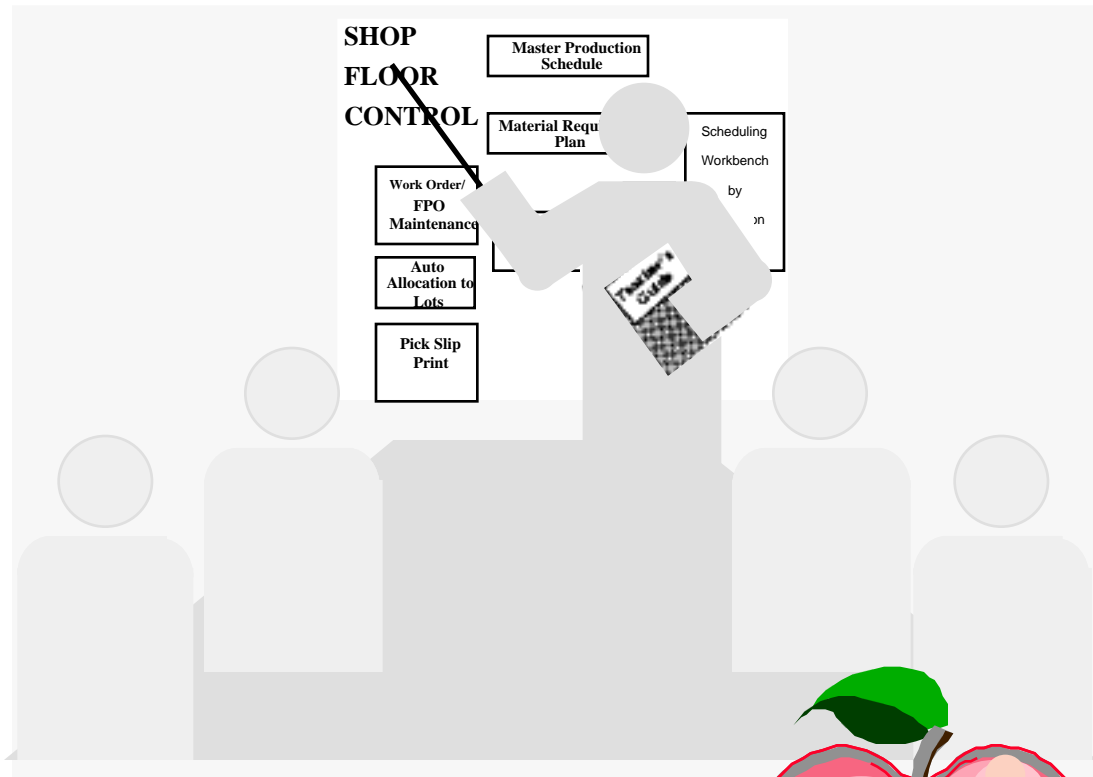


PRMS Cycle Counting and Physical Inventory



RMS/Present



Version 2.3
A Product of
MXB - Managing the Business
100 N. Freeman Road
Tucson, AZ 85748
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www.ElectricEd.com

