NATIONAL CERTIFICATE IN WHOLESALE AND RETAIL OPERATIONS SUPERVISION, NQF Level 4, ID 49397

Stock Management

Aligned to unit standard: 118043

Learner Study Guide

Table of Contents

This Learner Study Guide articulates in the following programme and manner:

NATIONAL CERTIFICATE IN WHOLESALE AND RETAIL OPERATIONS SUPERVISION, NQF LEVEL 4, ID 49397

WHOLESALE AND RETAIL Learning Programme

Stock Management

Supervise stock counts, US ID 118043

Introduction to this programme

Dear learner

Welcome to the learning programme – **Supervise stock counts, US ID 118043**

The unit forms part of Stock Management for the NATIONAL CERTIFICATE in Wholesale and Retail Operations Supervision, which is registered with the WHOLESALE and RETAIL SETA.

Congratulations on choosing to upgrade your skills. We believe that this is one of many learning programmes that will develop and improve your skills.

Over the past couple of years, South Africa has made a significant shift from the old dispensation in education (where learners used to be bombarded with theory and very little practical work) to an outcomes-based education model (based on competency rather than on theory). The aim of the shift is to make the South African labour force more productive and show them how to apply the knowledge that they have gained from training programmes.

The learning programme you are about to start is outcomes-based and in line with the outcomes as stipulated in the applicable unit standard. The assessment is also in line with the assessment criteria as stipulated in the unit standard. Once you have been declared competent on the outcomes of this unit standard, you will receive **credits** towards a nationally recognised qualification.

You will be assessed formatively and summatively. The **formative** assessment will be conducted as you work through the lessons of this Study Guide and the **summative** assessment will be conducted when you have completed your training. Assessment can also be defined as the method that is used to determine whether you have mastered the skills that you will be taught during this learning programme. Assessment usually consists of two components, namely **instructional learning** (as conducted during this learning programme) and the **workplace assessment** – to determine your practical skills and your ability to implement what you have learnt.

The purpose with the Practical Guide Logbook (which will be handed to you by your assessor) will be to assess whether you can apply what you have learnt in the workplace.

Another added advantage to the new dispensation is the fact that recognition of prior learning is also considered and can count towards achieving credits towards a skills programme or qualification. Life experience, work experience and previous courses attended can be taken into consideration for recognition of prior learning purposes, should it relate to the specific learning programme or qualification you are working towards. This is merely a brief description to the new dispensation and barely covers what one can learn about this.

So, you will undergo theoretical training; receive your Practical Guide Logbook and Learner Assessment Guide & Portfolio of Evidence. At this point, you and your assessor will sign the Assessment Plan and your assessment will commence! You will be guided all the way.

We hope that this makes you as excited as it does us and it is a real privilege for us to be able to facilitate and assess you on the outcomes of the unit standard that we are about to start.

Please feel free to communicate any questions to your facilitator or to your assessor.

Remember, look out for the following icon in your Study Guide:

This icon indicates an activity that must be completed and placed in your Portfolio of Evidence (PoE).

Purpose of the learning programme

Purpose

The purpose of this learning programme is to enable learners to prepare for stock counts, staff the outlet to meet counting requirements, train the staff, oversee the counting operation, finalise documentation according to organisational requirements and analyse stock count event and compile action plans to improve future stock count events.

Critical cross-field outcomes

During the Lessons (and theoretical process), the practical component and the workplace experience you will complete during the course of this programme, there are also CCFO's

These CCFO's are as follows:

CCFO	Details
Identify and solve problems	The ability to identify and solve problems when overseeing the counting process
Work effectively with others and as part of a team	The ability to work effectively with others and as part of a team when preparing stock for stock counts
Organize and manage oneself and one's activities effectively and responsibly	The ability to organize and manage oneself and one's activities when supervising stock count preparation
Collect, analyse, organize and critically evaluate information	The ability to collect, analyse, organize and critically evaluate information when supervising stock count preparations and post stock count procedures
Communicate effectively	The ability to communicate effectively during the supervision of the stock counting
Demonstrate an understanding of the world as a set of related systems	The ability to demonstrate an understanding of the world as a set of related systems when supervising stock count preparations

Essential embedded knowledge

During the learning sessions, the practical component and the workplace experience you will complete during the course of this programme, there is also essential embedded knowledge that you are required to understand and learn. Some of this knowledge is already clearly indicated in the specific outcomes, but others are *embedded* in the outcome and its assessment criteria.

EEK#	Details
EEK1	Required stationery and administrative functions for different stock counts
EEK2	Operational system applicable to the counting of stock
EEK3	How to identify items to be counted
EEK4	Preparation of section or stock to be counted

EEK#	Details
EEK5	Scheduling staff for stock count
EEK6	Verifying counts
EEK7	Handling and authorizing of queries or exceptions
EEK8	Post stock count administrative requirements

Entry level requirements

Learners being registered against this learning programme, must **already demonstrate the following competence:**

- They must have competence in Grade 12 or equivalent which includes Literacy and Numeracy

Learning programme schedule

This Learning Programme carries a weight of 8 credits. These credits are converted into actual working hours which equate to a total of 80. This means it will take approximately 80 hours for you to undergo the training, assessment and all other requirements before you are found competent against this unit standard.

These 80 hours are broken up as follows:

30%

- Training Time
- Time to Complete Formative and Summative Assessments

70%

- Practical Workplace Experience

30% of 80 = 24 Hours

8 Hours (1 Day)

This time is for the actual training session. Here, you will be attending class or tuition with the rest of the learners. Learning will be based on the requirements of the unit standard.

