

Cycle Counting for E-commerce

No one likes to conduct inventory. Really, no one. **But instead of performing a HUGE physical inventory once a year, there's a magic method called "cycle counting."** It's not really magic, though, so let's break it down. We'll take a look at exactly what cycle counting is, why it's so much more effective for businesses and E-commerce platforms, and how inventory management software can help with the process.

What is Cycle Counting?

Cycle counting is a form of accounting for inventory where only a certain number of items are counted at a time on a rotating schedule. This typically involves the ABC inventory classification method: The "ABC" stands for counting different items weekly, monthly, or quarterly. Items that have a higher value (or are sold more frequently) are counted more often, while those items sold less often are counted less frequently.

Why Cycle Counting is Better Than other Forms of Inventory Auditing

Cycle counting is a continuous process of auditing inventory levels by counting a small portion of the inventory on a regular basis, rather than performing a physical inventory count all at once.

Here are three main differences between physical inventory and cycle counting for [inventory control](#):

Physical Inventory:

- Time- and Labor-intensive
- Often requires the facility to be shut-down
- Occurs once a year; thus, providing annual data on inventory variances

Cycle Counting:

- Requires much less time and labor
- Does not require the facility to be shut-down
- Takes place regularly; therefore reducing inventory variances

How Inventory Management Software Helps Businesses Manage Cycle Counts

[Inventory management](#) software such as Sage 100 can help businesses manage cycle counts by providing a systematic and efficient approach to tracking and managing inventory levels. **Here are some specific ways that inventory management software can help with cycle counts:**

1. ***Automated tracking:*** Inventory management software can automatically track inventory levels in real-time, so businesses can easily determine when it's time for a cycle count.
2. ***Accurate data:*** Businesses can ensure that inventory data is accurate and up-to-date.
3. ***Customizable reporting:*** They allow businesses to create customized reports to show inventory levels, variances, and other critical data that can help with cycle counting.
4. ***Barcode scanning:*** Many inventory management software programs, including Sage 100, 300, and 500, can integrate with barcode scanning technology. This makes it easy to quickly scan inventory items during cycle counts, saving time and reducing errors.