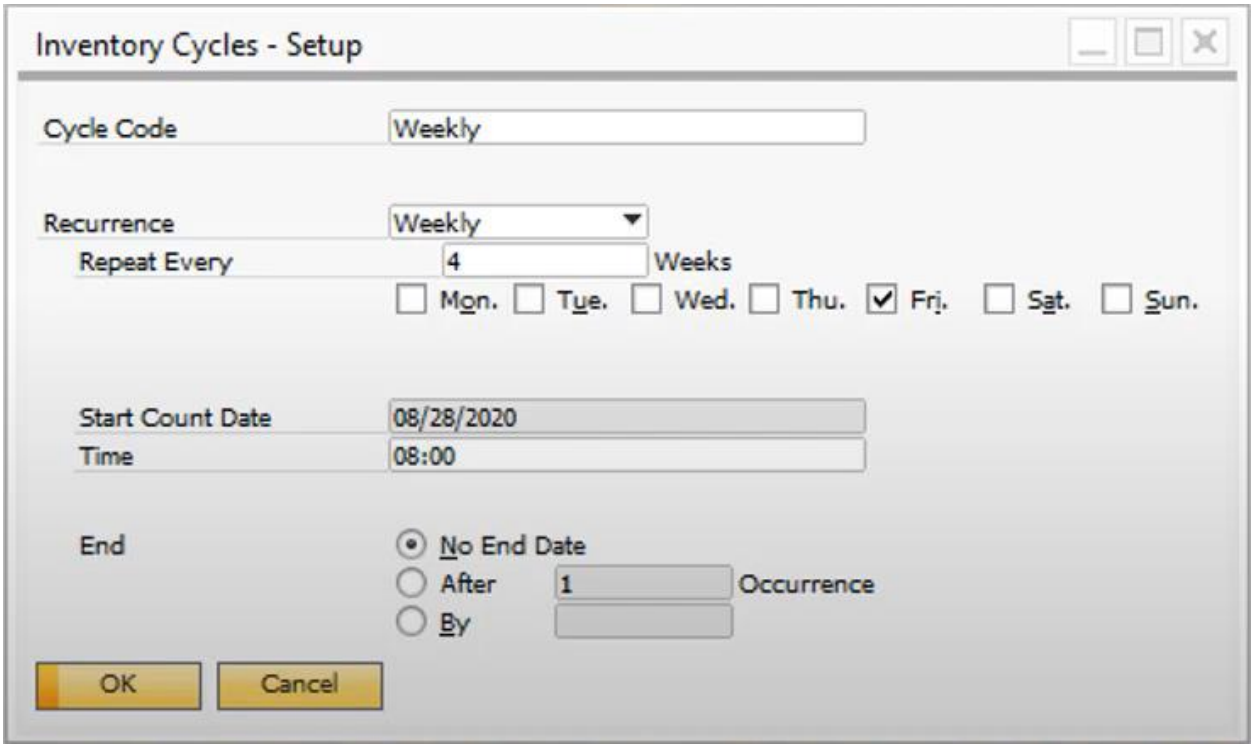
Lastly, you have a weekly, which will be every four weeks on Friday with no end date.



Now that you have structured our inventory cycles, let's do the same for cycle count determination.

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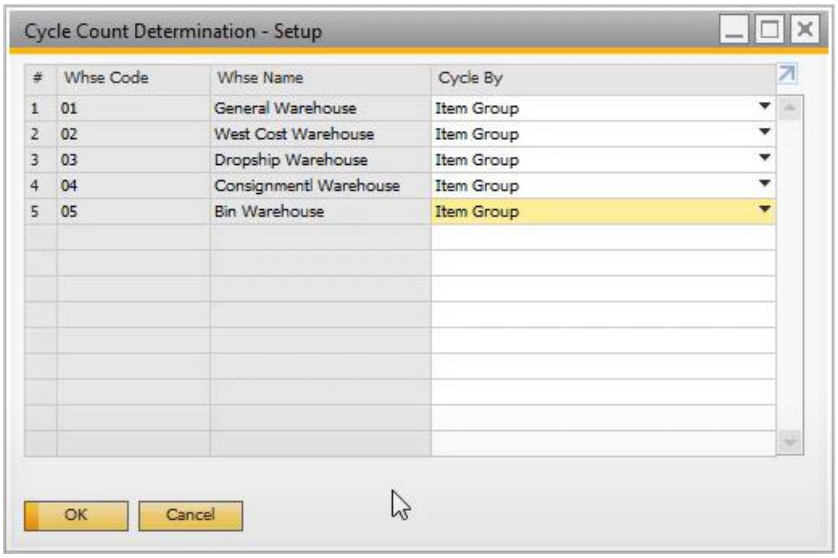
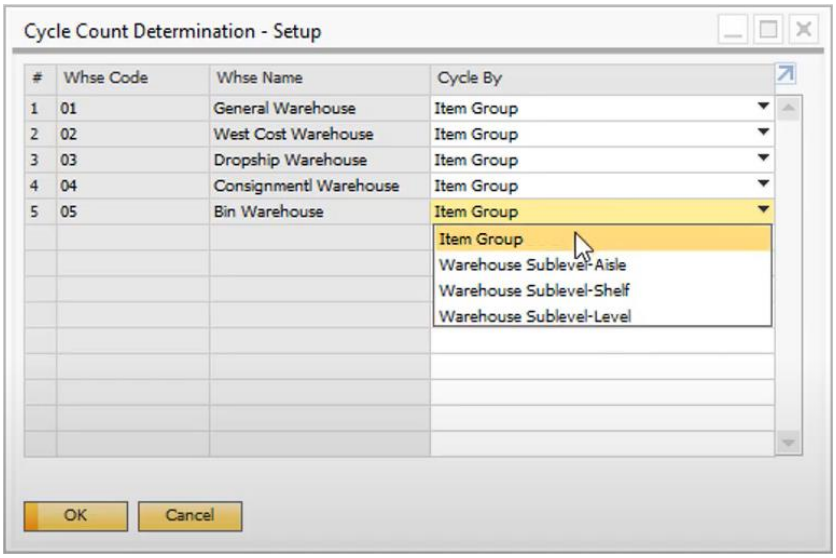
2.2 Cycle Count Determination

From the SAP Business One Main Menu, choose **Administration → Setup → Inventory → Cycle Count Determination.** The Cycle Count Determination – Setup window opens with a list of all non drop-ship warehouses.



You must choose whether you want the warehouse to be cycle counted by item group or by a certain warehouse sub-level. For the example you have all by item groups.

As bin warehouse is being enabled, you are also able to instead choose a sublevel if so wish.



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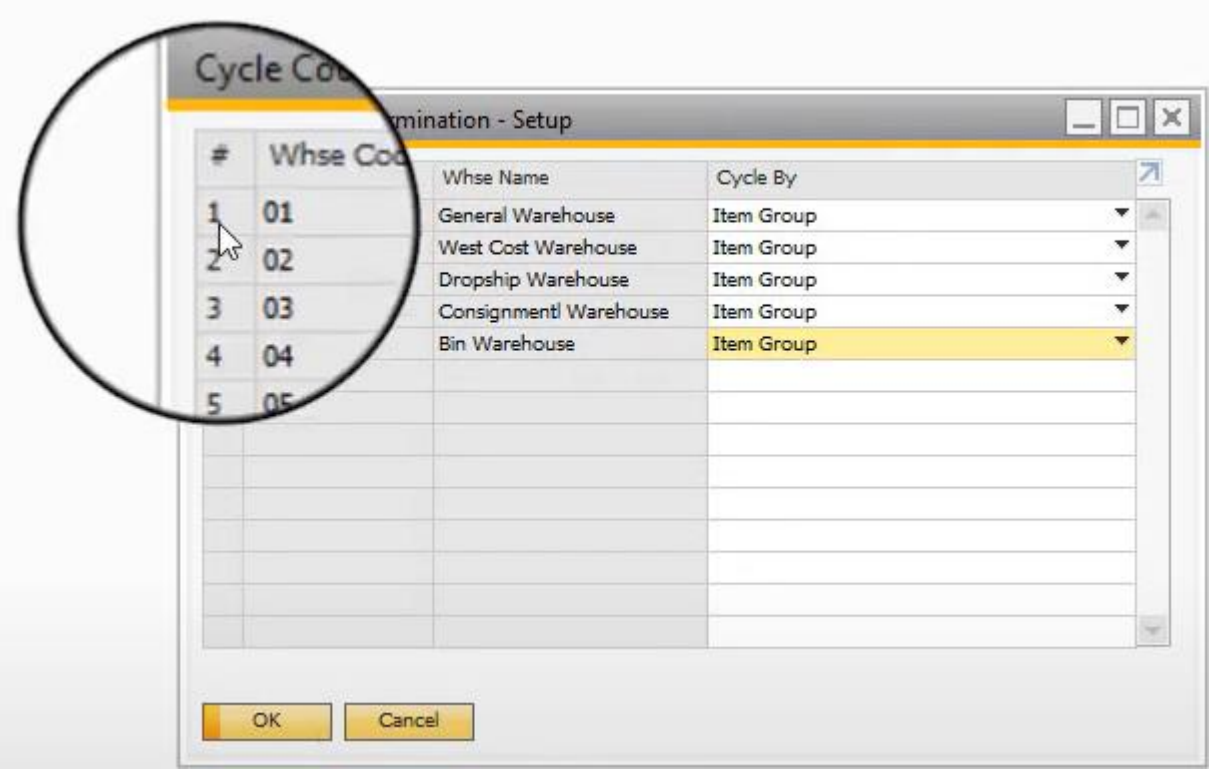
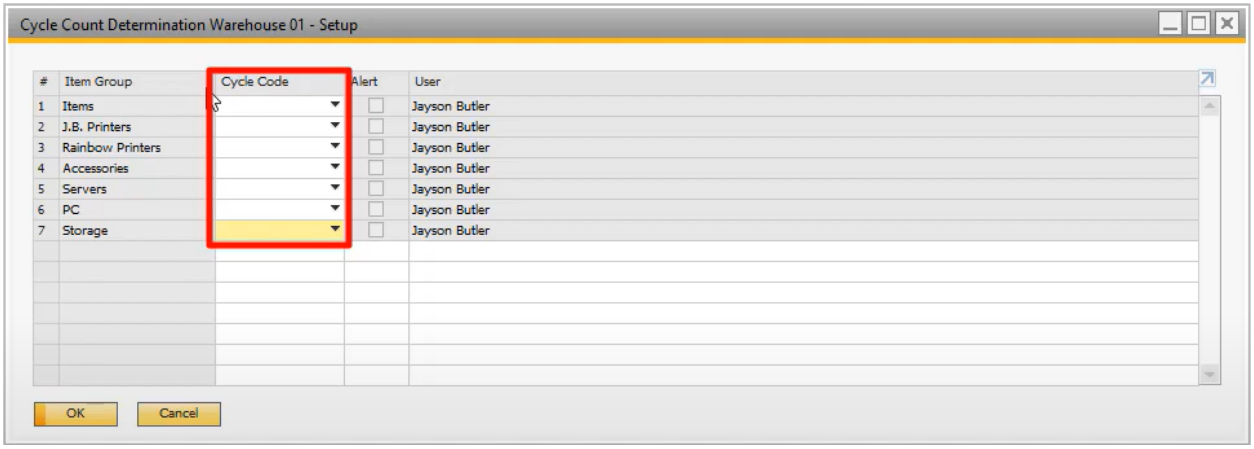
Now you have determined that each warehouse will be cycle by item groups, you will double click on the row number for each warehouse…



…and you are now able to select under each item group what cycle code it should have.



For items you will have monthly, for the System Message, in this case you will say yes.