16 Hours (2 Days)

During the training session, the facilitator will inform you of the assessment requirements for the unit standard – both Formative and Summative. During this time you will need to complete your Formative Assessments and also ensure that all required forms and preparation sheets are signed together with your Assessor for you to undergo the Summative Assessment requirements. These may include components of Knowledge, Practical and / or Case Studies or Projects.

During this time, you may also contact the Assessor for assistance on the requirements of the Assessments. The learning group may also make use of this time to self-help on the Assessments.

70% of 80 = 56 Hours

56 Hours (8 Days)

During these 8 days, you will need to be based at a workplace – assisted by the workplace mentor, coach or assessor to ensure that you achieve the specific outcomes and assessment criteria as detailed on the Practical Workplace Logbook. These will need to be signed off by the workplace mentor, coach or assessor and submitted as part of your PoE.

Any other activity (outside of the PWL) that will assist you in demonstrating competence on any of the specific outcomes should be included as evidence in your PoE.

Unit Standard

Unit Standard: 118043

SOUTH AFRICAN QUALIFICATIONS AUTHORITY

REGISTERED UNIT STANDARD:

Supervise stock counts

SAQA US ID	UNIT STANDARD TITLE			
118043	Supervise stock counts			
ORIGINATOR				
SGB Retail and Wholesale				
PRIMARY OR DELEGATED QUALITY ASSURANCE FUNCTIONARY				
-				
FIELD			**SUBFIELD**	
Field 11 - Services			Wholesale and Retail	
ABET BAND	**UNIT STANDARD TYPE**	**PRE-2009 NQF LEVEL**	**NQF LEVEL**	**CREDITS**
Undefined	Regular	Level 4	NQF Level 04	8
REGISTRATION STATUS		**REGISTRATION START DATE**	**REGISTRATION END DATE**	**SAQA DECISION NUMBER**
Reregistered		2015-07-01	2018-06-30	SAQA 10105/14
LAST DATE FOR ENROLMENT		**LAST DATE FOR ACHIEVEMENT**		
2019-06-30		2022-06-30		

In all of the tables in this document, both the pre-2009 NQF Level and the NQF Level is shown. In the text (purpose statements, qualification rules, etc), any references to NQF Levels are to the pre-2009 levels unless specifically stated otherwise.

This unit standard does not replace any other unit standard and is not replaced by any other unit standard.

PURPOSE OF THE UNIT STANDARD

This unit standard is intended for persons who supervise stock counts in a chain or franchise environment where procedures are set by others.
Persons credited with this unit standard will be able to prepare for the stock counts, staff the outlet to meet counting requirements, train the staff, oversee the counting operation, finalise documentation according to organisational requirements and analyse stock count event and compile action plans to improve future stock count events.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

It is assumed that the learner has completed the following areas of learning before attempting this unit standard:
- Literacy and numeracy at Grade 12

UNIT STANDARD RANGE

This section makes reference to range statement/s used within this Unit Standard.
See Outcomes and Assessment Criteria for relevant Ranges
Your reference:
- Title
- Specific outcome 1 Assessment criteria 1.4
- Specific outcome 3 Assessment criteria 3.2

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Supervise stock count preparation.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The required stationary and/or administrative functions are checked and verified for the count as per organisational procedures.

ASSESSMENT CRITERION 2

Sections and/or stock to be counted are identified according to the requirements of the stock count.

ASSESSMENT CRITERION 3

Stock count preparation is verified for completeness according to the organisation's stock count procedures.

ASSESSMENT CRITERION 4

Operational system that would impact on the stock count are implemented according to the organisation's procedures.

ASSESSMENT CRITERION RANGE

Operational systems includes but is not limited to time of counts, stock cut off.

SPECIFIC OUTCOME 2

Prepare staff for a stock counts.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Staff are scheduled for the stock count according to the requirements of the stock count.

ASSESSMENT CRITERION 2

Staff are trained in the requirements for the preparation and counting of stock according to organisational procedures.

ASSESSMENT CRITERION 3

Duties are allocated and communicated to staff according to stock count procedure.

SPECIFIC OUTCOME 3

Oversee the counting process.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Staff are monitored to ensure compliance to required stock count procedures.

ASSESSMENT CRITERION 2

Stock counts are verified to meet the organisation's stock counting standards.

ASSESSMENT CRITERION RANGE

Stock counting standards include accuracy, all required stock is counted, counted within the time frames, counts are recorded correctly.

ASSESSMENT CRITERION 3

Stock count queries and exceptions are actioned/authorised according to organisation requirements.

SPECIFIC OUTCOME 4

Supervise post stock count procedures.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Post stock count administrative requirements are implemented following organisation's procedures.

ASSESSMENT CRITERION 2

Evidence of stock counts are verified to have been removed from the stock count area/s as per organisation requirements.

ASSESSMENT CRITERION 3

An analysis of the stock count preparation and counts process is carried out and an action plan compiled to improve future stock counts.

UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS

Programmes leading to the award of credits from this unit standard will be accredited by the relevant SETA in its ETQA role. Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant SETA ETQA.
Moderation
Internal Moderations will be performed by the Accredited Providers whilst the specific ETQA will perform external moderations of assessments across the Accredited Providers according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

UNIT STANDARD ESSENTIAL EMBEDDED KNOWLEDGE

A demonstrated understanding of the following embedded knowledge as it applies to the management of a stock count
EEK1 - Required stationery and administrative functions for different stock counts
EEK2 - Operational system applicable to the counting of stock
EEK3 - How to identify items to be counted
EEK4 - Preparation of section/stock to be counted
EEK5 - Scheduling staff for stock count
EEK6 - Verifying counts
EEK7 - Handling/authorising of queries or exceptions
EEK8 - Post stock count administrative requirements

<u>Critical Cross-field Outcomes (CCFO):</u>

UNIT STANDARD CCFO IDENTIFYING

Specific Outcome 3: Oversee the counting process
Assessment criteria
- Stock count queries and exceptions are actioned/authorised according to organisation requirements.

