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Benefit Analysis of an Automated Physical Inventory System

- ➔ ***Cost and Time Savings!***
- ➔ ***Greater Accuracy and Efficiency!***
- ➔ ***Easily Customized to Match Your Business Rules!***
- ➔ ***Non-Propriety Database Format.***
- ➔ ***Detailed Information follows.***

The use of a Personal Digital Assistant (PDA) to assist in the physical inventory processing provides a cost effective way to obtain inventory counts and to enter the counted quantities into the Inventory Control applications. It will shorten the total physical inventory counting and entry process. The physical inventory count update function will perform the updating of the counted quantities for each item. No manual entry is required.

A Discrepancy Report will be generated, listing items with error conditions. After the initial counting process, use of the Discrepancy Report will isolate the item counts with error conditions.

Please note that the Physical Inventory processing applications are created using the Microsoft Access Database Management System. The application source and the database is non propriety and numerous third-party applications are available.

Since the application source and database is not proprietary, the Physical Inventory processing can be enhanced and customized to many different Inventory Control database formats. The Inventory Control processing functionality can also be customized to many different processing options.

In the case of the "YES I Can Accounting" (YIC) Inventory Control applications, manually entering the adjustment quantities in the inventory item "In Stock" entry is time consuming and prone to errors. The counted quantities accumulation and update functions included in the Physical Inventory processing will eliminate most of these data entry errors. Only the items that are miscounted or missing will need to be manually edited. In fact, the items that are miscounted or missing can be re-entered using the PDA directly and the records transferred to the YIC inventory control database.

The total hours of the personnel involved in the physical inventory process to count the items and enter the adjustment quantities will be greatly reduced.

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Advantages:

1. Since most items are bar coded, scanning the items using a bar code reader eliminates errors in associating the Vendor's item number and description to the item in stock.
2. The direct entry of the counted quantities into the PDA will eliminate any transposition errors.
3. Use of the Discrepancy Report will eliminate the need to manually verify the counted quantities. Only the items with a discrepancy (error condition) will need to be manually verified.
4. The included item counted quantities update function will eliminate duplicate entries and transposition errors.
5. The total number of personnel hours will be greatly reduced.
6. The Physical Inventory applications do not utilize a propriety database format. There are numerous third-party applications available. In addition, since the programming source is included, any Microsoft Access programmer can enhance the application functions.
7. The applications included with the Personal Digital Assistant can be utilized on a daily basis. These applications include the following but are not limited only to those listed:
 - a. Address book.
 - b. Calculator.
 - c. CityTime.
 - d. Data Book.
 - e. Expense tracking.
 - f. Mail.
 - g. Memo Pad.
 - h. Games.

Disadvantages:

1. High initial cost.
 - a. Cost of the Personal Digital Assistant and the scanning module.
 - b. Cost of the Physical Inventory applications for the Personal Digital Assistant.
 - c. Cost of the Physical Inventory applications integrated into the "YES I Can Accounting" Inventory Control modules.
2. Since, the physical inventory is only required several times a year, the Return on Investment (ROI) may not be realized until after several cycles.

For additional information: www.rmtoya.com – Select the Physical Inventory Option in the Table of Contents