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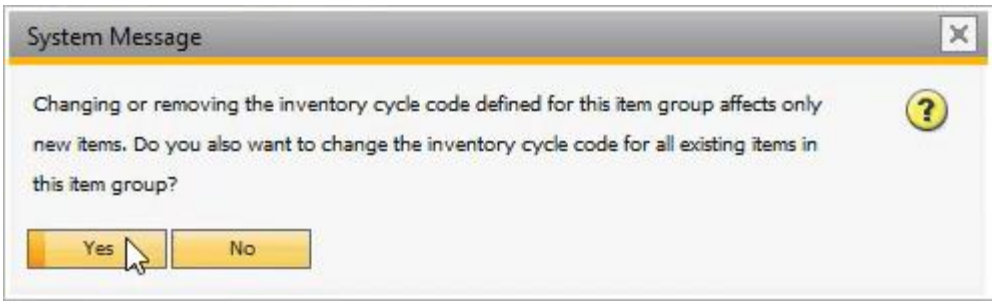
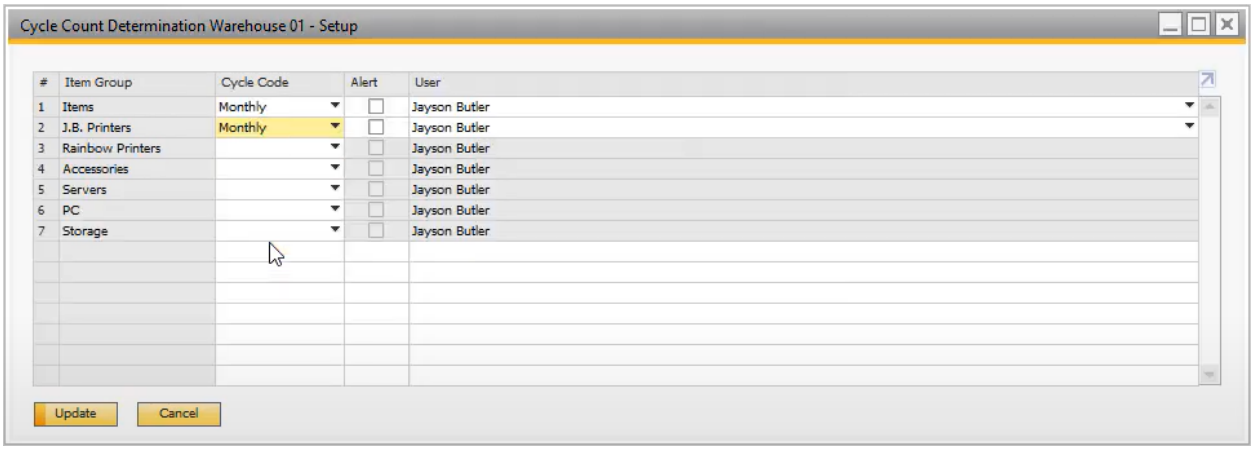
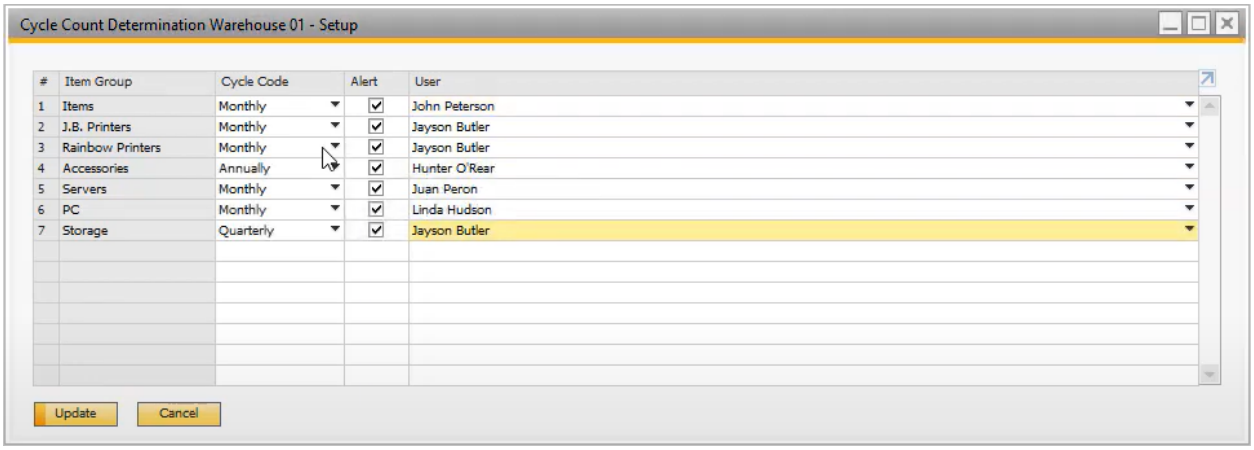


For J.B. Printers you will also choose monthly as it is a high value item.



2.3 Alerts

Note that alert box becomes available for selection. From a drop-down list of users you are able to select the user who will be receiving the cycle count alert per item group if you choose.



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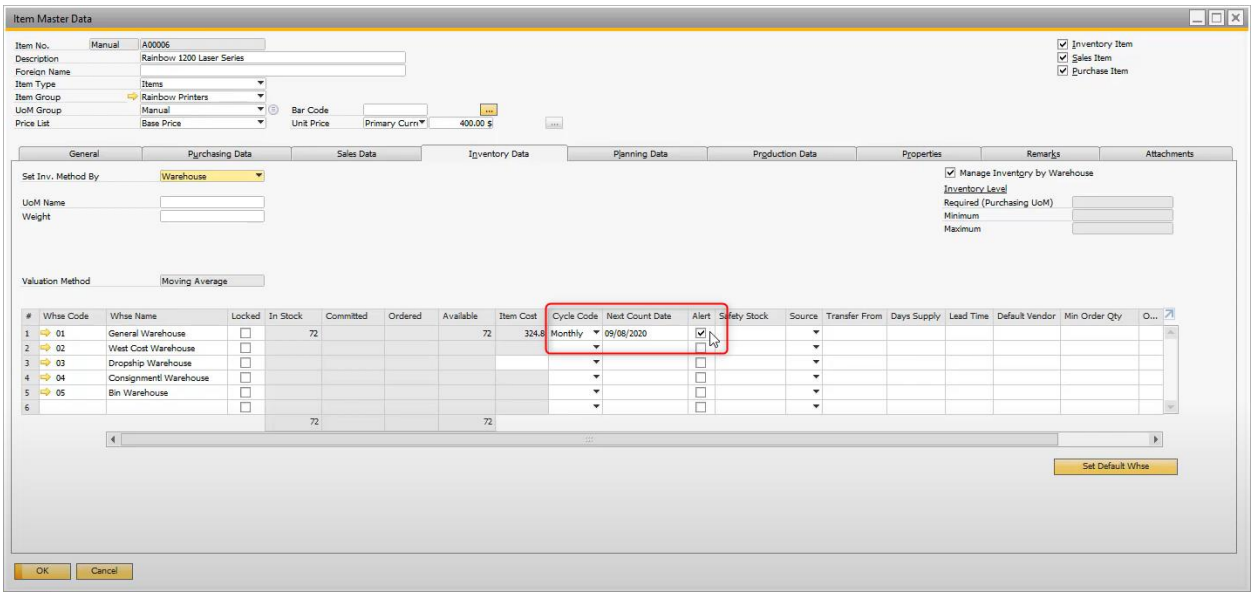
Now you have chosen the appropriate item groups cycle codes, alerts being checked and the users that will be receiving such alerts you will go ahead and click update to save information.

Now you have set up the inventory cycles in the cycle count determination, you will navigate to **Main Menu → Inventory → Item Master Data**.

Go to the Inventory Data tab. You are able to review and change, if needed, the cycle code from monthly to another cycle code that you have already previously created. Also, you are able to verify the next count date for this particular item warehouse combination and check the Alert box.



The alerts will appear in the messages and alerts window and will be listed as stocktaking required.

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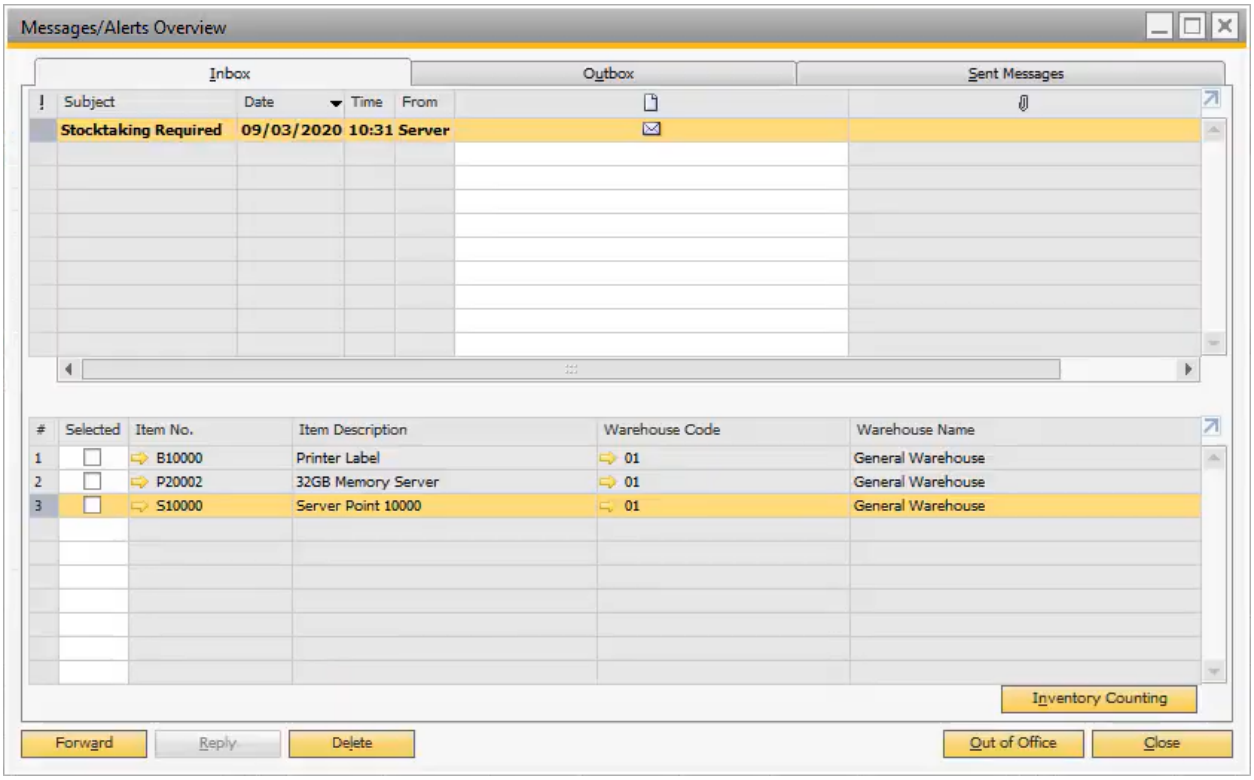

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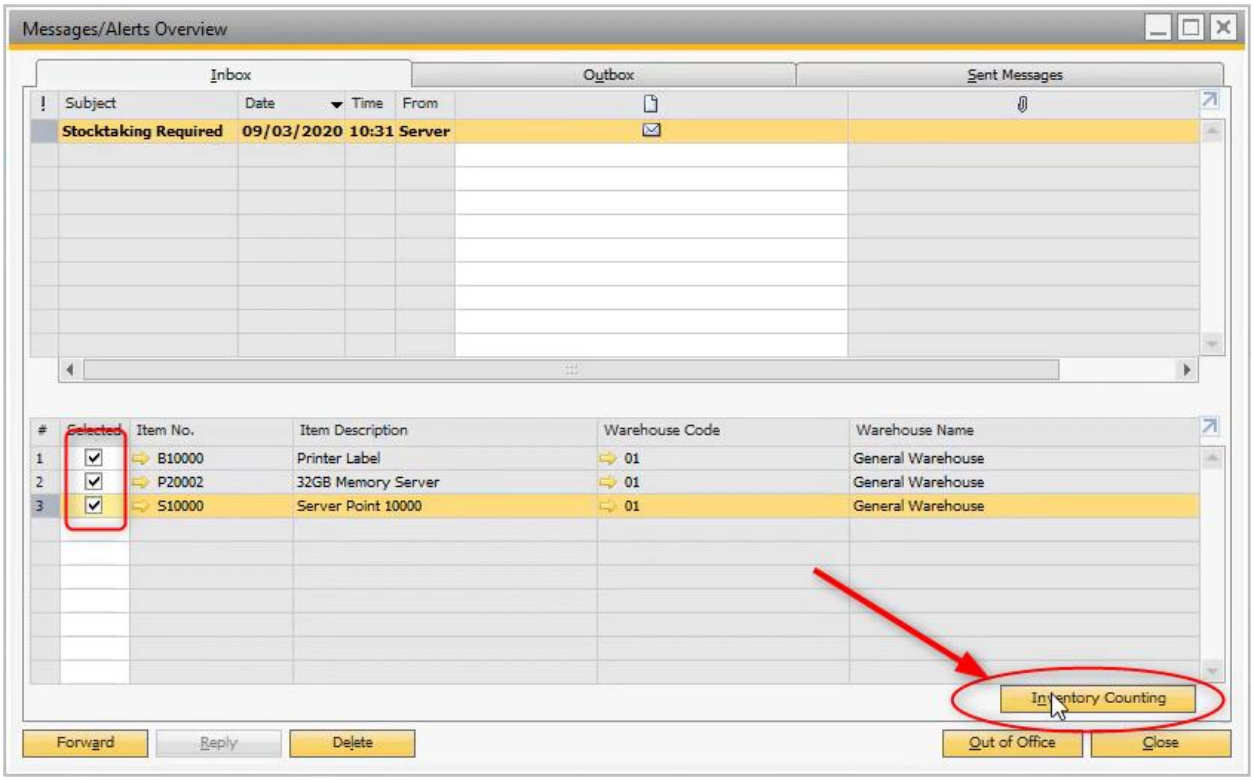
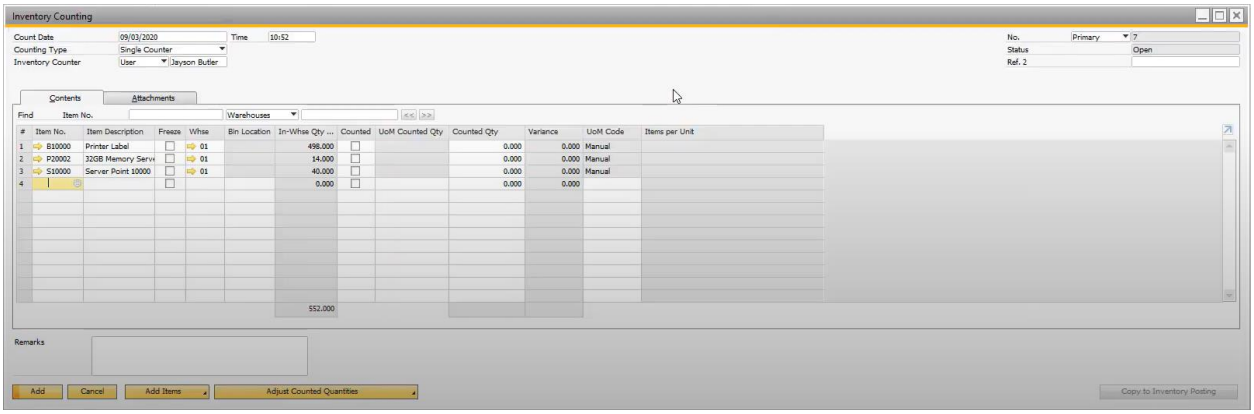
3. Inventory Counting

Within the alerts window you can select an item or items by the item number that you wish to have counted.