UNIT STANDARD CCFO WORKING

Specific Outcome 2: Prepare staff for a stock counts
Assessment criteria

- Staff are scheduled for the stock count according to the requirements of the stock count.
- Staff are trained in the requirements for the preparation and counting of stock according to organisational procedures.
- Duties are allocated and communicated to staff according to stock count procedure.

UNIT STANDARD CCFO ORGANISING

Specific Outcome 1: Supervise stock count preparation
Assessment criteria

- The required stationary and/or administrative functions are checked and verified for the count as per organisational procedures.
- Sections and/or stock to be counted are identified according to the requirements of the stock count.
- Stock count preparation is verified for completeness according to the organisation's stock count procedures.
- Operational system that would impact on the stock count are implemented according to the organisation's procedures.

Range: Operational systems includes but is not limited to time of counts, stock cut off.

UNIT STANDARD CCFO COLLECTING

Specific Outcome 1: Supervise stock count preparation
Assessment criteria

- The required stationary and/or administrative functions are checked and verified for the count as per organisational procedures.
- Sections and/or stock to be counted are identified according to the requirements of the stock count.
- Stock count preparation is verified for completeness according to the organisation's stock count procedures.

Specific Outcome 4: Supervise post stock count procedures
Assessment criteria

- An analysis of the stock count preparation and counts process is carried out and an action plan compiled to improve future stock counts.

UNIT STANDARD CCFO COMMUNICATING

Specific Outcome 2: Prepare staff for a stock counts
Assessment criteria

- Staff are scheduled for the stock count according to the requirements of the stock count.
- Staff are trained in the requirements for the preparation and counting of stock according to organisational procedures.
- Duties are allocated and communicated to staff according to stock count procedure.

UNIT STANDARD CCFO DEMONSTRATING

Specific Outcome 1: Supervise stock count preparation
Assessment criteria

- Operational system that would impact on the stock count are implemented according to the organisation's procedures.

Range: Operational systems includes but is not limited to time of counts, stock cut off.
Specific Outcome 4: Supervise post stock count procedures.
Assessment criteria

- Post stock count administrative requirements are implemented following organisation's procedures.

REREGISTRATION HISTORY

As per the SAQA Board decision/s at that time, this unit standard was Reregistered in 2012; 2015.

Introduction to this Learning Programme

Stock counting is an inventory management approach where part of an inventory is counted in specific periods.

A counting schedule is developed, and specified areas of inventory are checked according to the schedule. Cycle counting is an important inventory management approach that provides many benefits.

Lesson 1

Stock count preparation

In order for you to demonstrate competence against the specific outcome indicated above, you will need to achieve the following:

LO1 ➔ Check and verify stationery and administrative requirements

LO2 ➔ Identify the sections to be counted

LO3 ➔ Verify all stock count preparation procedures

LO4 ➔ Implement operational systems that impact on stock count

LO5 ➔ Schedule staff for stock count

LO6 ➔ Train staff for the stock count

LO7 ➔ Communicate duties to staff

SECTION 1: The importance of stock counts for a business

Accuracy and shrinkage reduction

Stock counting, involving inventory assessment with an automated system, keeps accurate data with less chance of error because fewer items are inventoried at one time. Fewer items will be stolen from inventory if employees understand that inventory levels are accurately updated on a frequent basis. In addition, management will be alerted more quickly of other problems with stock levels.

Productivity and improved expediting

Warehouse workers will be more productive with stock counting because the location of items in inventory will be more accurate. Less time will be spent trying to locate items that are no longer in inventory or have been moved to another location. When inventories are inaccurate, it may be difficult to expedite customer's urgent requests. In addition, if finding items takes more time, then to compensate for the additional time, higher expedited shipping costs may be incurred or become applicable.

Reduced time management

A more accurate inventory reduces the amount of time management exceptions that occur. For example, if a customer order cannot be fulfilled because of an assumed wrong inventory level, the customer has to be contacted and management must seek other methods to satisfy the customer's needs

Less safety stock

A more accurate inventory reduces the number of stock-outs and allows for a lower level of safety stock. Safety stock is an added level of inventory maintained to prevent not having enough inventory on hand.

Implementation

To implement a counting programme, management should announce the programme to impacted employees, explain how the programme works and assign someone responsibility for managing the implementation. In addition, one or more persons should be designated to maintain the programme that was originally set up.

First, a complete physical inventory must be taken. Inventory is then divided into smaller sections and a schedule is developed covering on what day each section will be inventoried. When an inventory is taken of a section, access to that section must be blocked until the inventory is complete. Other departments, such as customer service, must be informed of the schedule when inventory access is not available. Upon completion of inventorying one section, computerised inventory records must be updated.

The importance of accurate stock counts

A business depends on inventory to operate or fill client orders. Stock or inventory is a major company asset that helps a business with tasks such as planning and staying within budget. Therefore companies should see keeping accurate inventory records as a major management tool that has multiple benefits.

Planning

When you keep accurate stock records, you have data that tells you whether you can take on client orders or particular projects within the stock on hand. You get a sense of when you will need to order new items. You also can review the stock records to identify stock trends over time and make some basic predictions about stock that may turn out faster than usual. All of these elements mean that you are able to plan and strategise. This is critical to developing and maintaining relationships with investors, who want to see that you have specific plans for your operations.

Customer service

Good stock records mean that when customers call or write with inventory-related questions, you can find the answer quickly. A fast response time usually means the customer gets a better impression of the company.

