

# How to Setup Cycle Counting



## Introduction

What is Cycle Counting and how do I setup my inventory to do this?

Cycle Counting is an alternative method to doing an Annual Physical Count. Each day a portion of the inventory is counted and updated. This allows any errors to be found and corrected in a timely manner. Each inventory record is ranked as an A, B, or C item. The **A** items are counted four times per year. The **B** items are counted twice a year. The **C** items are counted once a year. The items can be ranked as A, B, or C by sales, gross profit, or the number of issues.

**A** items are the top 20%, **B** items are the next 30% and **C** items are the last 50% of the items (this depends on the option selected for sales or gross profit).

These are the steps to setup Cycle Counting. **Note:** this is setup for each location.

Cycle Count Code

1 Main | 2 Price / Cost | 3 Purchase Information | 4 System Updated | 5 Miscellaneous

Location: 1    Stock Number: 018-6220    62220 20' JORGENSEN BAND

G/L Control #    INVENTORY

Safety Data Sheet     No     Yes    Safety data sheet not required

Freight Code     Reference Only     Add to Cost

Freight Cost    .0000

Cycle Count Code    C - 1 cycle per yr

Hazmat Surcharge Code    0    \*\*\* Unknown \*\*\*

The cycle count programs are found on the **Inventory menu > Cycle Counting**



The first step in setting up the cycle count is to enter the dates that will be used for the cycle counting periods.

**Note:** Each year the dates will need to be changed to the current year.

```
Cycle Assignment Maintenance
INVENTORY CYCLE COUNT FILE MAINTENANCE-----***** TESTWELD *****
CHANGE
SCREEN 2 OF 2

 7. NUMBER OF CYCLE -A- ITEMS TO COUNT DAILY      [ 20]
 8. CYCLE -A- 1ST PERIOD BEGINNING DATE (MMDDYYYY) [ 1/01/2017]
 9. CYCLE -A- 1ST PERIOD ENDING DATE (MMDDYYYY)   [ 3/31/2017]
10. CYCLE -A- 2ND PERIOD BEGINNING DATE (MMDDYYYY) [ 4/01/2017]
11. CYCLE -A- 2ND PERIOD ENDING DATE (MMDDYYYY)   [ 6/30/2017]
12. CYCLE -A- 3RD PERIOD BEGINNING DATE (MMDDYYYY) [ 7/01/2017]
13. CYCLE -A- 3RD PERIOD ENDING DATE (MMDDYYYY)   [ 9/30/2017]
14. CYCLE -A- 4TH PERIOD BEGINNING DATE (MMDDYYYY) [10/01/2017]
15. CYCLE -A- 4TH PERIOD ENDING DATE (MMDDYYYY)   [12/31/2017]
16. NUMBER OF CYCLE -B- ITEMS TO COUNT DAILY      [ 10]
17. CYCLE -B- 1ST PERIOD BEGINNING DATE (MMDDYYYY) [ 1/01/2017]
18. CYCLE -B- 1ST PERIOD ENDING DATE (MMDDYYYY)   [ 6/30/2017]
19. CYCLE -B- 2ND PERIOD BEGINNING DATE (MMDDYYYY) [ 7/01/2017]
20. CYCLE -B- 2ND PERIOD ENDING DATE (MMDDYYYY)   [12/31/2017]
21. NUMBER OF CYCLE -C- ITEMS TO COUNT DAILY      [ 20]
22. CYCLE -C- PERIOD BEGINNING DATE (MMDDYYYY)    [ 1/01/2017]
23. CYCLE -C- PERIOD ENDING DATE (MMDDYYYY)       [12/31/2017]
```

The next step is to run the assignment program.

```
INVENTORY CYCLE COUNT ASSIGNMENT

THIS PROGRAM WILL ASSIGN EACH INVENTORY ITEM AN INVENTORY CYCLE COUNT
ASSIGNMENT CODE. THE CODE WILL BE -A- (TOP 20% OF GROSS SALES OR
GROSS PROFIT DEPENDING ON SELECTED OPTION); -B- (NEXT 30% OF GROSS
SALES/GROSS PROFIT) OR FINALLY -C- (LAST 50% OF GROSS SALES/GROSS
PROFIT).

PRESS THE NEWLINE KEY TO CONTINUE
PRESS THE -F1- KEY TO ABORT THE PROGRAM
```

Then the operator will select the option to be used to rank the items.

```
SELECT OPTION TO BASE THE
CYCLE COUNT CODE ASSIGNMENT

 1. Gross Sales
 2. Gross Profit
 3. Number of Issues
 4. Exit

ENTER OPTION [1]

  F1  S/F4
  ABORT  HELP
```

When the program has finished running, it will display how many inventory items are ranked into each code.

Using these numbers the operator will determine how many A, B and C items will be counted each day.