Simply check the box on the left side showing it selected and then click on the inventory counting.



The Inventory Counting sheet is open directly.



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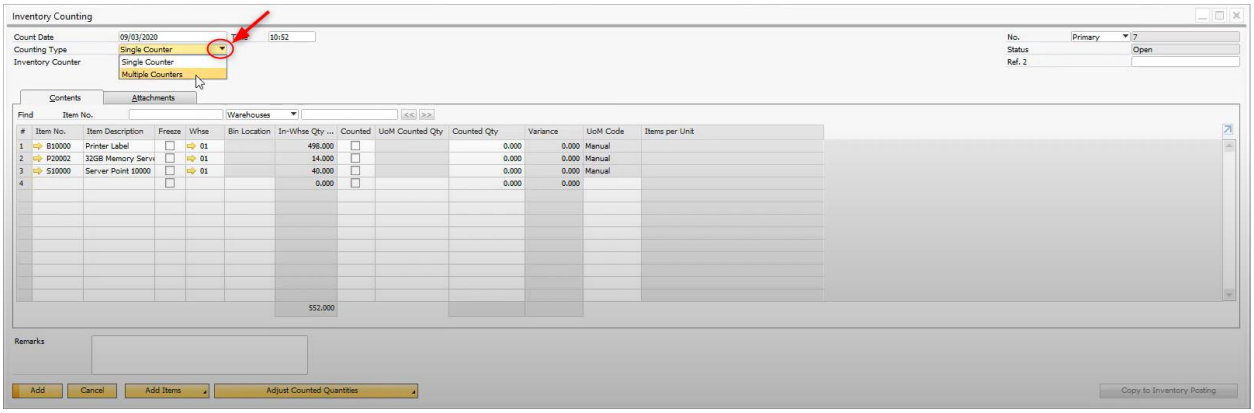
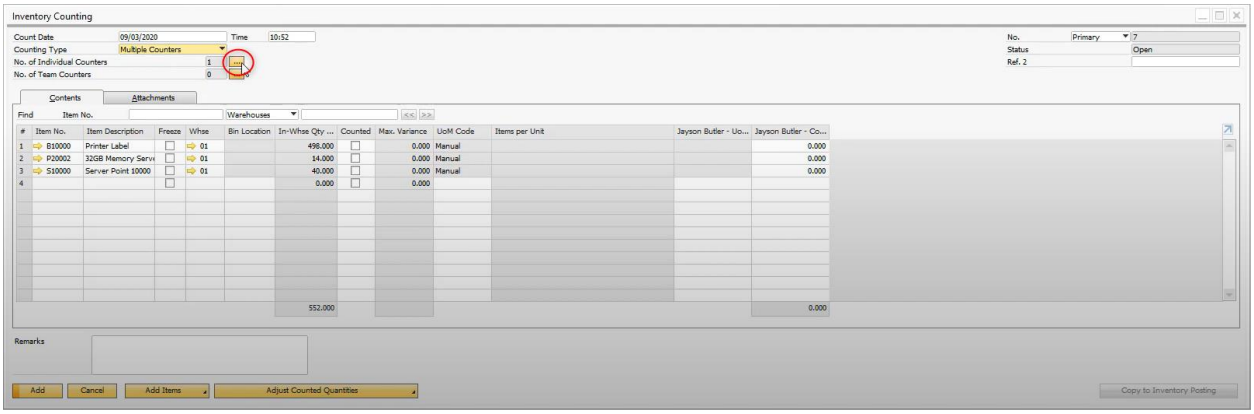
3.1 Counting Scenarios

To assist with inventory accuracy, there is the option of one or more stock counters in the same area. This allows a double check of stock accuracy.

Click the drop-down menu to select one or multiple counters.



If multiple counters are selected, then the number of individuals can be selected.



By clicking the ellipses, you are able to see a list of users to choose from. You can choose one of them, and then click *Update*, and click *OK*.

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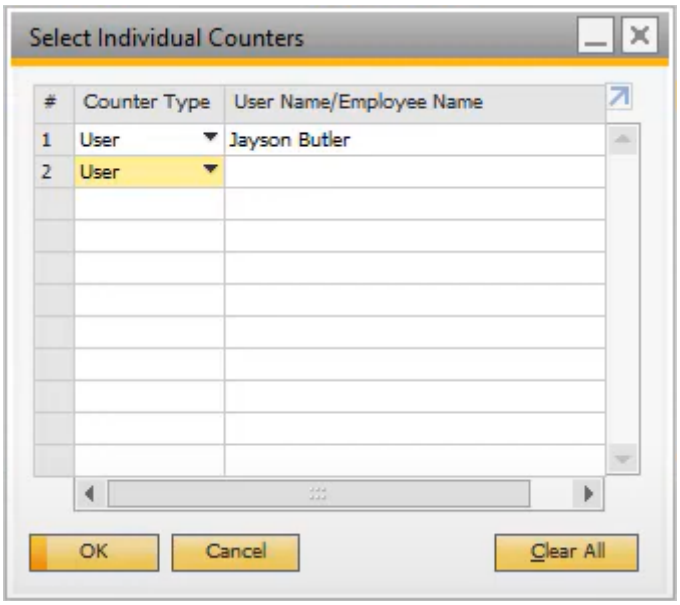

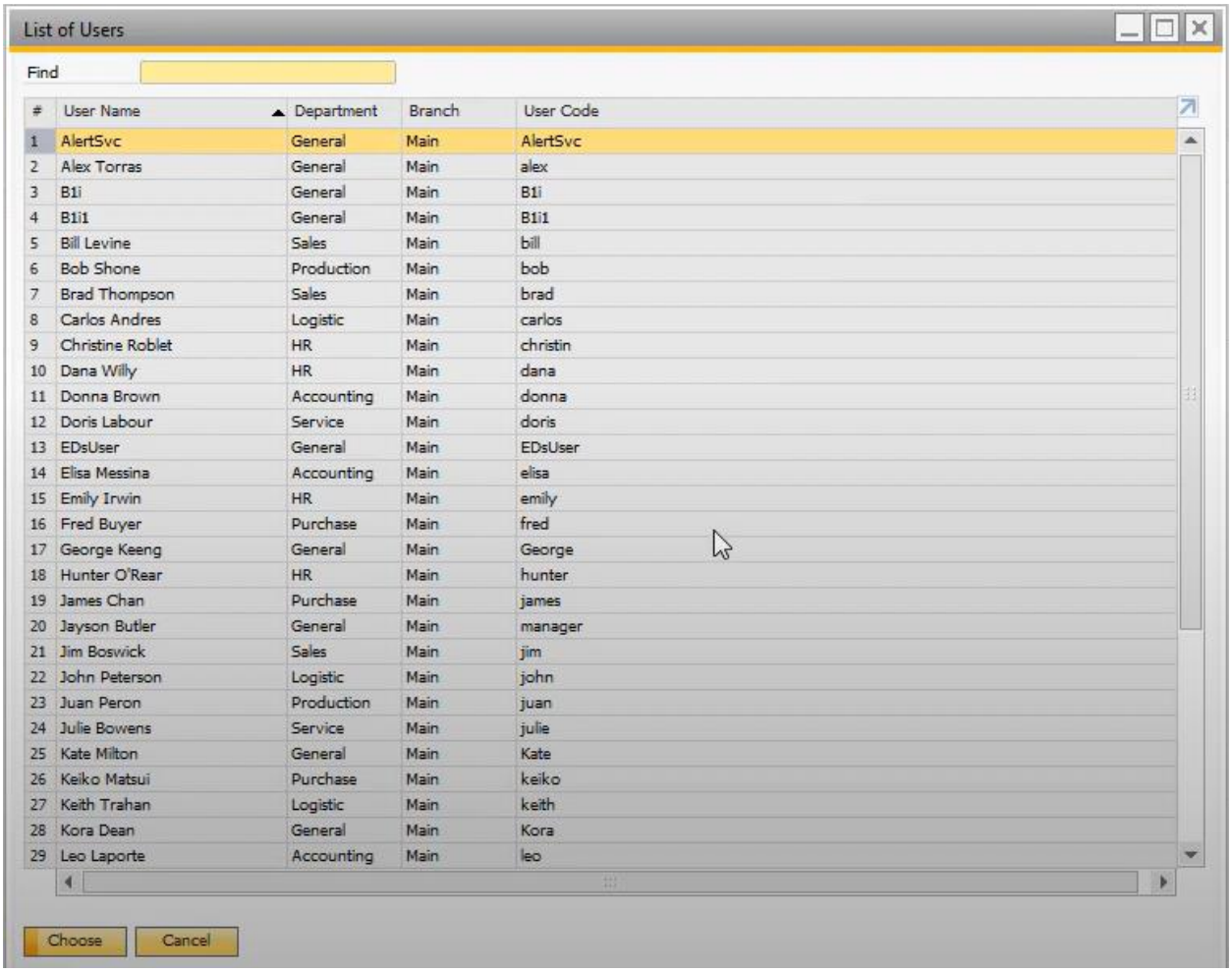

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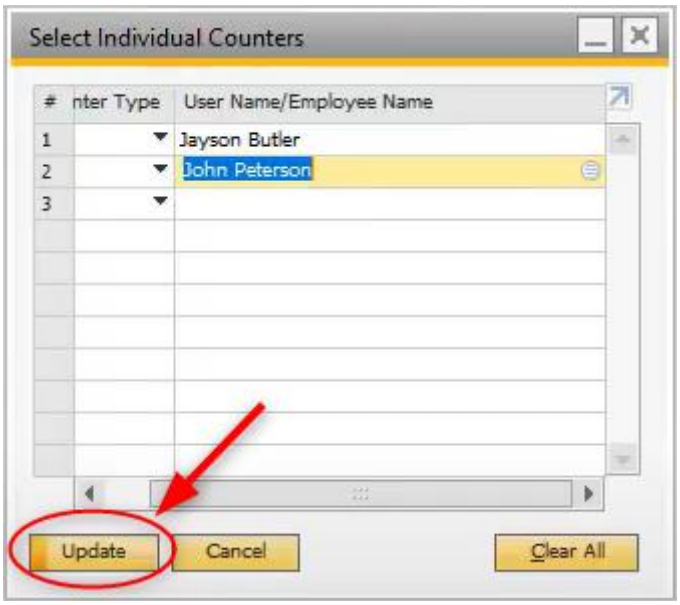
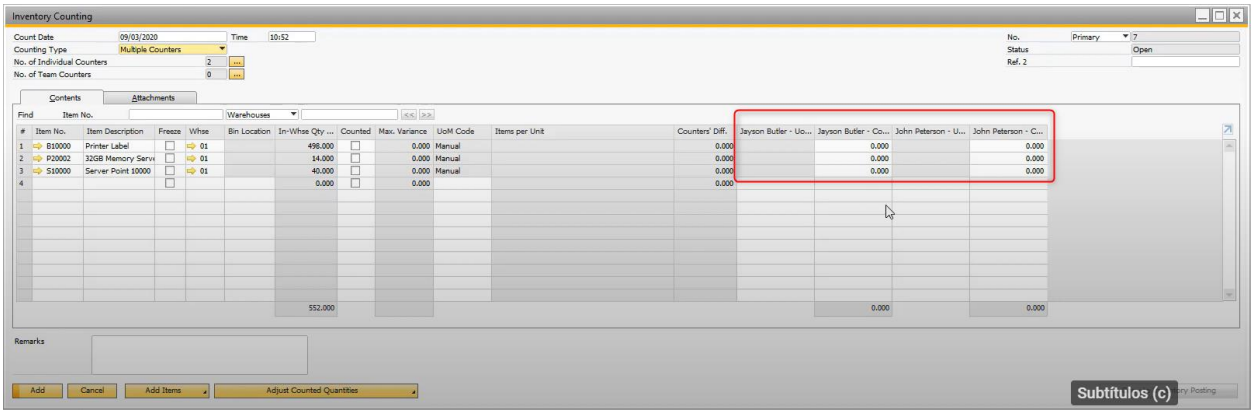


There is now a secondary count column. One for each counter.



You can add any remarks.

