Inventory Cycle Count Procedure

1.0 Objective & Scope

The objective of this procedure is to ensure that inventory cycle counts are performed accurately and consistently to maintain a minimum of 99% inventory accuracy, prevent stockouts, and reduce waste. This procedure applies to all warehouse personnel responsible for counting inventory, including Inventory Clerks, Receivers, and Shift Supervisors.

Cycle counting is a lean inventory management technique that counts a subset of inventory on a rotating schedule, eliminating the need for full physical inventory shutdowns. This SOP covers the daily cycle count process for all bin locations, including raw materials, work-in-progress, and finished goods.

2.0 Required Systems, Tools & Materials

- Mobile barcode scanner (Zebra TC21 or equivalent) with fully charged battery
- Access to SupplyGrid WMS dashboard on a tablet or workstation
- Cycle count schedule report (printed or digital)
- Clipboard with blank cycle count sheets (backup if scanner fails)
- Pen or permanent marker
- Red quarantine tags for damaged or suspect stock
- Pallet jack or forklift (if counting palletized items)

3.0 Safety & Handling Precautions

- High-visibility vest required in all active forklift aisles.
- Steel-toed safety boots must be worn at all times in the warehouse.
- Use proper ergonomic lifting techniques for boxes over 15 kg; ask for assistance or use a pallet jack.
- Do not climb racks or shelves; use a step ladder rated for the load.
- Ensure all forklift traffic is clear before entering an aisle.

4.0 Step-by-Step Procedure

1. Log into the SupplyGrid WMS dashboard and navigate to the Cycle Count module. Select the assigned cycle count batch for the day.
2. Review the cycle count schedule to identify which bin locations are to be counted. Confirm that no other operations (e.g., put-away, picking) are active in those locations.
3. Gather all required tools and materials: mobile scanner, clipboard, pen, and quarantine tags. Ensure the scanner is synced to the WMS.
4. Proceed to the first bin location on the schedule. Scan the bin location barcode using the mobile scanner to confirm the correct location.

5. Physically count each item in the bin location. For boxes, count individual units unless the box is sealed and labelled with a verified quantity. Do not estimate.

6. Scan each item's barcode and enter the physical count into the scanner. If an item has no barcode, manually enter the SKU and quantity into the WMS.

7. If the physical count matches the system count, confirm the count in the scanner and move to the next bin location.

8. If the physical count differs from the system count, recount the item immediately. If the discrepancy persists, note the variance on the cycle count sheet and flag the location in the WMS for supervisor review.

9. Inspect all items for damage, expiration, or quality issues. If any item is damaged or expired, attach a red quarantine tag, move it to the quarantine area, and update the WMS status to Quarantined.

10. Repeat steps 4 through 9 for all bin locations in the assigned cycle count batch.

11. Once all locations are counted, log out of the scanner and return it to the charging station. Submit the cycle count batch for approval in the WMS.

12. Hand over any completed cycle count sheets and discrepancy reports to the Inventory Manager or Shift Supervisor for review and adjustment.

5.0 Verification & Discrepancy Reporting

1. After completing the cycle count batch, the Inventory Manager or Shift Supervisor must review all flagged discrepancies in the WMS.

2. If the physical count differs from the system count by more than 2% or by more than 5 units (whichever is greater), a recount must be performed by a second team member.

3. If the discrepancy is confirmed, the Inventory Manager will adjust the system count and investigate root cause (e.g., mispick, mis-ship, theft, data entry error).

4. All damaged or expired stock must be documented with a photo and a quarantine tag. The Inventory Manager will determine disposition: return to vendor, write-off, or discount sale.

5. A daily cycle count summary report must be generated from the WMS and filed in the shared drive. The report should include total locations counted, number of discrepancies, and corrective actions taken.

6. Any significant inventory loss (over $500 value) must be escalated to the Warehouse Manager within 24 hours for further investigation and potential insurance claim.