

Warehouse Process Audit Checklist

25-point self-audit to find the warehouse failures draining your margin, cash flow, and customer retention

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Run this audit on your warehouse right now. Each unchecked box is a documented process failure that is costing you margin, generating customer returns, or creating inventory discrepancies you cannot explain. Tally your score at the end.

Section 1 — Inventory Count Accuracy (5 points)

- My system inventory count matches the physical floor count within 2% for my top 20 SKUs.**

Target: 98% accuracy or above. Below 95% is a systemic process failure, not an anomaly

- I have a cycle counting program in place that counts every SKU at least once per month.**

Full monthly physical counts that require shutting down operations are a sign of a broken process

- Every inventory count discrepancy above 2 units triggers a root cause investigation of the last 10 transactions.**

Resetting counts without understanding why they were wrong guarantees the same discrepancy next month

- My inventory count is synchronized across all sales channels in real time, not on a batch schedule.**

- I have not had a stockout in the last 30 days caused by phantom inventory the system showed as available.**

Section 2 — Vendor and Receiving Process (5 points)

- Every inbound shipment is matched to the purchase order and vendor packing list before the system is updated.**

Three-way match: PO, packing list, physical count. No receive without all three confirmed

- My top 3 vendors all have a vendor fill rate above 97% over the last 90 days.**

Fill Rate = Units Received as Ordered / Units Ordered x 100

- Every receiving discrepancy above 2 units generates a formal vendor discrepancy report within 24 hours.

- I have inbound shipment documentation stored for every FBA or 3PL shipment for the last 18 months.**

Without this documentation you have no standing in reimbursement disputes

- No vendor has shipped incorrect or missing items on more than 2 POs in the last 90 days without a formal response.

Section 3 — Pick Accuracy and Order Fulfillment (5 points)

- My mispick rate is below 0.5% of total orders shipped over the last 30 days.**

Calculate: wrong item tickets / total orders shipped x 100. Above 1% is a critical process failure

- Every pick is scan-verified against the order before it moves to packing.**

No scan, no ship. This single policy eliminates the largest category of mispick errors

- No picker on my team has a personal mispick rate above 0.5% over a rolling 30-day period.**

Individual tracking is required to identify training needs before they become pattern failures

- My packing stations are organized so that similar-looking SKUs are never stored adjacent to each other.

- I have calculated the total monthly cost of mispicks including returns, reshipping, and LTV loss.

Section 4 — Packing Quality and Damage Rate (5 points)

- My transit damage rate is below 1% of shipments over the last 30 days.**

Above 2% is a packing process problem, not a carrier problem

- Every SKU has a documented packing specification defining box size, void fill type, and fragile requirements.**

Posted at every packing station. Not in a binder no one reads

- I conduct weekly packing compliance audits by opening 5 randomly selected packages before they leave.**

Any deviation from spec is an immediate correction, not a note for the next meeting

- I have tracked the review score impact of damage-related returns over the last 90 days.

- My negative review rate attributable to packaging or shipping damage is below 0.3% of orders shipped.

Section 5 — Warehouse Capacity and Loss Prevention (5 points)

- I know my maximum daily order capacity at current headcount and it exceeds current daily volume by at least 20%.**

Capacity Formula: $\text{Pickers} \times \text{Orders/Hour} \times \text{Available Hours} \times \text{Accuracy Rate}$

- All inventory is stored in designated bin locations with no unsorted stock sitting on the floor or in staging.**

Inventory outside of bin locations is inventory that cannot be reliably counted or found

- I have filed all eligible Amazon FBA reimbursement claims for lost or damaged inventory in the last 18 months.**

Amazon closes reimbursement windows. Missing the window means the loss becomes permanent

- Any inventory the system shows as in stock but that cannot be physically located triggers an immediate investigation.

- I use slow periods to audit and fix warehouse processes rather than only reducing costs.**

Operators who fix process in slow periods outperform in peak periods

Your Score

Score	What it means	Recommended next step
20 - 25	Strong warehouse operating system. Margin and retention are protected.	Book a Modonix review to find your next optimization layer.

12 - 19	Moderate gaps. Process failures are leaking margin in 2 to 3 areas.	Start with your lowest-scoring section. That is your biggest leak.
0 - 11	Critical gaps. Your warehouse is a significant drag on margin and customer retention.	Get a free Modonix warehouse audit at modonix.com/services .

Ready to fix your warehouse operations?

Book a free data audit at modonix.com/services — we identify your top 3 margin leaks in one session.