When you know exactly what stock you have and where it is stored, you can retrieve it promptly and fill customer orders efficiently. The ability to deal with inquiries and fill orders quickly means the company is able to serve more customers and move more stock through the company, resulting in higher profit. If customers have to wait for responses or products, they may cancel orders and go to other companies.

Expense control

Failure to maintain accurate stock records sometimes means that a business cannot send out an item until it is close to a deadline. Companies that have to send items out at the last minute may have to pay extra to expedite shipping. Doing this for one or two customers may not be a huge deal, but it translates into big losses for companies that work with dozens or even hundreds of customers every day.

Furthermore, sometimes companies end up ordering new stock to meet client demands, only to find the original stock later and realise the new order was not necessary.

Replacing goods in this way is costly, especially if the company cannot sell the original inventory and ends up with extra. Stock tracking is therefore a strategy for expense control.

Rewards and praise

Proper stock tracking provides an opportunity to measure success. For example, you can define successful tracking as losing only one item per month. If your stock control employees meet this goal because they keep excellent data, you can give them positive reinforcement and offer rewards. This helps keep morale high, which often translates into better productivity and fewer conflicts. Without good records, you cannot tell whether your stock control employees deserve something extra or whether disciplinary action is appropriate.

Time, skills and talents

Accurate stock records mean that your stock control employees have more time available to do other things. For example, they can investigate new vendors or come up with ways to reorganise the stock for optimum efficiency and access. This not only improves production and gives your business additional options, but also lets stock control employees explore other skill and talent areas they have. You may discover for example, that a lower-level stock control employee is particularly good at data analysis.

SECTION 2: Instructions for stock counts

Stock is a primary concern for just about all businesses. Physical stock is especially important if you deal in selling products. You must have an accurate count for all items so you know what you have on hand to offer customers and fill orders. Even if you deal strictly in service, a stock count of office equipment and other materials is essential to your business so that you have what you need when it is needed.

Written guidelines

Establish written guidelines and instructions for how to count physical items in your stock. Decide on a description for each item which can include a stock number or another identifying code. Write a clear, step-by-step method for taking counts. Use such statements as **section off area to be counted with clear markers which you remove after counts** and **count items from left to right and top to bottom**.

Detail proper handling of materials if necessary and clearly state that items should not be removed, but returned to their original positions.

Oral instructions

While employees appreciate and need a written copy of stock count procedures, you need to give verbal directors as well. Speak to employees as a group so each person will know their assigned role. You may organise it so one person counts items while another records the counts in a log book. Your type of business will determine if you need to conduct separate inventories for stock, office equipment, supplies or other materials.

Stock counts are usually done at the end of a month, quarter, or year, to coincide with the end of a reporting period. As the following procedure will show, it takes a great deal of effort to complete an accurate physical inventory count. The steps in the process are usually as follows:

No	Criteria	Details
1	Order count tags	Order a sufficient amount of two-part count tags for the amount of inventory expected to be counted. These tags should be sequentially numbered, so that they can be individually tracked as part of the counting process
2	Preview inventory	Review the inventory several days in advance of the schedule count. If there are missing part numbers, or if items appear to be in a condition that would be difficult to count (such as not being boxed or bagged), notify the warehouse staff to make the necessary corrections
3	Pre-count inventory	Go through the inventory several days in advance and count any items that can be placed in sealed containers. Seal them in the containers and mark the quantity on the sealing tape. This makes the counting tasks easier during the actual count. If a seal is broken, then a counting team will know that they need to re-count the contents of the container
4	Complete data entry	If there are any remaining data entry transactions to be completed, do so before the physical inventory count begins. This includes transactions for issuance from the warehouse, returns to the warehosue, and transfers between bin locations within the warehouse.
5	Notify outside storage locations	If the company has any outside storage facilities or third-party locations that hold company inventory on consignment, notify them that they should count their inventory on hand as of the official count date and forward this information to the warehouse manager
6	Freeze warehouse activities	Stop all deliveries from the warehouse, and also segregate all newly-received goods where they will not be counted. Otherwise, the inventory records will be in a state of flux during the inventory count, and so will not be entirely reliable
7	Instruct count teams	Assemble two-person teams to count the inventory, and instruct them in their counting duties. These duties involve having one person count inventory while the other person marks down the information on a count tag. One copy of the tag is affixed to the inventory, while the team retains the other copy.
8	Issue tags	An inventory clerk issues blocks of count tags to the count teams. Each team is responsible for returning a specific numeric range of count tags, whether or not the tags are used. Maintaining control over all count tags ensures that lost tags will be investigated promptly.
9	Assign count areas	Assign a specific range of bins to each count team. Note these locations with a highlighter on a map of the store. The inventory clerk should maintain a master list of which areas

No	Criteria	Details
		of the store have been counted, and which teams have been assigned to each area.
10	Count inventory	One person on each team counts a specific item within a bin location, and then the other person marks the bin location, item description, part number, quantity, and unit of measure on a count tag. The team affixes the original copy of the tag to the inventory item and retains the copy
11	Verify tags	Upon completion of a count area, each count team returns to the inventory clerk, who verifies that all tags were returned. If there are more warehouse areas to be counted, assign a new area to the count teams and issue them new blocks of count tags as necessary
12	Enter tag information	Enter the information on the count tags into an online data entry form. Once data entry is completed, print a report showing all tag numbers entered, sorted by tag number, and look for any gaps in the numbers. Investigate any numbering gaps found. This will ensure that all count tags issued were included in the file.
13	Investigate unsual results	Re-sort the inventory report several ways to look for unusual information, and investigate the tag entry associated with each one

It may be useful to evaluate this procedure after every count, to see if the procedure should be altered to compensate for counting issues experienced.