Prior to adding, you can choose freeze for the items to be counted. This provides the ability to freeze items being counted during the inventory taking process.

Freezing an item will prevent all transactions except inventory posting that affects the in-warehouse quantity of the item in the selected warehouse and bin if applicable.

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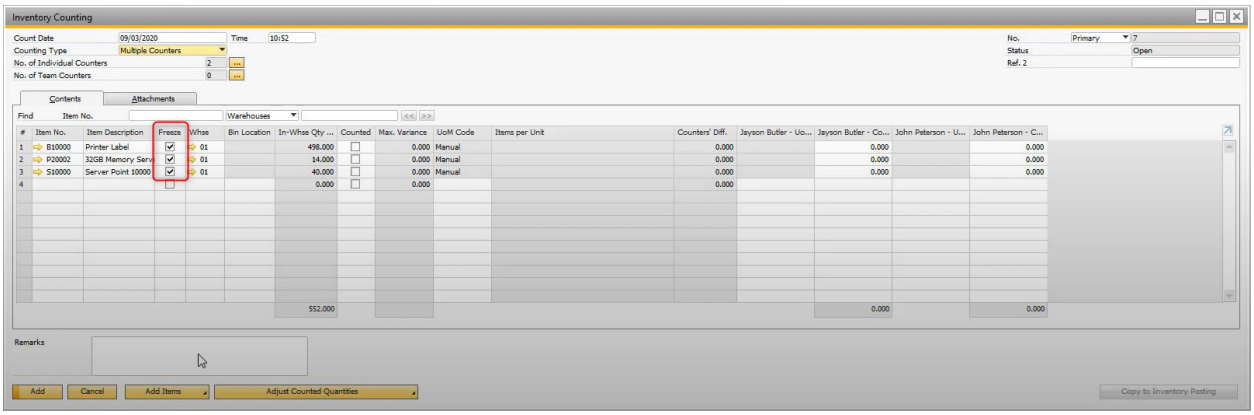
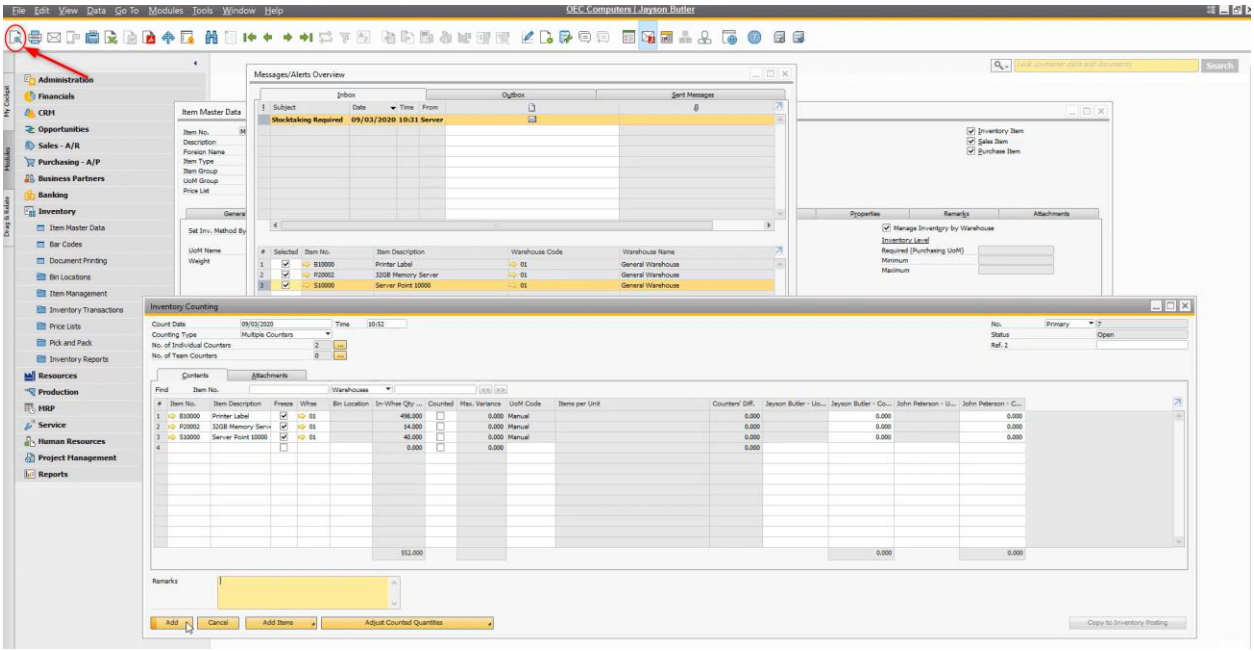


You can add the inventory count sheet to the system.

3.2 Printing Count Sheets

From the inventory count sheet click on *Preview*.



In the Printing Options window you will have two options: one to show or hide the inventory quantities on the sheet itself; secondly you are able to print one document for both counters or print per counter.

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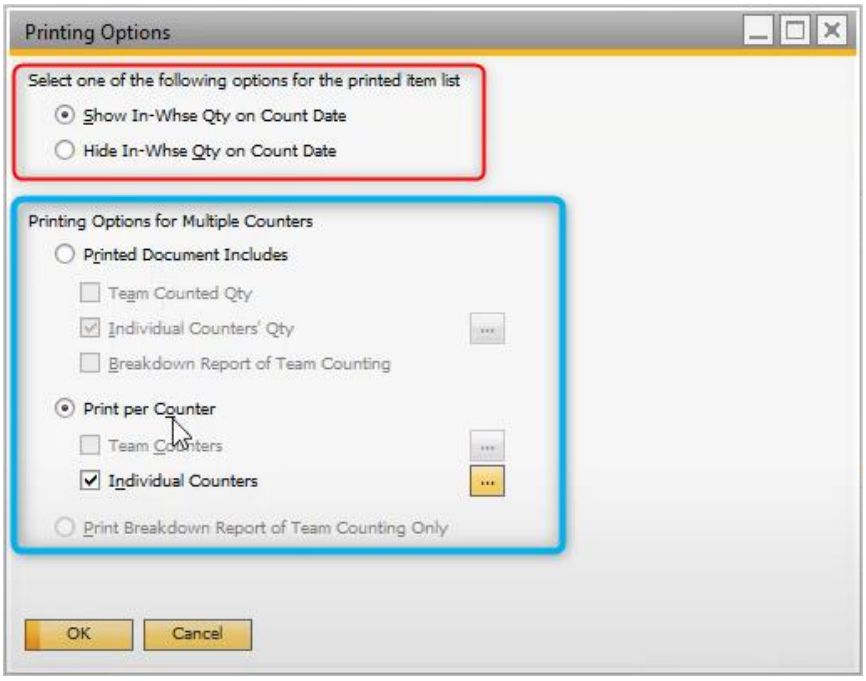
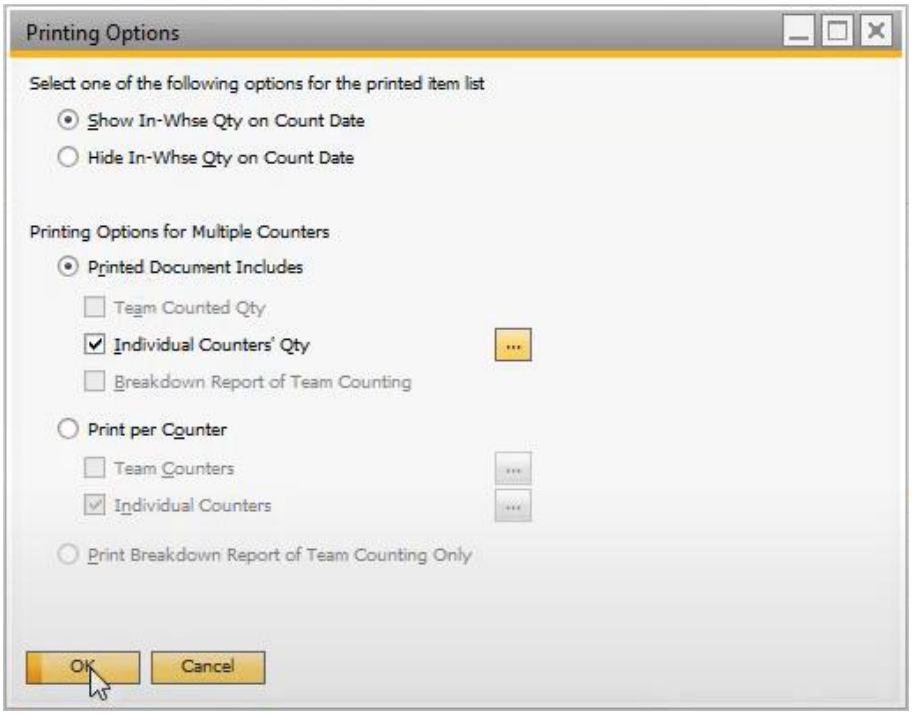


A) First, you are going to select inventory quantity in the document and print only one document.



In the inventory count sheet, you have the two counters. Inventory information is shown, and they have two columns to be filled in by each counter.

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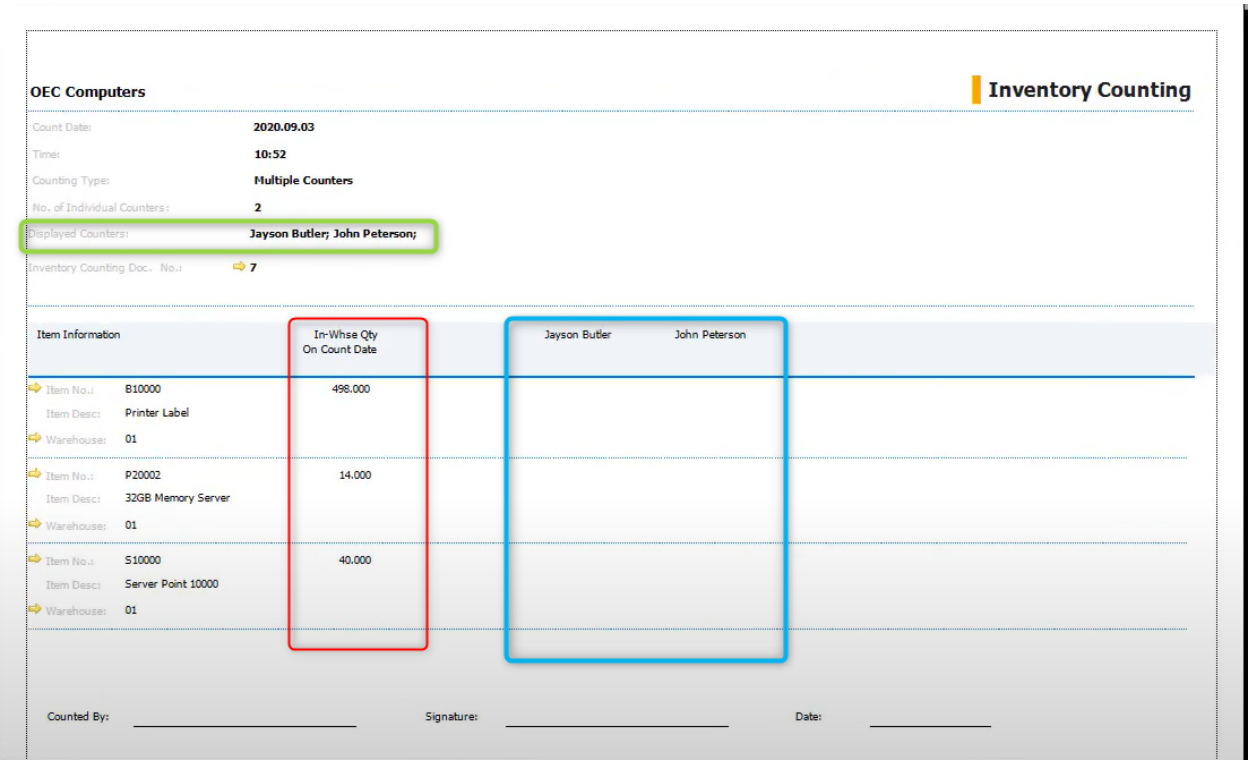
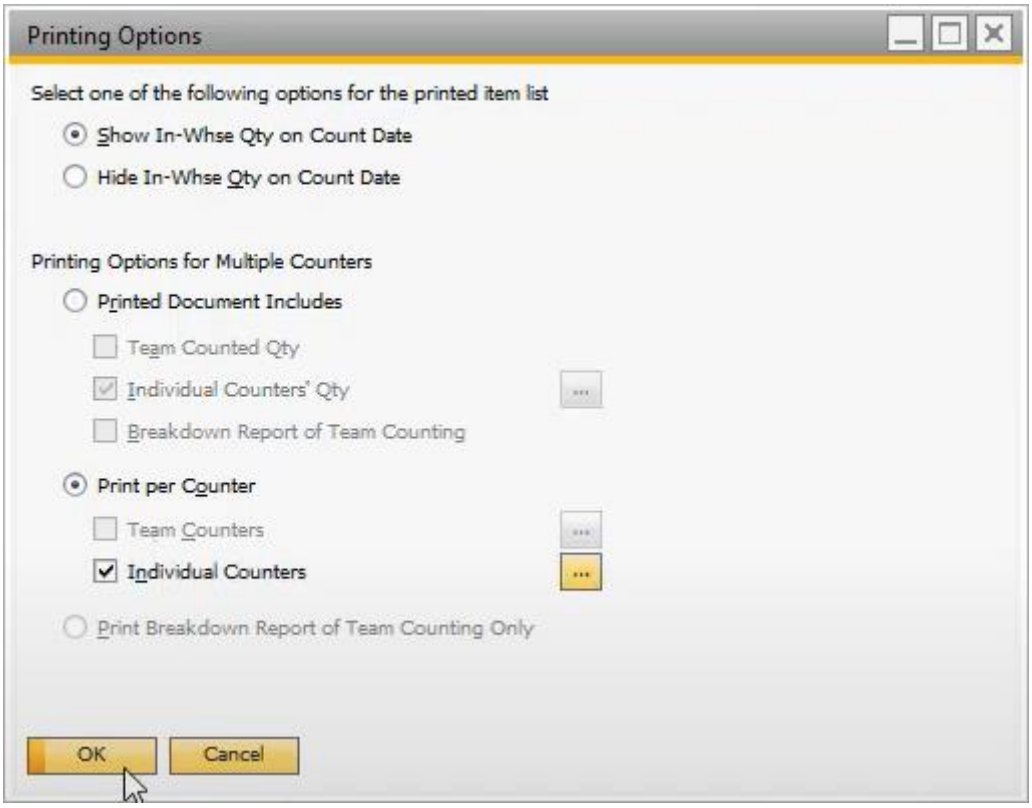


B) Now you are going to select *Print per Counter*.



