

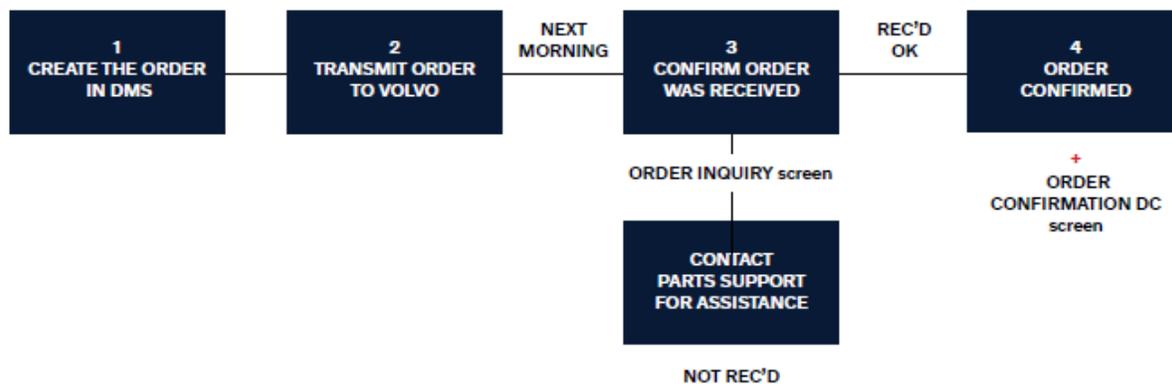
3 Steps to Basic Understanding of Parts Process

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Following a Parts Exercise

Replenishment Stock Order: Volvo as a brand has established their own automatic parts replenishment system called, VMI (Volvo Managed Inventory). VMI integrates parts demand information and makes rational stock/no-stock decisions for optimal inventory levels. Essentially, this program encompasses the process and calculations used to order parts based on supply and demand. It takes into consideration past, present and forecast sales quantities.

Customer Special Order: Volvo offers a variety of escalation options when ordering parts depending on the parts demand. Volvo considers Customer Special Orders for daily orders: Stock Orders (which typically takes 2 business days), Critical Orders (Next Day), and VOR (Vehicle off the Road), which is a higher escalation process that can be used against a backordered part, or part that may not be in production yet.



Outside Vendor Orders: Is performed when a Parts employee physically calls an Aftermarket Vendor such as O'Reilly Auto Parts, or Napa. Our Volvo Parts Department mainly deals with the company API which has a downloaded catalog that the Parts Advisors can use similar to a Manufacturers Catalog. Parts are selected, given a price and availability, then ordered with a PO number.

Receiving a Manufacturer Order: The order that was created in the DMS the previous day is transmitted to our Scan Gun Software through our DMS. The scan gun is then used to receive the special ordered parts, and prints labels connecting those parts to open Special Order Requests (Requested off of Repair Orders, Wholesale Parts Orders, and Customer Retail Orders). From that point it is the Parts Advisors responsibility to keep those Special Ordered Parts together and alert the Service Advisor / Customer that their parts are ready to be picked up.

-The Parts department pulls a Special Order Parts Report from CDK after receiving all SOP parts from the previous day. That report is then given the Clerk where they communicate with the Service Department's Advisors.

Perpetual Inventory Bin Counts

Perpetual Inventory: Perpetual Bin Counts are performed in our Parts Department with a thorough Multi-Step Process involving both CDK and a Parts Advisor physically counting each part with a Scan Gun. There are a series of 10 Steps that have to be done in order to get an accurate count and adjustment to the inventory, and to ensure there are no mistakes within the counting process.

1. Running the PSMS Report in CDK – This report tells the Scan Gun that an inventory session is now in process has begun for the selected range of bins chosen by the Advisor.
2. Physically Counting the Bin(s) – The Parts Advisor will take the scan gun and start the process by scanning the Bin they are counting, then proceed to scan the individual parts on that shelf/bin.
3. Running the PSMC Report – This Report allows the counter to see any issues that need to be resolved after the counting procedure has been conducted (an example would be a Parts Advisor scanned the wrong bar code, which showed a part number that doesn't exist.).
4. Running the PSNC Report – This report accounts for all the parts that show an on hand quantity in the Bin that were NOT scanned. With this report, a list of numbers showing an on hand quantity missed will be printed off and the Parts Advisor will need to verify that all parts are accounted for.
5. Running the PSEC Report – The PSEC Report is a report that Logs the adjustments and Verification from the previous report, documenting the count from PSNC into CDK.
6. Running the PSPA Report – The PSPA Report is a final audit, physical count sheet that will need to be counted by hand. The advisor then will verify that the stated parts and their quantities are correct before adjusting the inventory.
7. Running the PSEC Report – This is a repeat of Step 5.
8. Running the PSPM Report – The PSPM Report will show you the inventory discrepancies, which parts are missing / over the quantity shown on hand. At this time, you can investigate if parts were not received, by checking open orders through the DMS and making that proper adjustment.
9. Running the PSPR Report – The PSPR report is a series of reports within a report, showing information such as: Misplaced Parts, Parts Listed in Multiple Bin Location, Zero-On Hand, etc.
10. Running the PSMS Report – The final step and most important step in doing a Bin Count is finalizing the count, within the PSMS report you need to physically click Finalize Report, this will allow CDK to adjust the inventory to the correct values recorded from the procedures above.