**A** items will be divided by 60. (the average working days in a three month period)

**B** items will be divided by 120 (the average number of working days in a six month period)

**C** items will be divided by 240 (the average number of working days in one year)

In this example:

- 1,456/60 = 24
- 2,183/120 = 18
- 3,639/240 = 15

**NUMBER OF ITEMS ASSIGNED  
CYCLE COUNT CODES**

CODE - A	1,456
CODE - B	2,183
CODE - C	3,639
TOTAL ITEMS	7,278

PLEASE RETAIN THESE TOTALS  
FOR FUTURE REFERENCES

PRESS ANY KEY TO CONTINUE \_

You can now go back into the **Cycle Count Maintenance** program and change the number of items to be counted for each code.

**Note:** if you have a large number of inventory items that are no longer used, then you would want to do some cleanup so that these items don't continue to show on your listings as items that need to be counted. You can check with your Support Representative about the best way to do this.

Also, items such as labor or repair can be coded in the Inventory Master file as non-stocked on the miscellaneous tab. This will stop them from printing on the listing as items to be counted.

***** TEST WELD *****	INVENTORY CYCLE COUNT LISTING	PAGE 2
STOCK # ORDER	3/08/2017	
BIN # L STOCK #	DESCRIPTION	UNIT CAT CYCLE
		COUNT 1 COUNT 2 INIT
1 066-13785	TC6S 6*X.025 KNOT WHEELB CTN	B _____
1 066-13814	TS7 7" KNOT TYPE WIREWHE EA	B _____
1 066-13874	.0118X8" KNOT TYPE WIREW EA	B _____
1 069-27-663	WR REF 1/4-3/16 SQ 9/161 EA	A _____
1 069-27-664	WR REF 3/8-5/16 X 1/4-3/ EA	A _____
1 069-27-665	WR REF OFF 3/8-5/16 X 1/ EA	A _____
1 069-64-623	TORQUE TESTER 1/4 IN DR5 EA	A _____
1 069-64-633	TORQUE TESTER 3/8 IN DR2 EA	A _____
1 069-64-637	TORQUE TESTER 3/8 IN DR1 EA	A _____
1 069-64-647	TORQUE TESTER 1/2 IN DR2 EA	A _____
1 069-64-657	TORQUE TESTER 3/4 IN DR6 EA	A _____
1 069-64-830	TRQ MULT 750 FT/LB	EA _____
1 069-67-785	PLR RIB LCK 20 W/GRIP	EA _____
1 069-68-045	PLR RET RNG CM LK CONV . EA	A _____
1 069-68-046	PLR RET RNG CM LK CONV . EA	A _____
1 069-68-047	PLR RET RNG CM LK CONV . EA	A _____
1 069-68-048	PLR RET RNG CM LK CONV . EA	A _____

Each day the Cycle Count Listing is run, and will be used to count the items. This report can be run in inventory item, bin number, or vendor number order.

After the listing is completed, the Cycle Count File Maintenance is used to enter the counts.

CYCLE COUNT FILE MAINTENANCE			STOCK #	ORDER	
1	1	005-4411238	2"	FIXED EYE PULLEY/SGL	200.00
2	1	005-4411540	#173	1" SWIVEL EYE PULLE	23.00
3	1	005-4411840	3/4"	#173 SWIVEL EYE PUL	2.00
4	1	005-4412740	1-1/4"	SWIVEL EYE PULLEY	43.00
5	1	066-13682	6"	DIA. KNOT WHEEL .0255/	88.00
6	1	066-13684	TS6	.016 KNOT WHEEL BRUS	1,002.00
7	1	066-13704	TC6	6"X.025 KNOT WHEEL B	28.00
8	1	066-13744	TS6S	.0118/SS KNOT WHEEL	11.00
9	1	066-13754	TS6S	.014/SS KNOT WHEELB	298.00
10	1	066-13764	TS6S	.016"X1/2"X6" STAIN	888.00
11	1	066-13784	TC6S	6"X.025/SS KNOT WHE	7,777.00
12	1	066-13785	TC6S	6"X.025 KNOT WHEELB	3.00
13	1	066-13814	TS7	7" KNOT TYPE WIREWHE	3.00
14	1	066-13874	.0118X8"	KNOT TYPE WIREW	3.00
15	1	069-27-663	WR REF	1/4-3/16 SQ 9/161	
16	1	069-27-664	WR REF	3/8-5/16 X 1/4-3/	

After the counts have been entered, they will need to be updated. This is on the **Inventory menu > Physical Count**.

**Note:** the comparison listing can be run to compare the on-hand amounts before and after.

The **Physical Count Update** will need to be run to update the inventory items. **Note:** the Inventory Master record and the Inventory Transaction History will be updated with a Physical Count adjustment.

**Have questions?** Feel free to [send us an email](#), we welcome the questions!

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