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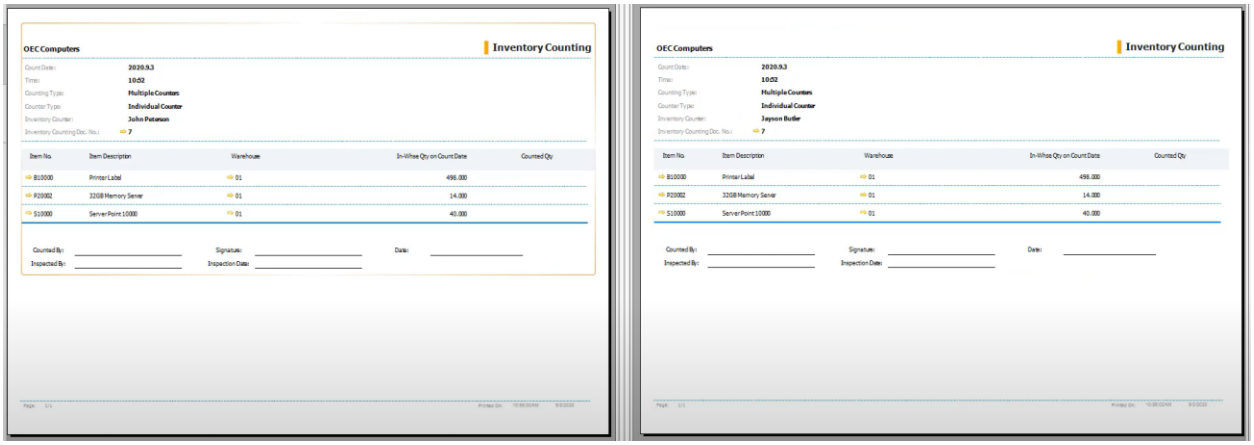
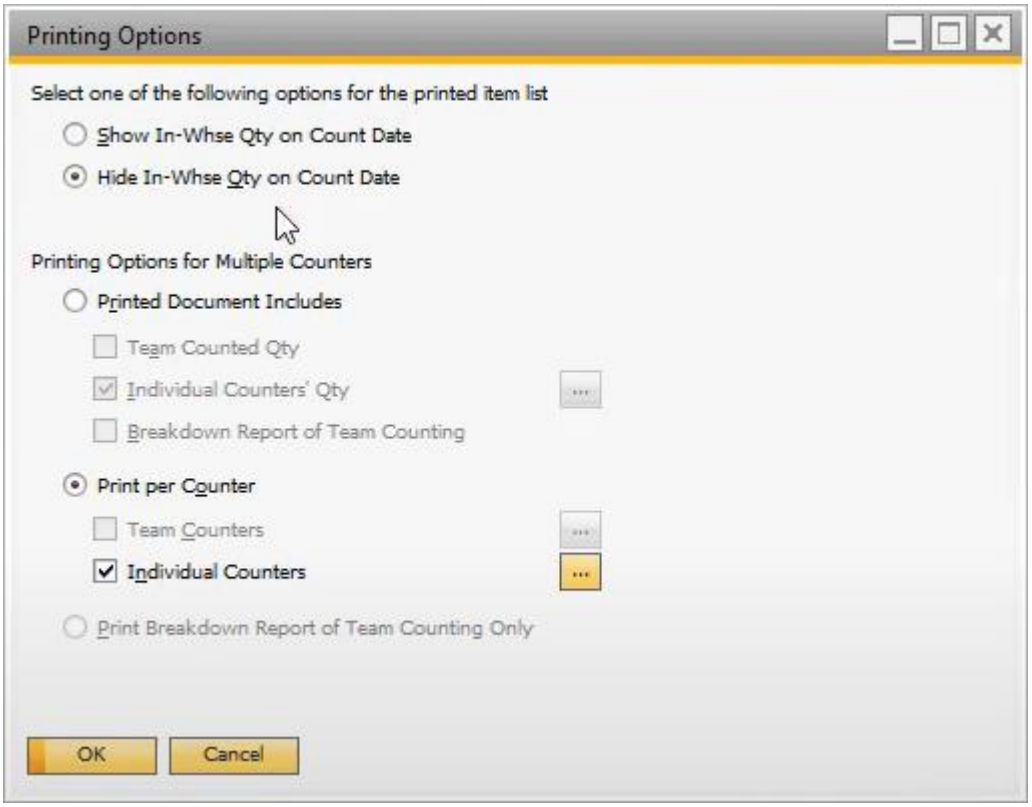
Now you have two pages, one per counter.



C) If you wouldn't like to show the inventory information for the counters, all you need to do is click on *Hide In-Whse Qty on Count Date*, and click *OK*.



The current inventory information in the database is not going to be printed.

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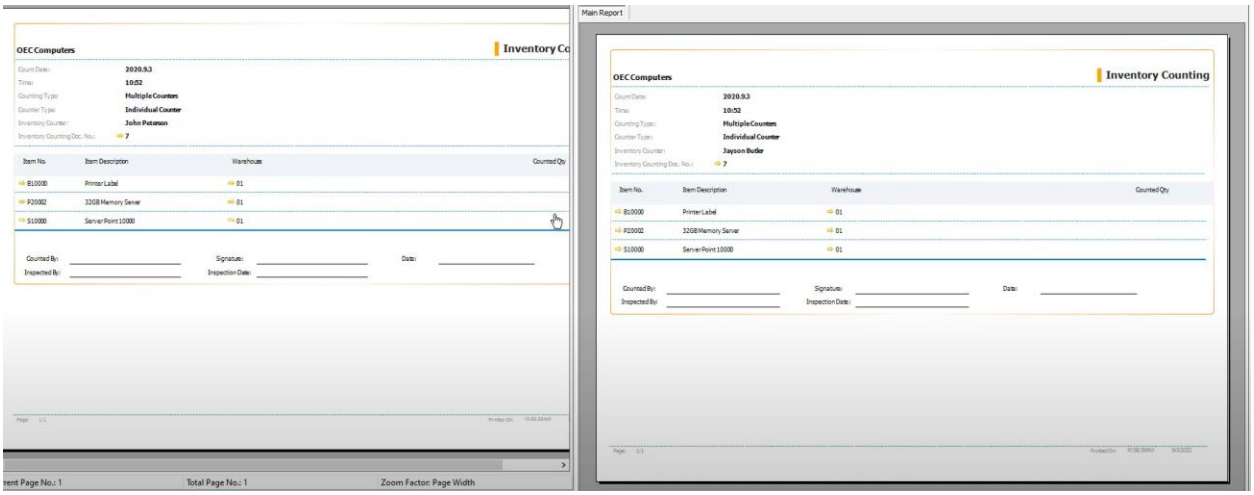
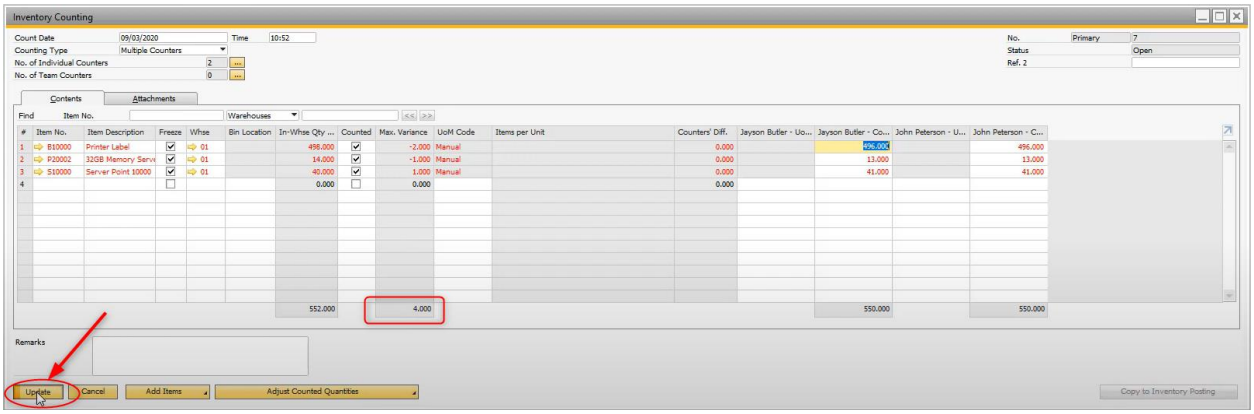


3.3 Inventory Count

Now you have the account information from both counters on the inventory count sheet, you are able to verify that the max variance here shown is the absolute value of the variances not the total of the column. Therefore, you have a total variance of four units.

Update the information by clicking *Update*.



Next, copy to inventory posting. At this point the system will ask you if you want the items with no counters difference or any of the counters. For our exercise let's select Jhon Peter's account.

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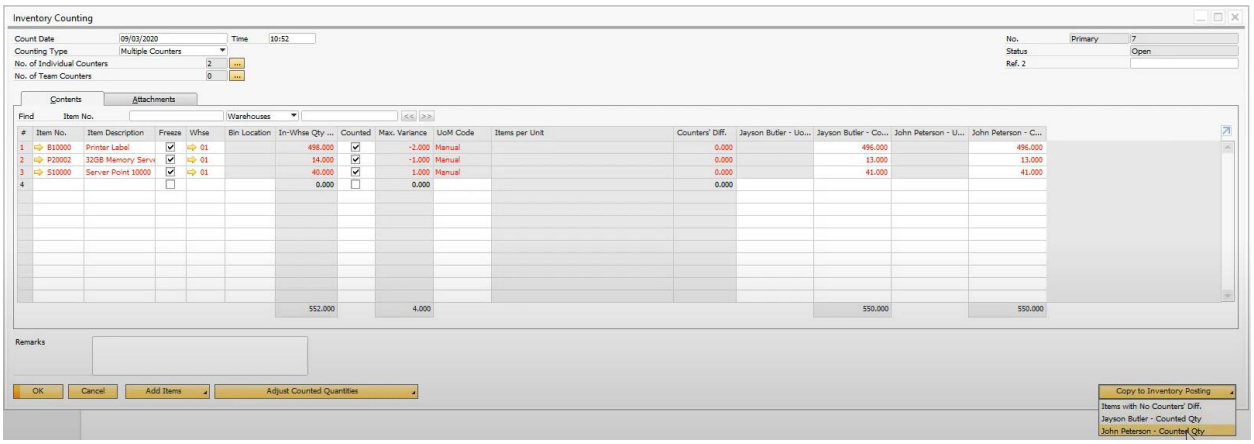


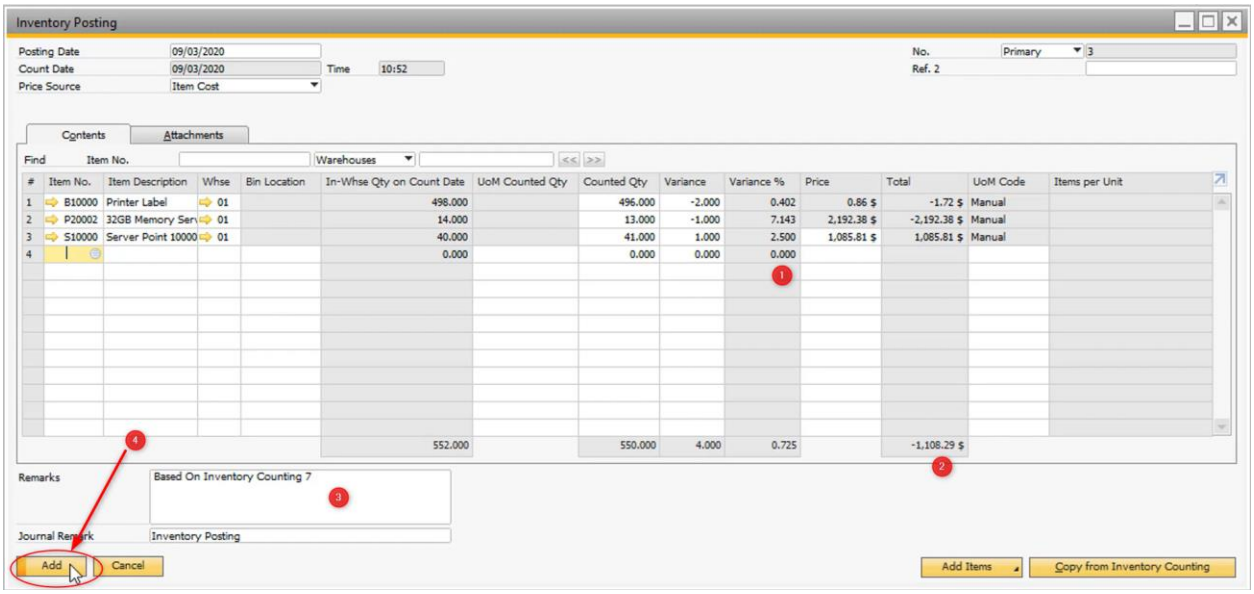
3.4 Inventory Posting

1) In the Inventory Posting window you have the variance value in terms of percentages related to the overall quantity that originated in the count sheet.