Teacher's Guide

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Sample Agenda

Day 1

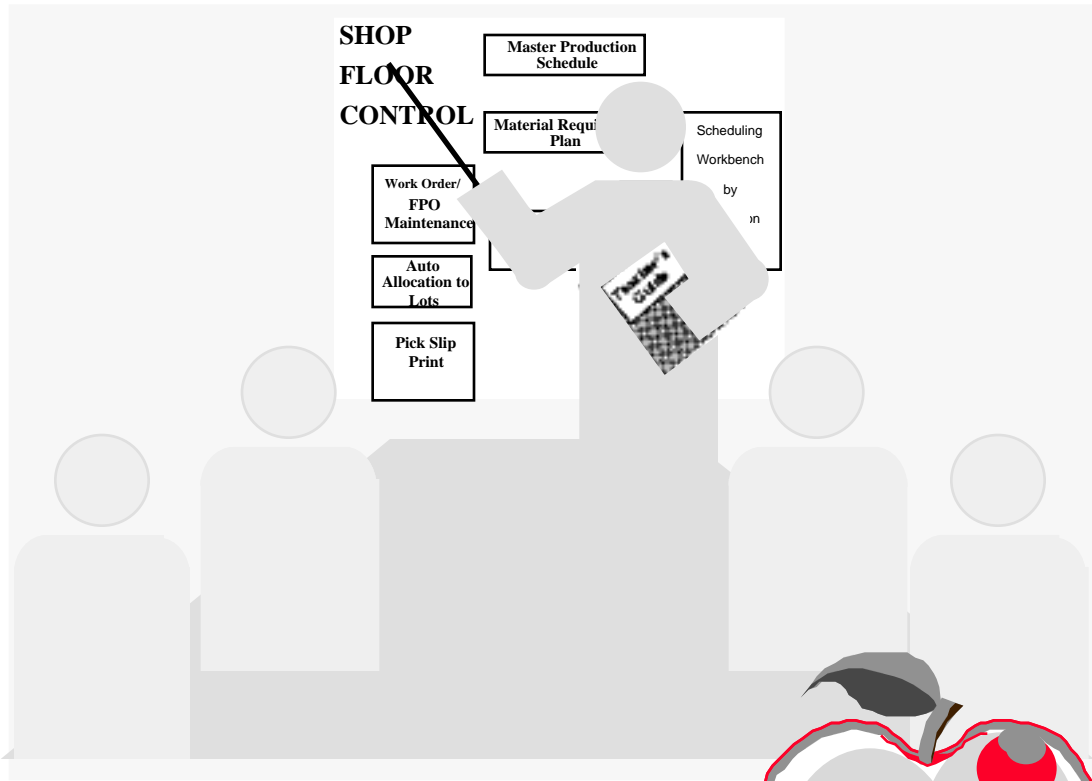
Morning

Why Count
Getting There
Setting Up

Afternoon

Setting Up Workshop
The PRMS Counting Process
Reports
Performing the Count Workshop

Why Count?



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Financial Reporting Requirements

Assure that assets stated of a public company are a reasonable assessment

Physicals are a method of assuring the statement of the balance sheet. They are not meant to support the operational needs of accurate inventories for day to day business. In fact, most studies have concluded that physical inventories actually deteriorate the accuracy of specific part counts.

Why Count?

Impact of Inaccurate Inventories

Poor Customer Service Levels

Unnecessary Inventory Investment

Reduced Operational Efficiency

*When the quantity of the POR from MRP is not the correct value,
then all planning and execution of that part is manual*

Accurate Forecasts

**Accurate Master Production
Schedule**

Accurate Product Structures

Accurate Inventories

Accuracy in Purchasing

When the quantity of the POR from MRP is correct, all planning and execution is simple, consisting of reviewing, selecting and submitting data for batch processing.

Why Count?

What is Wrong with doing Physicals

Financial versus Operational Requirements

Timeliness

Accuracy of Count

Why Count?

Operational Requirements

Product and Quantity Accuracy for Material Support

Product Master accuracy indicates validity of the purchase plan

Location and Lot Accuracy for Pick/Pull Support

Warehouse, location and lot accuracy effect the direct labor efficiency of storing and moving material

Cycle Counts vs. WIP (Floor stock) Counts

Cycle Counts

REGULARLY SCHEDULED FOR PRE-DETERMINED POPULATION

RECONCILIATION TO TRANSACTION CUTOFFS

APPLIED TO CONTROLLED STORES ENVIRONMENTS

WIP Counts

SPECIFICALLY FOR BACKFLUSH ENVIRONMENTS

VALIDATES THE BILL OF MATERIALS

DETERMINES 'MATERIAL USAGE VARIANCE'

