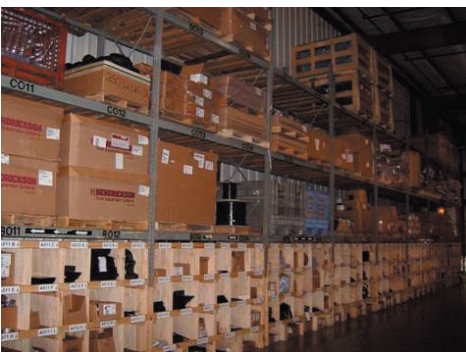


# Case Study

# Inventory Services



In June 2008, Rollins was asked to perform quarterly physical inventories at 2 facilities for a large defense contractor. The first was a 300,000 sq/ft warehouse and the second, a 400,000 sq/ft automotive assembly plant. The warehouse receives and ships parts as well as supplies the Assembly Plant with materials on a JIT basis. Rollins agreed to the opportunity armed with a Sarbanes Oxley approved Physical Inventory process. Rollins met with the customer to determine their needs, goals and objectives to better understand the relationship between the warehouse and the plant. Conference calls were held 6 weeks prior to the inventory on a weekly basis and as the date drew closer, calls were held on a daily basis. The calls were a tool to help identify any issues which then resulted in action items that needed to be addressed prior to the count. The customer provided the staff to perform the physical counts and Rollins provided the management, physical reports, and the inventory process. A team of Rollins Inventory Specialists arrived from Springfield, Ohio three days prior to the beginning of the inventory to train the onsite employees including the counting and data entry teams. Rollins met with the accounting staff at the plant to close the system and clear any issues that would possibly skew the count accuracy. From there over 50 teams scoured through the 2 facilities and counted in upwards of \$72 Million dollars of inventory. A number of audits were performed at the customer's request. The first, a Rollins requirement, was a bag audit. This means that a Rollins Auditor takes the completed bag of 25 tags to the location and audits 15% of the tags written. If there are count errors, another 15% audit is performed. Again, if there are more errors, a full bag audit is conducted. The next Rollins required audit was a systems audit. This audit reviews the perpetual vs. the actual numbers along with reviewing any potential data entry errors. From there, audit teams recount those materials in question. The third audit is a customer driven audit. Items were identified by the customer which required count verification. These were mainly higher value items which were audited and then reported.

Finally, the customer's bank audit team was on site. They performed spot counts and verified the count team's numbers. The overall count accuracy was 98.9%. At the end of the inventory, an out briefing was conducted to highlight any issues or concerns from the inventory. Both the customer and Rollins identified opportunities to improve the process. Rollins experienced auditors can help you count your warehouse or distribution center without extended and costly facility closures. Rollins can supplement your skilled teams in performing a swift and accurate count so you can quickly get back to business.



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