2) You also have the total value of the inventory count discrepancy.

3) You are able to add any remarks if you like.

4) In order to post the inventory count, choose *Add*.



As some of these are related to batches or serial numbers, you must say to the system which ones you have in the system, if you have new items what serial or batch numbers those are, or batches or serial numbers perhaps that are no longer in the inventory, found throughout the count.

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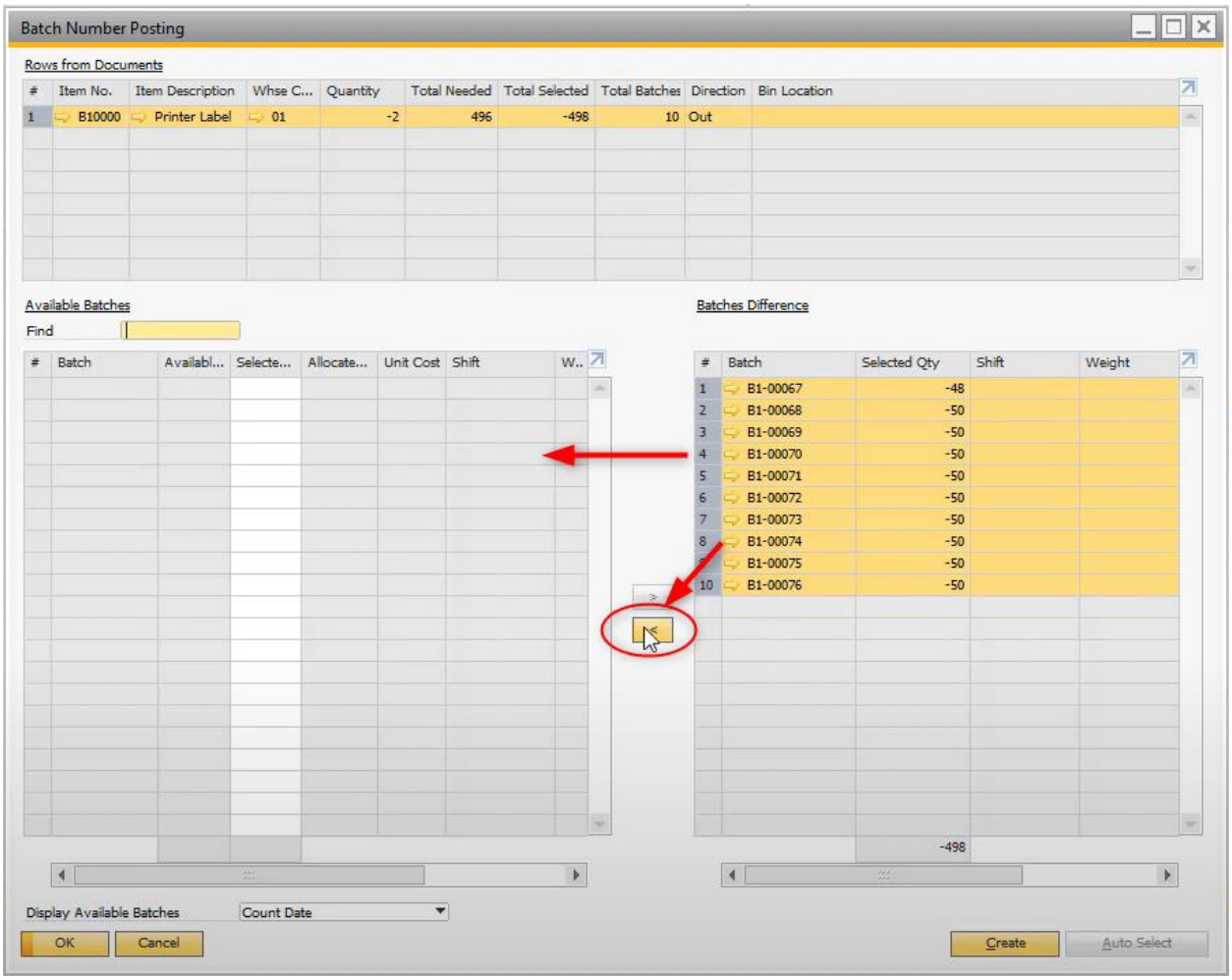
For B10000 item number (printer label) you will then select the batches and move to the left side of the window by clicking on the left head arrow.



They are the available batches. You have two batch quantity that you need to correct. You must select the batch where the correction is needed and select 2 batch quantities for our example.

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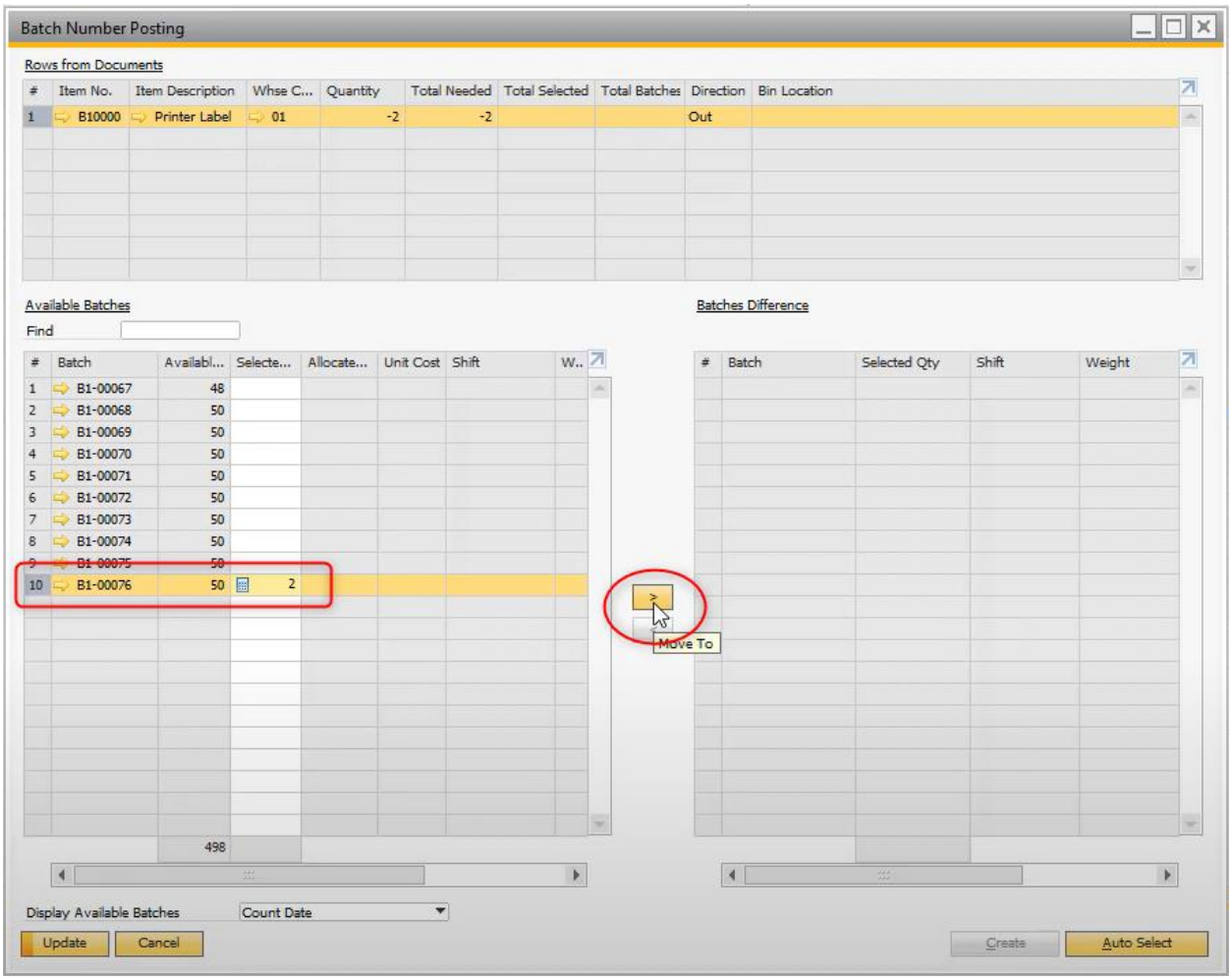
The batch difference needs to be moved to the right side of the window by clicking the right head arrow.



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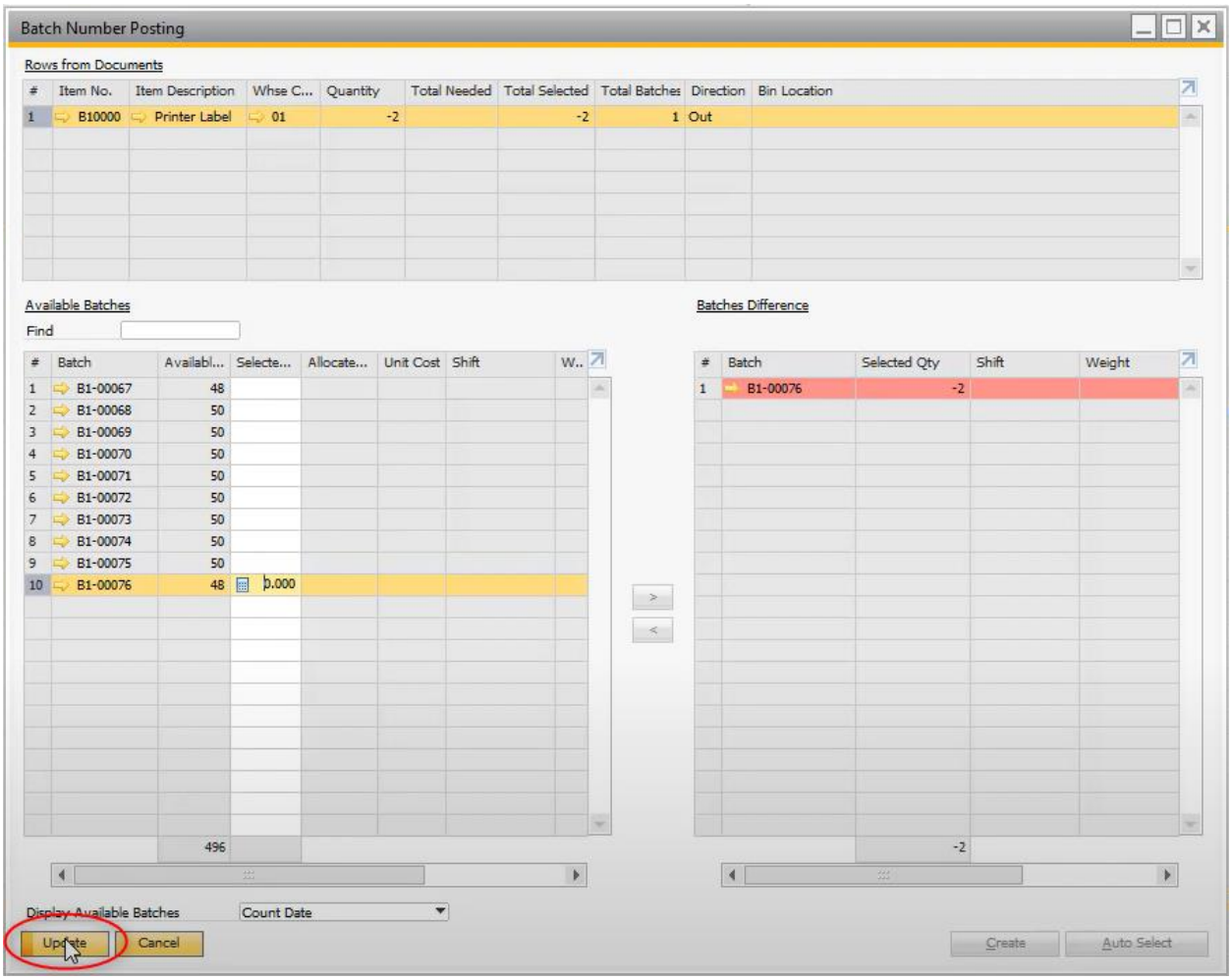
Now the batch quantity has been selected, you can update and click OK.