SECTION 3: Preparing stock for counting procedures

Preparing for a successful stock count involves preparation of the physical count areas as well as deciding the method for recording the count.

Although the primary focus of a physical count tends to be on recording and analysing the results of the count, it is important to recognise that the driving force behind a good count is the accuracy of the physical count itself, which happens outside of the control of the system.

The integrity of the count is largely a by-product of:

- How well the storage area is organised (product stock locations, tidiness)
- How well products and bins are labelled
- The level of product knowledge of the people who are doing the counting
- The number of staff available to do the initial count, recount and spot check audits
- The level of stock movement during the count process

The following questions will assist you in planning the count:

- When is this count to be done?
- Is this a full or partial count?
- How long will it take to complete the count?
- How long will it take to input the count quantities?
- Will business be open or closed (counting over a weekend or holiday or shutting down)?
- What staff will be available to perform the count and do the data entry?
- Who will control the distribution of count sheets or tags?

- How accurate is the costing on the inventory evaluation? (This should be addressed prior to freezing the inventory and printing the variance report)
- Will before / after evaluations be required?
- How will you identify that a section of inventory has been counted?
- How will you identify that all products have been counted?
- Consider consignment inventory: do you have stock consigned out to customers or consigned to you from suppliers? How will you be handling the count and reporting on these items?

The following list is comprised of suggestions to assist you in preparing your storage area for the count, well in advance:

1. General housekeeping – tidy the area to allow for easy access, free movement and ease of counting stacked items
2. Stock locations – where possible, try to consolidate products into a single location
3. Logical organisation of count areas – by bin location, product code, supplier's product code, etc.
4. Clearly label products for easy identification by counting staff
5. Remove from counting area any product not being counted, such as defective products awaiting return to the supplier or for disposal

ACTIVITY 1

	**Activity 1** **Please complete this activity in your Learner Assessment Guide and PoE.** **This activity is aligned to SO1, AC4**

ACTIVITY 2

	**Activity 2** **Please complete this activity in your Learner Assessment Guide and PoE.** **This activity is aligned to SO2, AC1, AC2, AC3**

SECTION 4: Training staff

The end of financial year can spell dread for many retailers, especially if there is no solid plan in place for the annual or half-annual stock take. While many businesses keep track of inventory on a weekly, or even daily basis through their inventory management systems, a manual count to match up the records is still widely practiced and recommended in the wholesale and retail world.

Do your staff know what a stock take is?

Stocktake is a count of all your inventory, both in store and in your warehouses or storerooms. Most businesses complete stock take once or twice a year, with a few completing stock take a little more frequently.

Counting all the stock allows you to match this back to your electronic records and uncover any discrepancies in the numbers, which may be due to unorganised inventory management, theft, damaged stock, or any number of other reasons. Discovering the reasons why your stock count doesn't match up can help you implement strategies to profit more in the future.

STEP 1 → Confirm your stock take staff

It is best to lock in the staff that you will need for the stock take at least two weeks in advance, but preferably more. Remember, you will need to complete stock take in one day if you want the most accurate numbers, so don't underestimate the number of people you will need for the count.

STEP 2 → Stock take training

Anyone who has gone through with a stock take without training staff beforehand will know that this is necessary. This doesn't have to be a huge training event – simply gather the team together for one hour before or after opening hours and run through the plan with them.

Explain what the purpose of stocktake is and what will be expected of them on the day or night. If you are having them input numbers electronically, train them on all equipment. If you have a certain order you would like the stock to be counted in, run through this. For example, many stores have staff count stock top to bottom, left to right.

STEP 3 → Map it out

This is the part where you create a map of the store and mark each area clearly. This will allow you to check off sections as they are counted and to estimate how long it may take each team to go through one section.

It is also a good time to plan which team members should cover which sections, based on how well they know them.

STEP 4 → Plan your teams

It is best to have teams of two people each – one to count and one to write down the number or input into a device. When planning your teams keep in mind that it is best to avoid putting two best friends together, as this may encourage chatting and distractions on the day.

A smart move is pairing older, more experienced members of staff with less experienced ones. This ensures no one loses their focus and will minimise confusion with the process.

STEP 5 → Prepare logins and inventory sheets

If you are using portable electronic devices for the count, your staff will need logins in order to use them. The same goes for any staff inputting numbers into a computer from handwritten sheets.

If you are not using portable devices, you will need to have sheets ready and printed with all inventory listed, so your staff can write the correct number next to them. Ensure all sheets have a field where the employee can write their name or employee number.

STEP 6 → Pre-count and bundle your stock before the stock take

This involves grouping items into tens and bundling them, leaving a few loose items in front, in case a customer purchases them. for example, if you have a rack of 24 t-shirts, you tie the coat hangers together with a rubber band or separate with a cardboard divider, creating two groups of ten. There will then be four loose t-shirts available for purchase. This is a big-time saver on the day and helps to avoid stocktake running long into the evening. Storeroom stock can also be counted like this on the day before.

Another thing to remember before stock take is to stop all movement of stock from the storeroom to the shop floor. Shelves can be stocked with new items after the count is complete.

STEP 7 → Complete a sanity check

Once the official count is in, move teams into areas of the store where they weren't counting and ask them to randomly check every 20 items to ensure the count is correct. This helps pick up any major errors and will save time in the long run.

With the stock take complete, it will be time for you to analyse the data and find the discrepancies.

Competence check for Lesson 1

Now that you have completed Lesson 1, are you able to understand and demonstrate such understanding?

Make necessary comments in the appropriate column so you can check / follow up on later during the learning programme. Ensure that if you are unsure of the concept, note your comments / questions to discuss with your assessor.

