

## Subject: Physical Inventory Procedure

1. Make sure the inventory is in neat chronological order by manufacturer and is identifiable with good Bar Code Labels. Make sure anything that does not belong in inventory or that should be junked is pulled from the shelves. \* items should be deleted. Non-stock items need relieved (taken out).
2. Make sure all invoices up to the day of the inventory are processed. No exceptions or assumptions. Ask if you have any questions.
3. All receivers should be checked in and the material put into stock before the counting of the inventory.
4. A list of all “will call” (customer to deliver) items including the following weeks hardgoods up for delivery will need to be made up so that the items can be added back to inventory (keyed in later).
5. Make sure that your teams (2 people) have at least one person that is knowledgeable with the inventory and the MEQ Units. Make sure the teams are working in separate areas so there is less chance for confusion and error.
  - 5A. All items are to be pre-counted using removable stick labels or dots.
6. After the counting is done, All Discrepancy reports will be AUDITED entirely, every item on the discrepancy will be verified for correct counts and then corrected. Then final discrepancy reports and inventory value reports will be ran.

## Physical Inventory Checklist

1. Have MEQ units charged and ready to go
  - A. Put teams together and explain process; Give MEQ units and have them start scanning. (See instructions for proper use).
2. Set up physical inventory.
3. Set location for counting. Make sure invoices are processed and registers ran before you create a frozen inventory. MEQ units can be uploaded before freeze is typed in.
4. Create a frozen inventory.
5. Key “Will Call” (if applicable) into MEQ Unit and download.
6. Download MEQ units when they start slowing down.

7. Research invalid item numbers on count sheets and correct .
8. Run discrepancy report after all inventory is scanned, MEQ units are downloaded, and invalid items are corrected.
  - A. Put any invalid items not in computer on add sheets.
9. Recount all discrepancies and make corrections .
10. Enter average costs missing on discrepancy report.
11. Run final discrepancy report
12. Post inventory count.
13. Call for inventory value.
14. Delete frozen inventory.

#### Proper Use of the MEQ Units for Physical Inventories

1. Make sure that you have charged the batteries prior to using them and make sure that you have the backup batteries with you and that they are charged up also.
2. Both the MEQ 430's and the MEQ 130's operate in the same manner; they just read the labels differently. The MEQ 430 is a laser reader and the MEQ 130 has a contact reader which must come in contact with the label to read it.
3. First, power on the unit by either hitting the "on" button or pulling the trigger. The Equinox Software User Screen will come up. Key in your initials and hit the "Enter".
4. Next, it will ask for location. Enter a two-digit location number for the location that you are counting. THIS IS AN EXTREMELY IMPORTANT STEP! (You must put the correct location number in the MEQ.)
5. Next, it will ask for the date. Key in a six-digit date and hit the "Enter" key.
6. Next, it will ask for a batch number. Key in 001 for your first batch, 002 for your second batch, and so on.
7. Next, it will ask for Desc Batch( Description). Key in Phy and the location number, such as Phy 23, and hit "Enter".
8. Next, it will ask to check for prev's counts. Key in a "Y" and hit "Enter".

9. Next, it will ask for count or send. Key in a "C" and it tells you to scan the barcode. You are now ready to start scanning. Scan your first item and it will come up with a "1" in the quantity field. If the quantity is "1", simply hit the "Enter" key. If it needs to be changed, simply key over the "1" and hit "Enter".

10. If you have to manually enter a number, hit "I", then number .

A word of caution: Don't let your teams go too far with their "MEQ" units. As they fill up, they get much slower. Have them stop at the end of the gondolas or groups and download them.

### Uploading the Information From the MEQS into the System

1. First, get everything ready in the system to accept the data that you will be uploading. From the main menu take Option 7 for physical inventories, then Option 1 for full physical inventory menu. Then, take Option 1 to select location for counting. (Once you have selected your location number, there will be no need to select it again). Once you are in the program, key in the location number in the position to field and hit F6 to add the location to list. You should see the location name appear in the directory above. You can then F3 out of this program.

2. Then, take Option 3 to create frozen inventory. This takes approximately one hour from the time you enter it. Make sure all cash and charge registers have been run.

3. Do not hook the cable up to the wedge until the MEQ unit tells you to hook it up.

4. Next, take Option 6, physical count input Prgm from MEQ and wait for screen to come up. Now you are ready to get the MEQ ready.

5. Power on the MEQ unit and it should be saying scan barcode. Now hit "Q" for quit and it will bring up the count send screen. Hit "S" for send and it will tell you to connect the wedge. Take the cable from the wedge and plug it into the bottom of the MEQ unit. It will start sending information into the system. The screen on the MEQ will also tell you how many items it has to unload. Make sure that the plug does not get bumped or pulled off while it is uploading.

6. After it has uploaded the last item, there will be a "Y" at the end of the field in the last item. You simply hit the "Enter" key. It will change screens and tell you to hit "Enter" again. After it gets back to the menu, you can then unplug the MEQ unit and then the MEQ screen will change and ask you if you got a printout and if it agrees, you hit a "Y" and the MEQ is clear for the next batch. If not, then put in an "N" and repeat #4

7. You will then need to review the printout for any items that may have come across as invalid or item that "does not exist" (usually due to item number changes) and correct

them by using Option 5 from the menu. You will need to know the MFG# to do this. After you “enter”, make sure MFG and item is correct, then add the count. Enter, then CM3.

8.Run discrepancy #9 (this takes 15 minutes) report by MFG for location counted. INVENTORY FREEZE MUST FINISH BEFORE THIS CAN BE RAN.(DSPMSG will allow you to check if the freeze is done). Recount all discrepancies. Write the correct count next to the incorrect count or checkmark if count is correct. Go to #5 to make corrections. Put in the MFG#, Location3, and “Enter”. The correct item number should appear at the top and you should be in the “Quantity” column. If it is correct, then you need to change “Quantity”. If the quantity read was 10 and the audit was done and the audit confirmed 11, in the “Quantity” column you must put 1, Field Plus. For the same example, the amount read was 10 but the audit confirmed 5, then you must put in 5 Field Minus, and then “Enter”, then audit/proof changes.

9. Key in average cost missing from the discrepancy report (Option 11 go to position to item/loc, put in item number and loc number, “Enter”. Average cost will be empty, put it in, hit Enter). On the discrepancy report under the item from which the average cost is missing, it will say ‘NEEDS AVERAGE COST IN FROZEN FILE’. That one item needs the average cost keyed in. You will get the average cost off of the report under that “Average Cost Column”. Key it in as it is shown on the report.

10.Run final discrepancy report #9 and save. The way to do this is to put your printer off-line after the report is on the job queue; you need to do it D P. Once it is out on the spool file, then put in a “3” to hold it, then you go back and put in a “2” to change entries, then once you are at that screen, do a command 10. Once that screen comes up, shift and roll up to the next screen; go to the “SAVE FILE”. Where it says \*NO, change to \*YES. Then go back to the D P and release the report.

11.Post inventory count; report #12. Let it print.

12. Call for inventory value #13 (put on hold and save).

13.Delete frozen inventory #14; answer questions with a “Y”.