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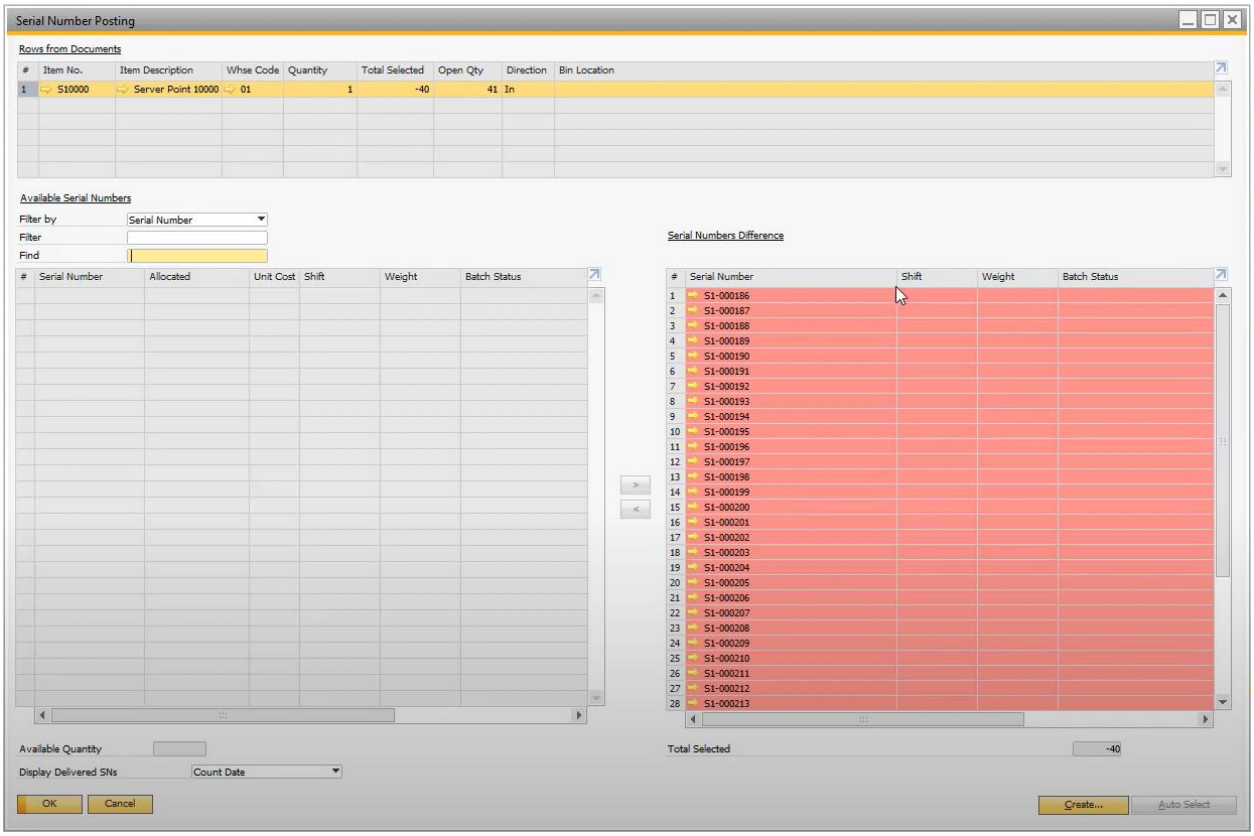
Returning to the inventory posting, click *Add*, again. The next item is 10000 (Server Point 10000), and here again you must select the serial numbers on the right side, send them to the available side serial numbers, on the left side of the screen.



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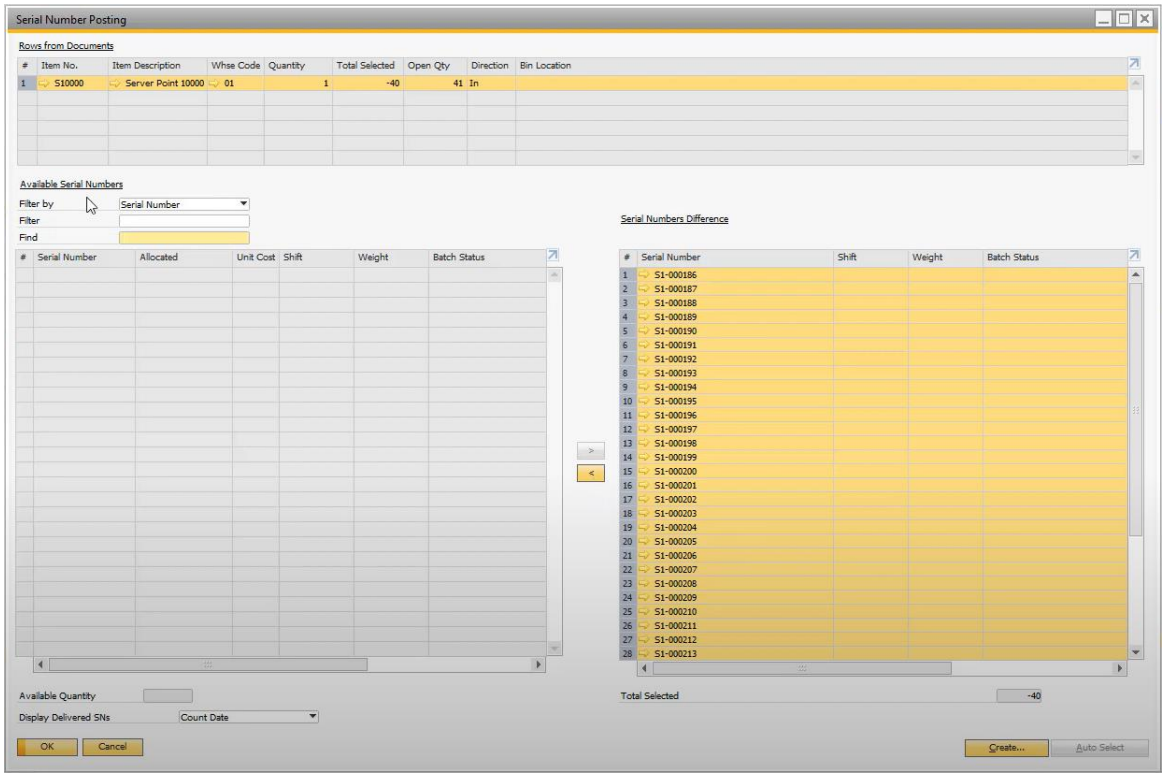
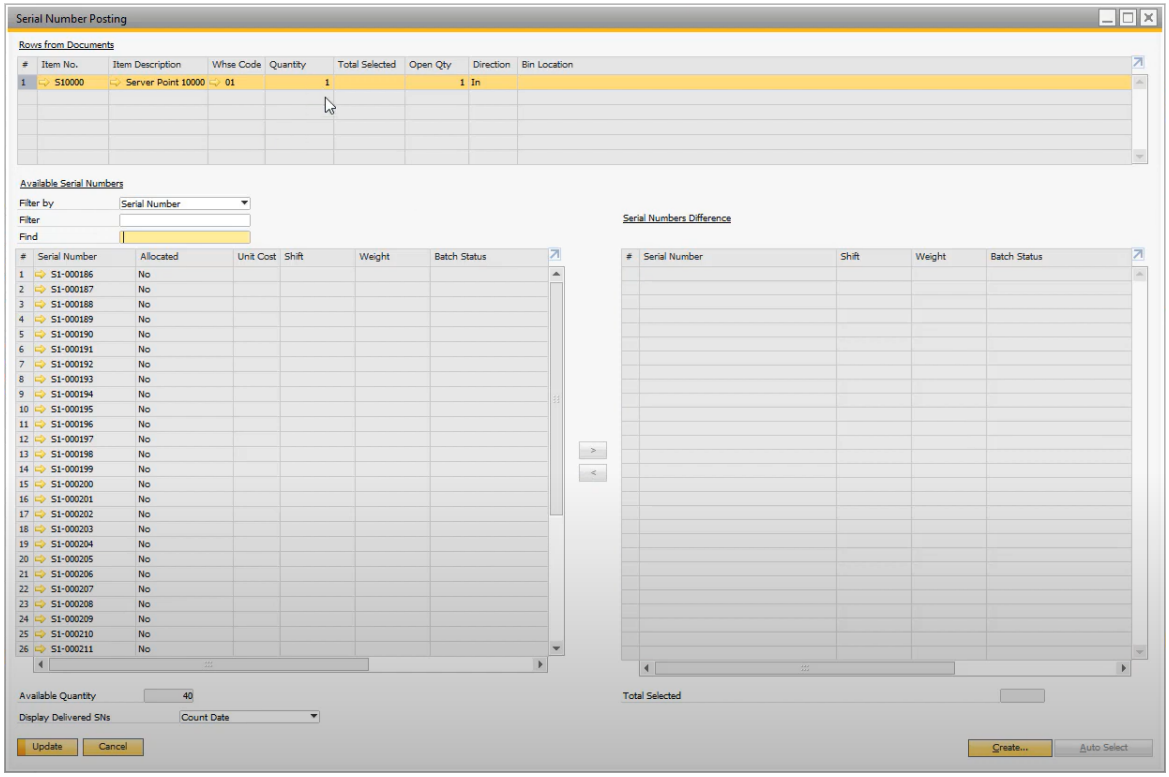
Once selected, send the items to the available side.





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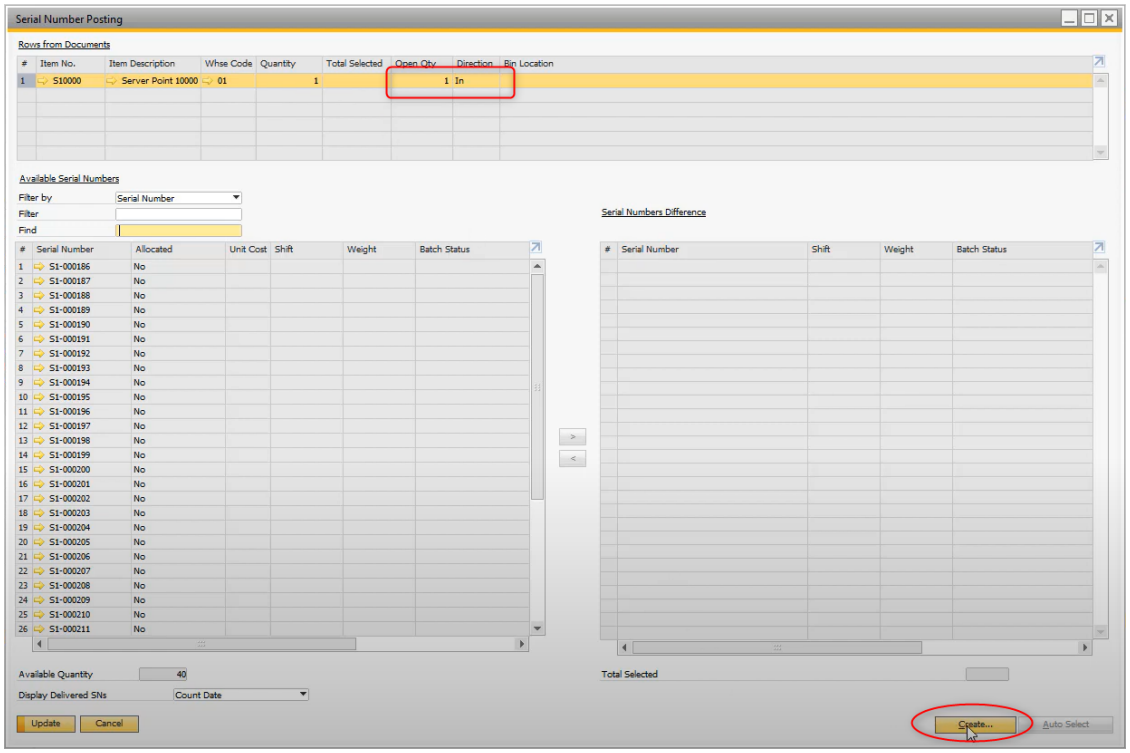
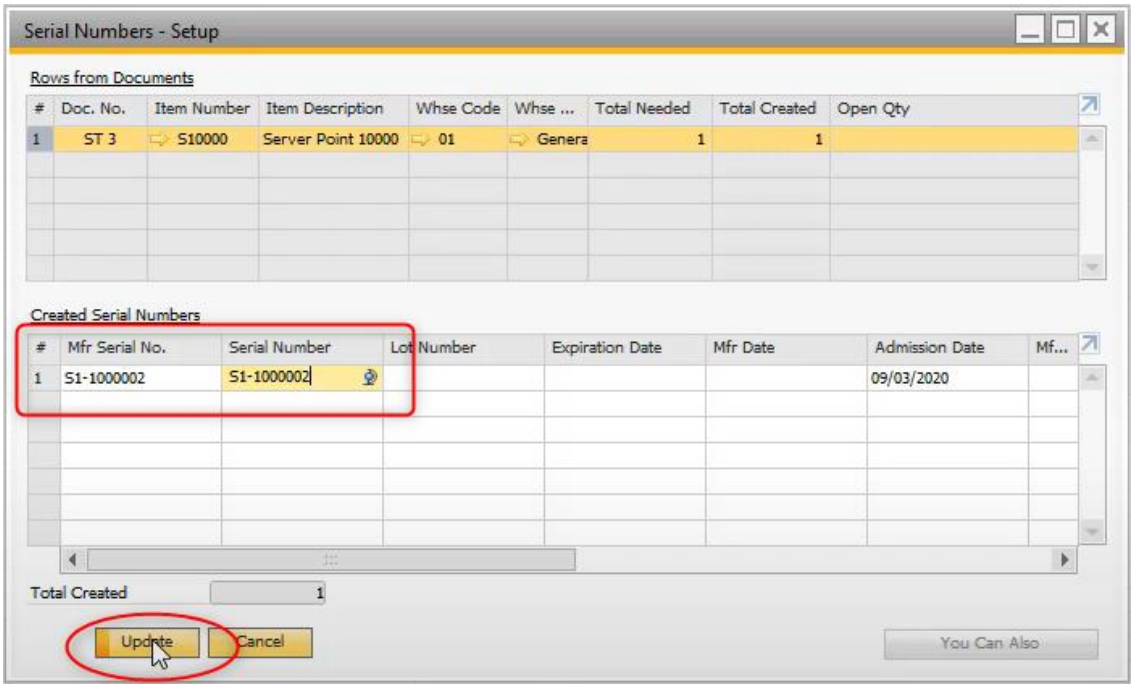
As you can see, there is still one quantity that it is needed to bring in to the inventory warehouse. Click on *Create*.