Learning Outcome	Check / Comments / Questions
I can check and verify stationery and administrative requirements	
I can identify the sections to be counted	
I can verify all stock count preparation procedures	
I can implement operational systems that impact on stock count	
I can schedule staff for stock count	
I can train staff for the stock count	
I can communicate duties to staff	

Lesson 2

The counting process

In order for you to demonstrate competence against the specific outcome indicated above, you will need to achieve the following:

LO1 ➔ Monitor staff to ensure they are complying with the plan

LO2 ➔ Verify that the stock count meets the required standards

LO3 ➔ Action any stock count queries

The most important element to a successful and accurate stock count is proper planning and preparation. This has been discussed in Lesson 1. You can refer back to the guidelines on how preparation should be done.

SECTION 1: Checking and sorting stock

Visit your inventory

Prior to counting stock, it is important to reacquaint yourself with it. Go through each display and ensure that stock is not misplaced, damaged or obsolete, and make sure all merchandise is tagged. Not only will this save time during the counting process, but it will provide an opportunity to clean up, re-steam and markdown or even return aged or damaged stock.

When counting your stock, your focus should be only on an accurate count. In preparation for a stock count, not only will it be more organised but it will offer the opportunity to carefully review it for age, damage or other presentation issues that prevent it from selling.

Back stock and out of season merchandise

If you have back stock or out of season merchandise that is set aside you not only can clean up the merchandise but also consider counting it early if you know it won't be moved, needed or sold before the physical count.

In-process stock

One of the most difficult and easily overlooked areas to getting a good count are those in-process locations such as:

- Alterations
- Lay-bye stock
- Approvals
- Holds
- Merchandise out for repairs
- Sales orders awaiting back-ordered merchandise for fulfilment
- Merchandise being held for return-to-vendors

SECTION 2: Counting methods

There are various methods for counting. The best method depends in part on how merchandise is managed and how your stores or stock locations are laid out.

Computer generated counting sheets

Computer generated count sheets are pre-printed lists of inventory generated by software that can be used to record your on-hand counts. The biggest problem with count sheets is that no matter how they are sequenced they will not follow a logical flow of how goods are merchandised or even stocked.

Further, if merchandise is on-hand that is not included on the count sheet it is quite easy to miss altogether. As opposed to following a wall to wall fixture map, count sheets make it nearly impossible to assure that all merchandise is counted. If they are used in conjunction with a wall to wall count, too much time will be wasted paging back and forth to find the associated items to record counts. However, count sheets can be useful when performing narrow spot counts.

Manual count sheets

Manual count sheets are merely ruled forms that allow you to record the product id, quantity and if needed, retail of merchandise being counted.

When this method is used, count teams should be used: one person to call out the classes or SKUs, prices and counts while the other records them. When assigning teams this allows you to pair more experienced people as counters with less experienced people to record the count.

Portable inventory devices

These can be the most efficient method for taking a stock count, especially when barcodes are used on the merchandise. They eliminate the need for a two person count team, though all detail counts should still be verified.

Inventory services

Several third party companies specialise in taking physical counts. Their advantage is that they are inventory specialists and are impartial. If you suspect internal theft, their impartiality can be critical. Their expense can offset against overtime wages and the costs of portable scanners. The disadvantage of an inventory third party service is that they are not knowledgeable about your stock, stock practices and stock locations.

ACTIVITY 3

Activity 3

Please complete this activity in your Learner Assessment Guide and PoE.

This activity is aligned to SO3, AC1, AC2

Freeze transactions

Before the count begins and until the initial count audit, all inventory transactions and movements should cease. Physical counts should only occur when the store is closed so sales are not occurring and inventory is not being moved for customers or vendors.

All receiving, returns and transfers need to be cut off. It is especially important in these areas to have a careful cut-off in that you must know what stock has or has not been recorded in the system. New shipments received should be frozen and seals should not be broken. Anything that has been opened should be received in. all receipts should be posted to inventory.

Depending on how merchandise is moved between stores, inter-store transfers could be cut-off a week before the physical count for each store. A day or two may be enough if you use your own delivery vehicles, but a week or more may be required if you are using a common carrier to make sure all goods get delivered and properly counted. Reconciling transfers in and out before and after a physical count provides extra assurance that all goods have been counted correctly.

Be prepared

For a stock count to be accurate it must be deliberate. Be sure to schedule enough people and enough time to take the count and complete the count audits. Frequent required breaks should be considered to make sure everyone stays fresh and alert. In fact, rotating teams can be ideal so no one person is overwhelmed or overly relied on for results.

The time to organise and clean up the stock is before the physical counting begins. During the count is not the time to move around misplaced stock. The risk of not counting or double counting is too great.

Verifying incorrect counts

It is important that preliminary audits be performed as goods are counted. Simple verification counts of the total number of pieces per fixture or slip can be easily achieved and allow you to recount slips with discrepancies and make sure entire sections haven't been missed. Everyone on the counting team should understand that the task is not complete until these basic audit steps have been taken. If the detail count and verification count (the total piece count) doesn't match, retake the verification count to assure it is right, once the total piece count is confirmed the detailed slip or fixture should be recounted until the total piece counts balance.