PERFORMED IN MINUTES, DAILY AND/OR WEEKLY

Component parts stocked in fixed locations/fixed quantities

Go/No Go Counting Method

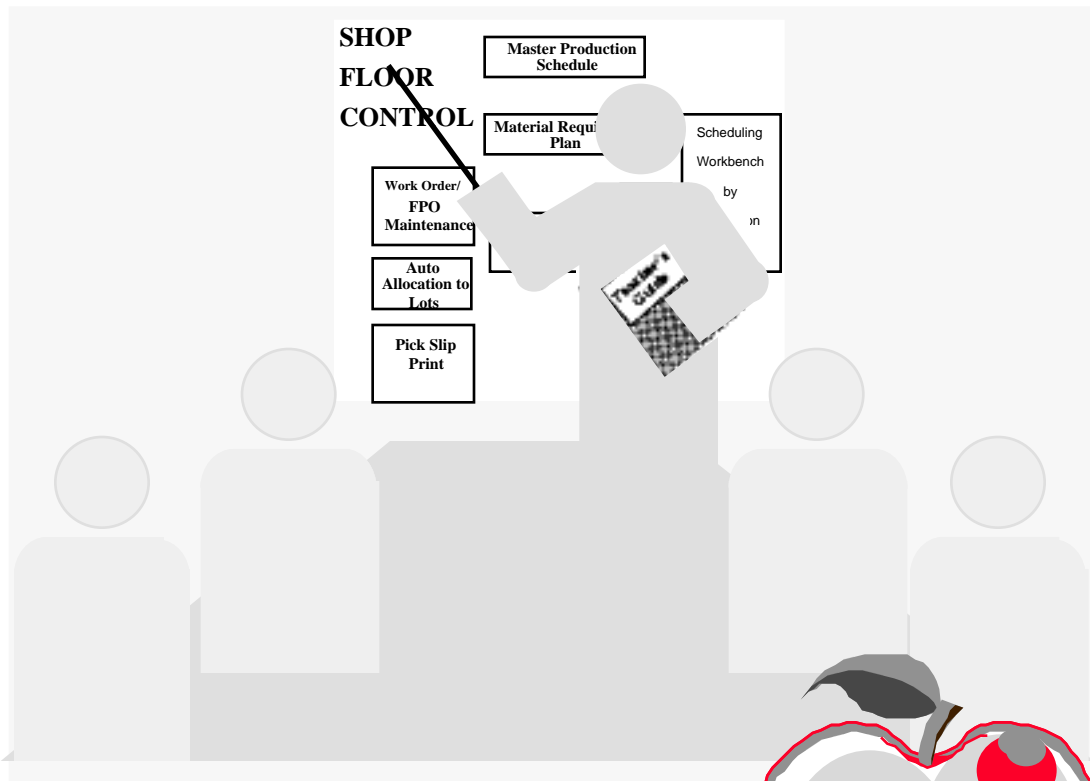
Why Count?

Cycle Counting; an Operational Solution-Controlled Stores

**Assurance of Inventory Accuracy
based on Regularly Scheduled
Sampling Techniques**

**Establishment of Responsibilities
for the Accuracy of Inventory by the
Operational Management of an
Organization**

Getting There



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Define the Program

Assess the Current Position

Begin the Counting Process

Statement of Purpose

Definition of "Accuracy"

**Definition of Organizational
Requirements**

Categorization of Parts

LEAD TIME

COST

PROJECTED USAGE...