In the next window, you will enter the serial number details on the manufactured serial number field and serial number field. Then click *Update* and *OK*.



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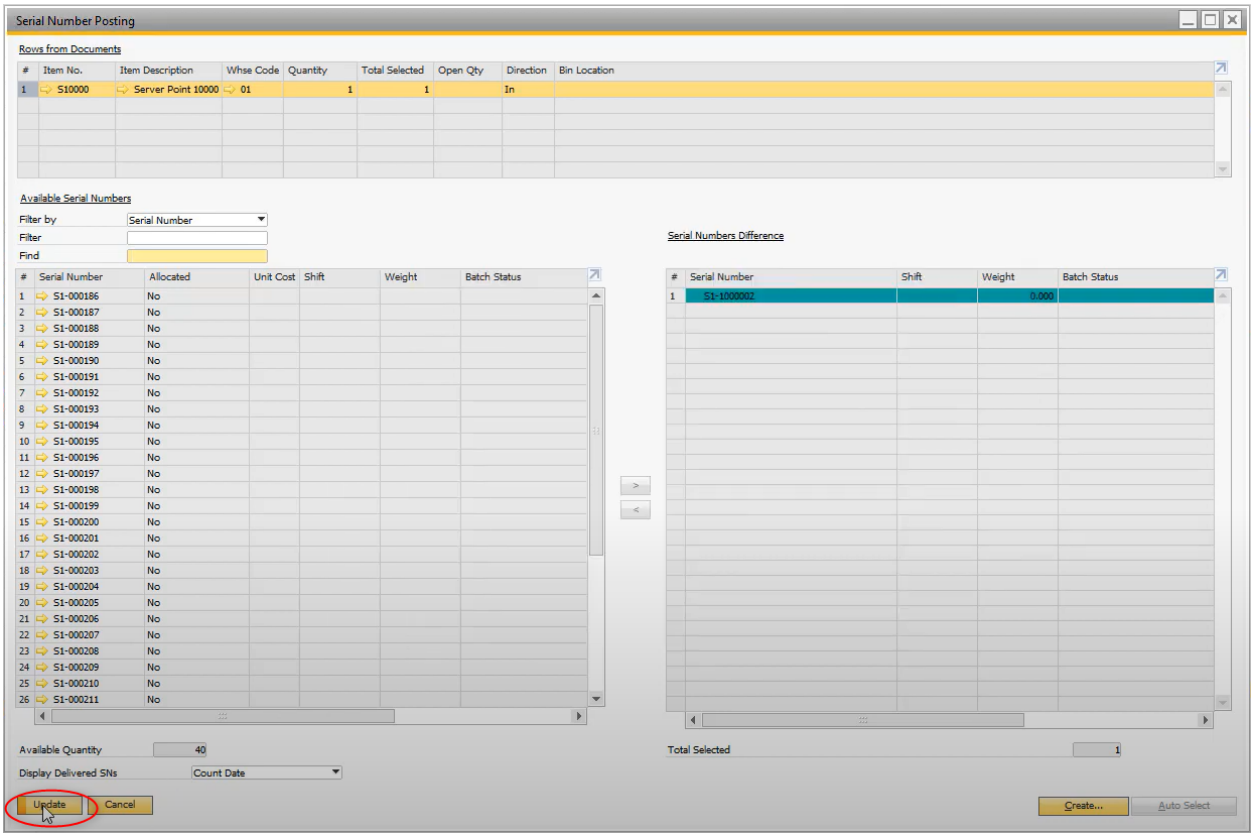
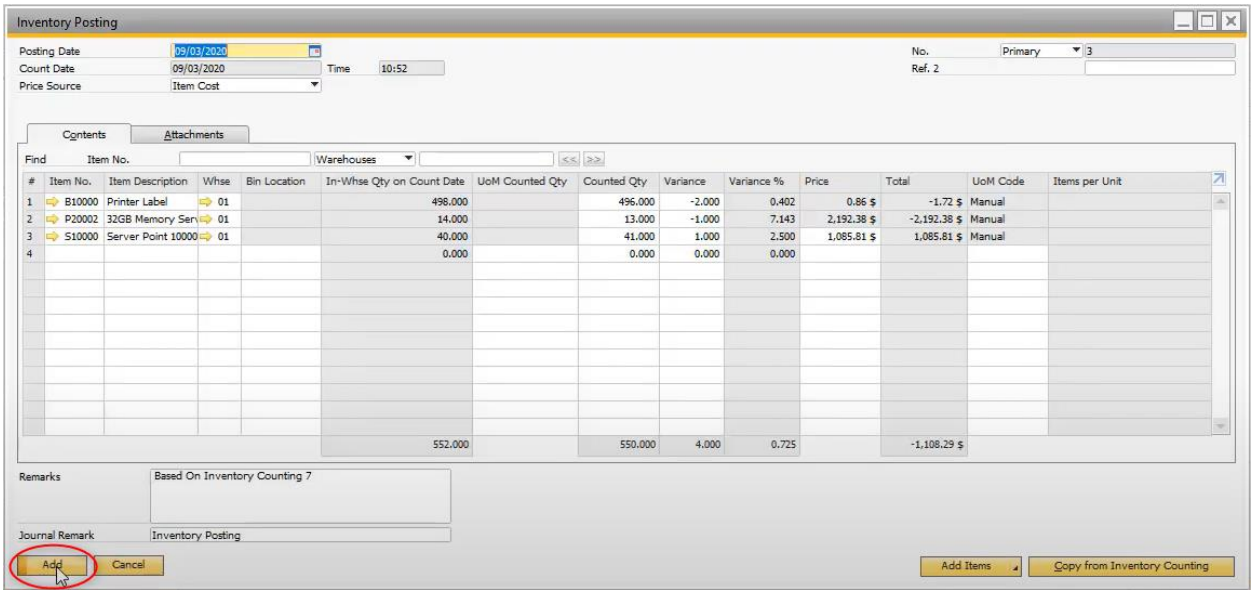
In the main screen, click *Update* and *OK*.



Click *Add* one more time.



You cannot change this documents after you have added it. Click *Yes* to continue.

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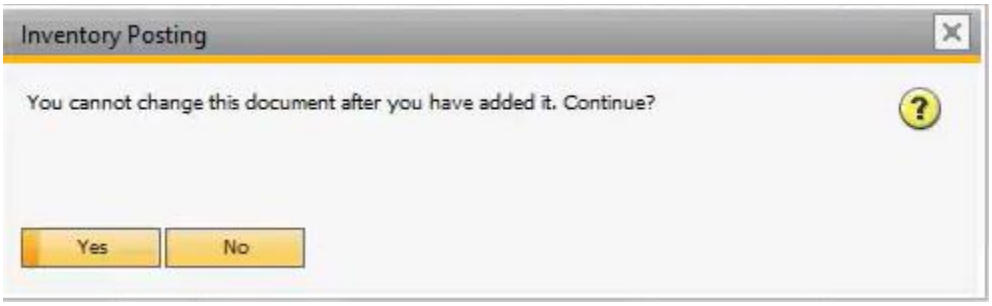
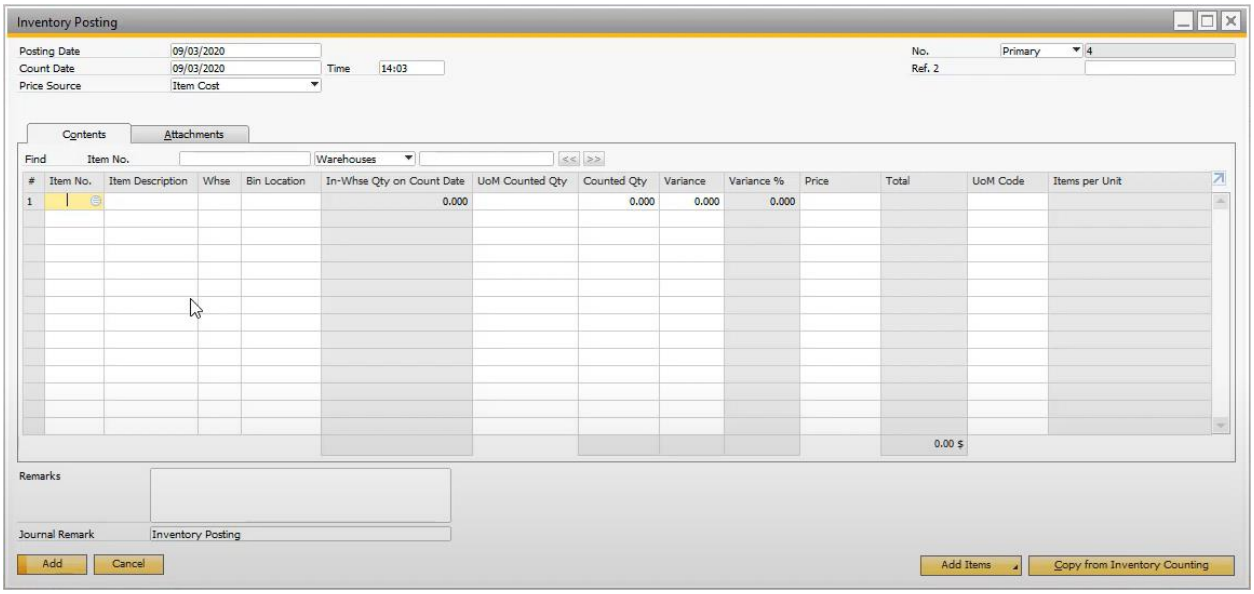
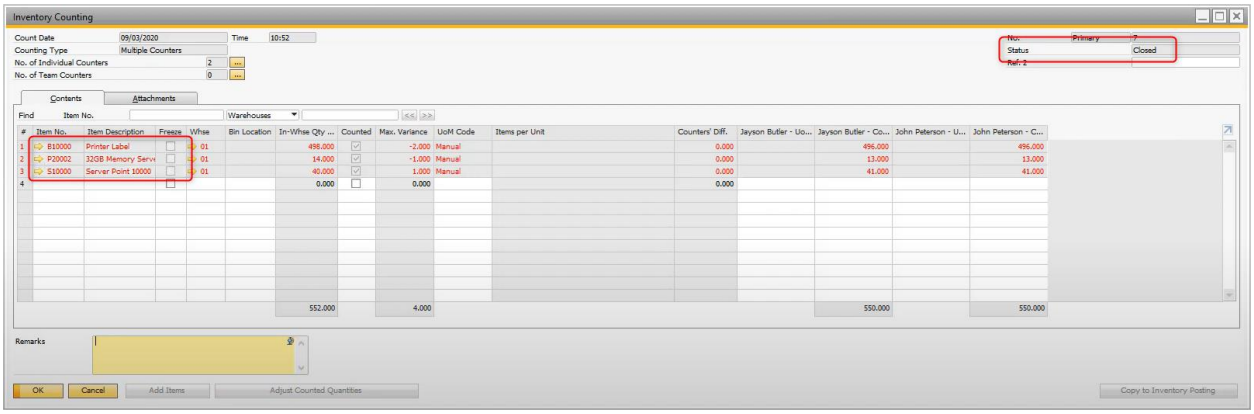


The inventory posting has taken place. Inventory Posting window will appears blank.



Now that the inventory account posting has been done, you are able to come back to the inventory counting sheet, click on refresh and you will see that the line items have been grayed out, freeze box was unchecked, and the inventory counting sheet itself has change the status from open to now closed.



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