You should also verify your fixture map. Once all fixtures have been counted with completion slips attached, walk through your store and make sure no merchandise has been missed. Areas to consider include the following:

- Display windows
- In-store displays
- All stock locations
- In-transit locations such as delivery trucks and manager's cars
- Customer hold merchandise
- Lay-byes unless they are recorded as sales
- Merchandise out on approval with customers
- Alteration department for unsold items

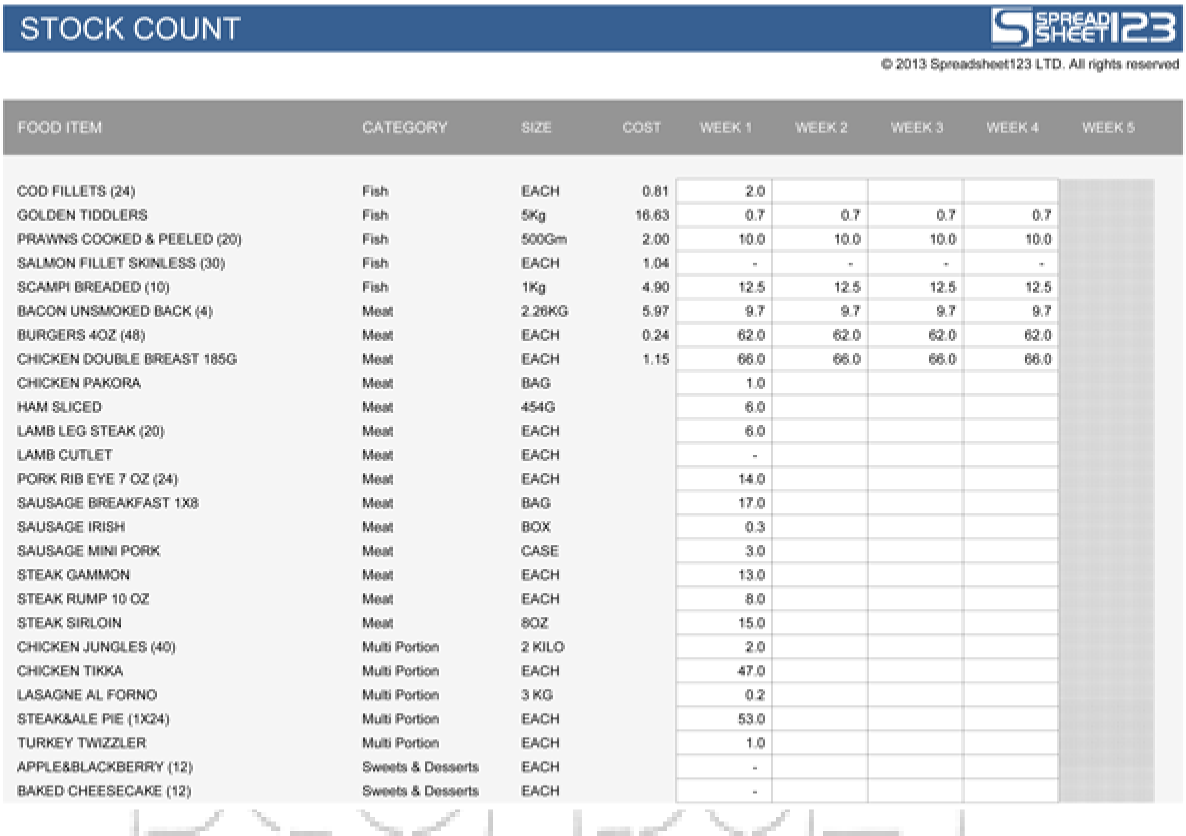
Deeper research into discrepancies can always be completed at a later date – in fact several weeks or months later, but the only time a physical count can be accurately verified is at the time all movement is frozen.

A well planned and organised physical count is the basis of determining and analysing shrinkage. Without a reliable physical count, analysis of the results will be unproductive.

ACTIVITY 4

	**Activity 4** **Please complete this activity in your Learner Assessment Guide and PoE.** **This activity is aligned to SO3, AC3**

SECTION 3: Counting and recording stock



STOCK COUNT

SPREAD SHEET 123

FOOD ITEM	CATEGORY	SIZE	COST	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
COD FILLETS (24)	Fish	EACH	0.81	2.0				
GOLDEN TIDDLERS	Fish	5Kg	16.63	0.7	0.7	0.7	0.7	
PRAWNS COOKED & PEELED (20)	Fish	500Gm	2.00	10.0	10.0	10.0	10.0	
SALMON FILLET SKINLESS (30)	Fish	EACH	1.04	-	-	-	-	
SCAMPI BREADED (10)	Fish	1Kg	4.90	12.5	12.5	12.5	12.5	
BACON UNSMOKED BACK (4)	Meat	2.26KG	5.97	9.7	9.7	9.7	9.7	
BURGERS 4OZ (48)	Meat	EACH	0.24	62.0	62.0	62.0	62.0	
CHICKEN DOUBLE BREAST 185G	Meat	EACH	1.15	66.0	66.0	66.0	66.0	
CHICKEN PAKORA	Meat	BAG		1.0				
HAM SLICED	Meat	454G		6.0				
LAMB LEG STEAK (20)	Meat	EACH		6.0				
LAMB CUTLET	Meat	EACH		-				
PORK RIB EYE 7 OZ (24)	Meat	EACH		14.0				
SAUSAGE BREAKFAST 1X8	Meat	BAG		17.0				
SAUSAGE IRISH	Meat	BOX		0.3				
SAUSAGE MINI PORK	Meat	CASE		3.0				
STEAK GAMMON	Meat	EACH		13.0				
STEAK RUMP 10 OZ	Meat	EACH		8.0				
STEAK SIRLOIN	Meat	8OZ		15.0				
CHICKEN JUNGLES (40)	Multi Portion	2 KILO		2.0				
CHICKEN TIKKA	Multi Portion	EACH		47.0				
LASAGNE AL FORNO	Multi Portion	3 KG		0.2				
STEAK&ALE PIE (1X24)	Multi Portion	EACH		53.0				
TURKEY TWIZZLER	Multi Portion	EACH		1.0				
APPLE&BLACKBERRY (12)	Sweets & Desserts	EACH		-				
BAKED CHEESECAKE (12)	Sweets & Desserts	EACH		-				

The above illustration shows how a simple stock count is recorded.