Statement of Performance Goals

Definition of Responsibilities

WAREHOUSE

TRANSACTIONS

RESOLUTIONS

Assignment of Performance Goals

Material and Data Flow Analysis

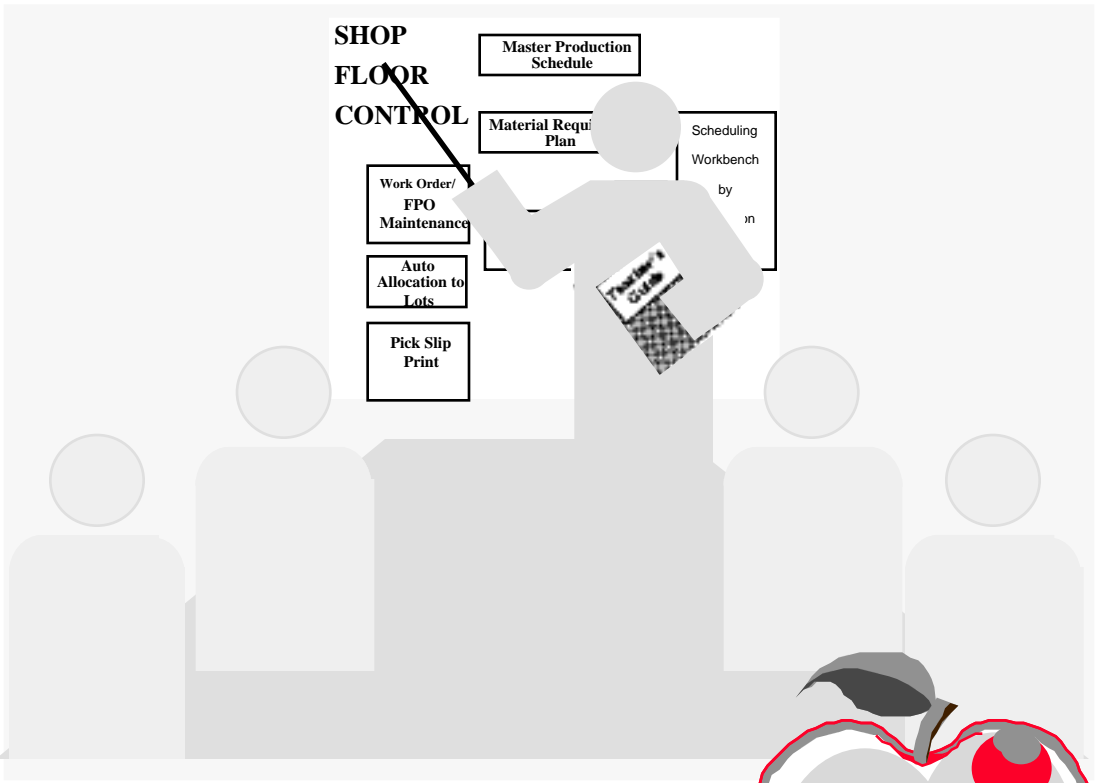
Refresher Education

Sample Counts

Resolve Immediate Issues

Update Goals

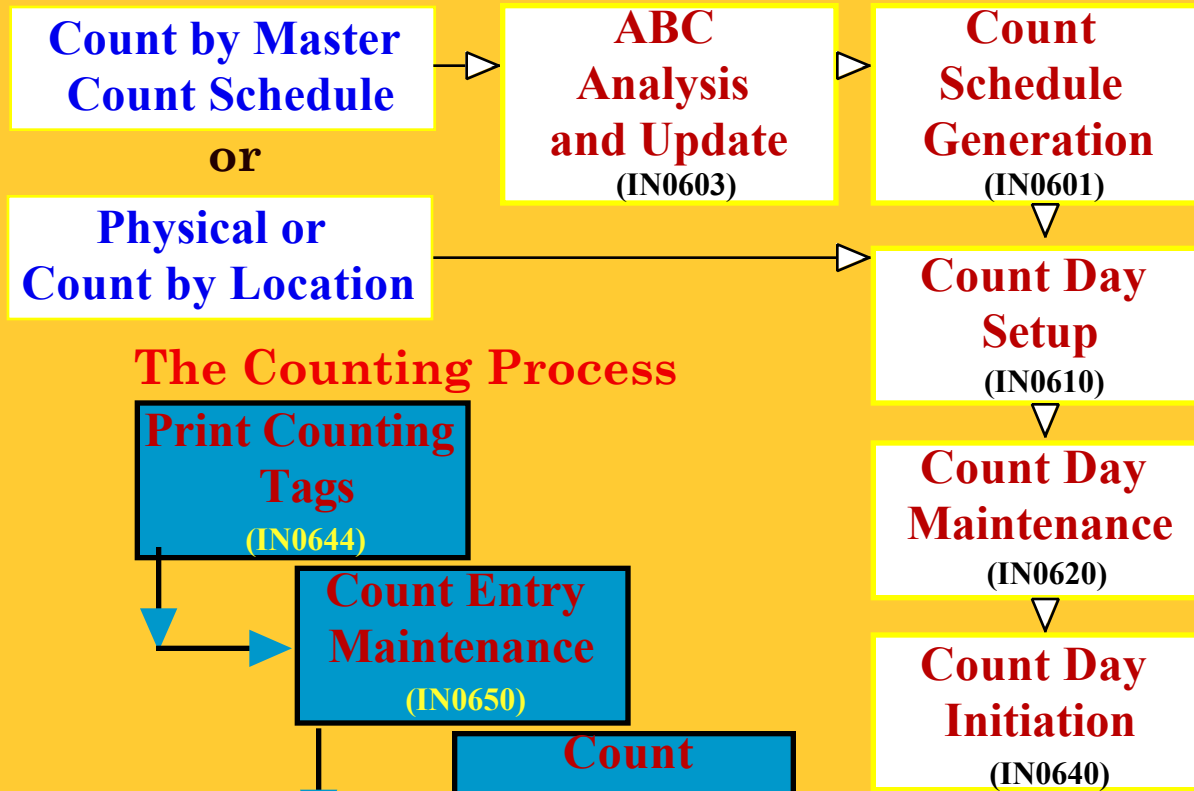
Setting Up



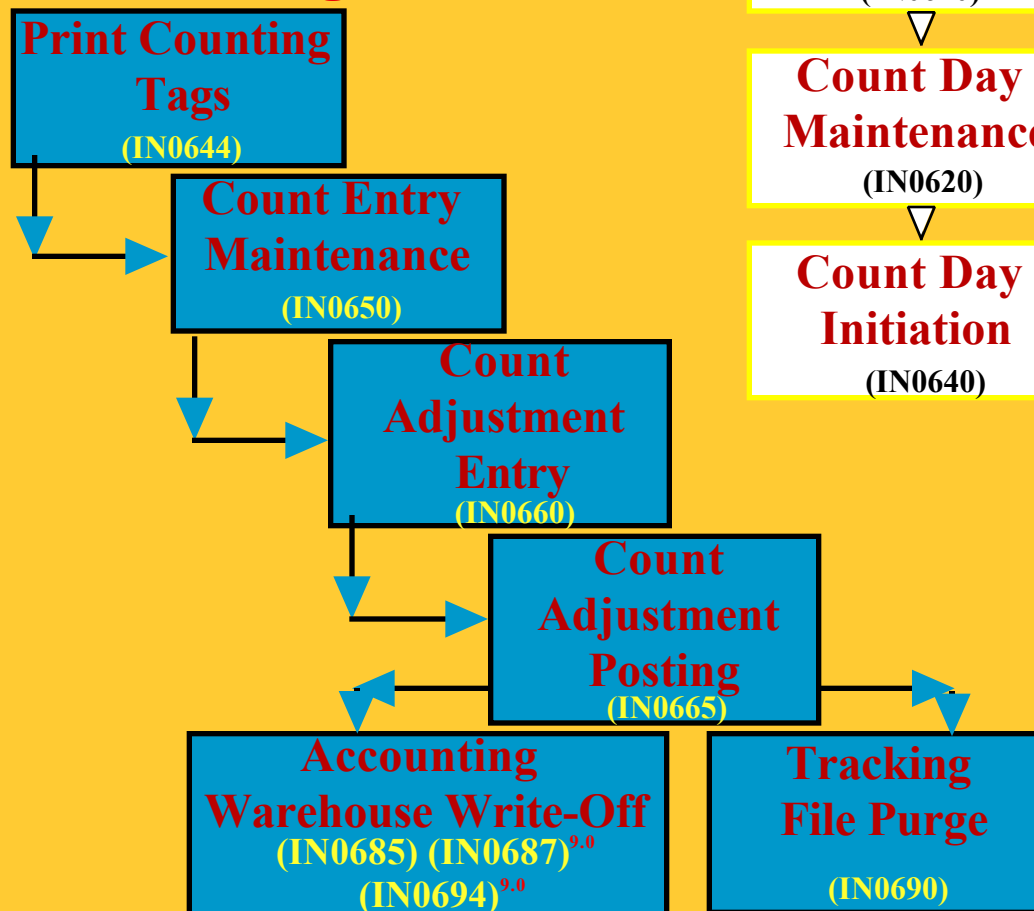
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PRMS™ Physical Inventory/Cycle Counting Process Flow

Setting Up



The Counting Process



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Master Count Schedule or Location?

Follow a Regular Schedule

Resolve Discrepancies Immediately

Don't Panic

Improve Methods

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	Present	+ Print		Present	+ Print
Education & Reference					
General			Manufacturing		
Welcome to PRMS	99.00	199.00	Product Definition	199.00	349.00
PRMS Overview	199.00	349.00	Manufacturing Planning	199.00	349.00
Version 9 Enhancements	99.00	199.00	Shop Floor Control	199.00	349.00
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