Competence check for Lesson 2

Now that you have completed Lesson 2, are you able to understand and demonstrate such understanding?

Make necessary comments in the appropriate column so you can check / follow up on later during the learning programme. Ensure that if you are unsure of the concept, note your comments / questions to discuss with your assessor.

Learning Outcome	Check / Comments / Questions
I can monitor staff to ensure they are complying with the plan	
I can verify that the stock count meets the required standards	
I can action any stock count queries	

Lesson 3

Post stock count procedures

In order for you to demonstrate competence against the specific outcome indicated above, you will need to achieve the following:

LO1 ➔ Implement the post stock count administrative requirements

LO2 ➔ Remove evidence of stock counts from the store

LO3 ➔ Conduct an analysis of the stock count

SECTION 1: Post stock count requirements

After a stock count is complete and finalised, make a detailed report of the preparations and observations of the period before, during and after the count.

Note all the good **and** bad points of the stock count, to know what to do again and what to avoid in the future. Points to note should include:

- Who counted
- How they counted
- Team changes
- Punctuality
- General behaviour

A preparation report can include observations like bins that were too large or small, untidy sections, inadequate meals for counters, etc.

A good stock count is reliant on a well prepared business, so ensure that all preparations have been undertaken prior to the stock count.

Remember that variances in stock counts are minimised by proper systems and procedures that are enforced and maintained year-round.

Removing evidence

A general clean-up of the store areas will need to be done once the stock count has been completed.

This will include removing all tags that have been placed on products and merchandise for the purposes of counting. It will include any labelling or markings that have been made.

The organisation will have a set procedure that designated employees will need to follow to ensure that all housekeeping requirements are being met.

ACTIVITY 5

	**Activity 5** **Please complete this activity in your Learner Assessment Guide and PoE.** **This activity is aligned to SO4, AC2**

SECTION 2: Stock take analysis

The whole reason why stocktake is important is that it reveals discrepancies between inventory records and the number of stock you actually have on hand.

Discovering these issues helps you move your business in a more profitable direction and eliminate anything that may have been attributing to stock loss or incorrect counts. After all of the hard work of completing a physical count, your stock take is not complete unless you complete this part of the process.

What causes stock take discrepancies?

The following list highlights some of the most common reasons why you see discrepancies in the stock take numbers. Bear in mind that there are many more reasons, which are not necessarily listed here, as causes can vary greatly depending on industry and inventory record keeping methods.

- Stock loss due to damage
- Stock loss is in the incorrect location
- Human error during the stock take process
- Stock loss due to theft
- Stock is labelled with incorrect identification
- Stock mistaken for a similar product
- Inbound stock not recorded accurately
- Faulty inventory management software or stock take equipment
- Incorrect unit of measurement was counted

Resolving discrepancies: a checklist

Use the following checklist as a guide to try and resolve some of the discrepancies you may find in your stock take numbers:

Do this	Details
Re-count the stock in question	This should be your first step if numbers are not matching up. It could be something as simple as a mistake during the original counting process
Check if the stock exists in another location	If a large number of items appear to be missing, double check that they are not in another part of your storeroom, or maybe a different storeroom altogether. There is even a chance that you have purchased the stock, but it has not yet arrived from the supplier
Make sure the correct unit of measurement was used	All people participating in the count should be trained on the procedure. However, there is still a chance that someone

Do this	Details
	may have counted in litres or pounds, instead of boxes or individual units.
Verify that the SKU or product identification number is correct	Though uncommon, it is not unheard of for products to be labelled with the incorrect SKU, upsetting your inventory records. Check that the description in your inventory management system actually matches the product you are counting. If it doesn’t, you have found a problem.
Ensure the product has not been mistaken for a similar product	This is a common error in stock takes when counting staff may not realise that a variation in size of colour is technically a different product with different identification
Scan your inventory records for errors	Sometimes a discrepancy can come down to a simple mathematical error
Confirm that there is no missing paperwork	Sales which have been unaccounted for can often throw off your count. Go in search of any missing paperwork, which may not have been entered into your system yet
Investigate whether employees or customers have been stealing stock	This is one of the least pleasant steps to tackle, but it is necessary if you cannot find any other logical reason for loss of stock. Consider implementing tighter security measures in store, such as CCTV cameras or security tags on products
Speak to your warehouse or storeroom managers	A slip up in the usual procedure for processing stock may have occurred. Have a chat with your managers to see if there are any broken links in the chain. If so, some staff may need retraining or your entire procedure may need to be revised.

Updating inventory levels

It is important to update the inventory records to reflect the results of your physical count, whether you have uncovered the reason for the discrepancy or not. This will allow you to view the correct levels of stock going forward, which you can then use to alter your profit margins and financial forecasts.

Competence check for Lesson 3

Now that you have completed Lesson 3, are you able to understand and demonstrate such understanding?

Make necessary comments in the appropriate column so you can check / follow up on later during the learning programme. Ensure that if you are unsure of the concept, note your comments / questions to discuss with your assessor.

Learning Outcome	Check / Comments / Questions
I can implement the post stock count administrative requirements	
I can remove evidence of stock counts from the store	
I can conduct an analysis of the stock count	

Summary

Stock counting involves physically counting all of your stock and matching this up to your stock records to discover any discrepancies. The frequency of stock counts varies between businesses, with some preferring once or twice a year, while others prefer quarterly or monthly counts.

Discrepancies between your manual stock and your electronic records allow you to pick up on a range of issues and put processes into place to ensure better stock control and management. This, of course, leads to increased profits in the future.

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Author

Maria-Jose Capão