

Fixed Operations One Homework Assignment

The following are Excel exercises found in the Post Class Excel Template:

1. Perform the First Time Fill Rate exercise on 50 repair orders. Do not include "One item oil changes", Special Ordered Parts repair orders, or factory recalls. Consider standing where the techs collect the parts from the counter. If they ask for 5 parts and they get all 5 then on that repair order the parts inventory would get a 100%. If they did not get all 5 to finish the repairs then the Parts inventory would get a "0" % (25 points).
2. Complete the DMS Scorecard for one month. Be sure to color code the inventory conditions. (25 points)
3. Complete the Post Class Action Plan. The Academy would recommend that you attempt a small problem rather than one that takes many months to complete. It needs to be very detailed and clear as to the necessary steps to correct the deficiency. (100 points)

The following are found in the Post Class Word Document:

1. Have your Parts Manager answer the 78 questions provided in the Post Class word Document. This is a learning/understanding exercise. It is recommended that you answer the questions with the manager. Confer and provide suggestive actions. Change the color of the font to distinguish the answers. (50 points)
2. The sponsor action plan verification form is on the word document. Copy and paste that form to be signed by your sponsor. Scan it to a PDF and place it with the Excel and Word documents prior to placing them into its drop box on your class site. These three files must be submitted to your class Dropbox site together. Reach out if you have questions.
4. There is a Post Parts Class Threaded Discussion that will be activated exactly two (2) weeks after your classroom session ends. It is due the Monday before your Service Class starts. You will be required to post the one topic that you came away with from the parts class that you have already activated or plan to act upon with the parts department. Once your peers start posting theirs you will be required to respond to at least three with points of clarification and reinforcement. This has a point value of (300 points).
5. Finally: Best Parts idea needs to be posted to your class site Parts Best Idea Threaded Discussion. This should be an idea that helps control expenses or increases sales or gross profit. Please have all of them read just prior to your parts debrief the Monday of your Service Week. The class will ballot on the best idea at the 9:00AM break.

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Stocking Status INVESTMENT	Inventory Value	% of Inventory	Guide	COLOR SCORING
Normal or Active Stock	\$651,511	65.87%	over 70%	GOOD
Automatic Phase Out	\$155,760	15.75%	Less than 30%	WARNING
Dealer Phase Out	\$577	0.06%	Less than 1%	DANGER
Manual Order	\$54,476	5.51%	Less than 3%	GREAT
Non Stock Part \$'s	\$120,547	12.19%	Less than 5%	Seldom used
Non Stock Part #'s*	10,047	59.73%	Greater than 70% of PN's	OK....BUT..
Clean Core	\$6,167	0.62%	# PIECES	OUCH !!!!!
Dirty Core		0.00%	PART #	
Total Inventory	\$989,039	100.00%		ouch!!!
Activity	Value \$	%	Notes & Guides	
0-3 Months	648,978	66%	ACTIVE INVENTORY at 75%	
4-6 Months	143,283	15%	ACTIVE INVENTORY at 23%	
7-12 Months	130,202	13%	75% will likely become Obso 2% is guide	
Over 12 Months	32,298	3%	Technical Obsolescence 2% is guide	
New parts no sales	28,111	3%	Minimal Amount	
Total Inventory	982,872	100%		
CRITICAL OBSERVATIONS:(How do you feel about these observations?) Color Coat				Pass or Fail ?
OBISO POSITION (LINES 20-22 FROM ABOVE)				Fail
NEG-ON-HAND (MINUS-ON-HAND)				Pass
CLEAN CORE				Pass
DIRTY CORE (RDCI) OR DONE MANUALLY				N/A
LOST SALES CALCULATOR VS. ACTUAL				Fail

OBISO POSITION		
.75 TIMES \$		97651.5
PLUS		32,298
PLUS		28,111
EQUALS	16%	158060.5

AVERAGE STOCK ORDER (Obtain data from your OE)	Fail
MONTHS SUPPLY (This calculation from your FS Template)	Fail
GROSS (TOTAL) TURNS (from your FS Template)	Pass
TRUE (STOCK) TURNS (from your FS Template)	Fail
FTFR (FIRST TIME FILL RATE)	Fail

Departmental Action Plan

Dealership: Murray Chevrolet
 Student Name: Ian McIntyre
 Academy Week: Fixed Ops 1
 Class & Student Number: N337

Current Situation

The area that I have chosen to put some focus on is our "Internal Accessory Sales". This is an area that we are not excelling in when you compare the total accessory sales per new vehicle sold retail. Currently we are sitting at an AVG \$133.00 per new vehicle sold. Being the Used Car Manager I felt that this problem is a good one for me to focus on because it is an area that I can have a direct impact on from the sales department.

Overall Objective:

Performance group AVG is \$978.00 PNVR. We are currently sitting at \$333.00 PNVR. Goal is to get to \$600.00 PNVR. By achieving this goal and hitting our "New Vehicle Forecast" we would increase our accessory sales in the next 6 months by \$172,000.00 in total sales. That would be a \$267.00 increase PNVR over 644 new vehicles retailed in the next 6 months.

Proposed Timeline

March 31st 2019 (6 Full Months)

Action Plan

1) Need to make sure that the Sales Department & Parts Department are fully aware of what the target goal is. 2) Chart where we are today and track the incremental growth needed to hit our goal by deadline. 3) Pre-Load a couple vehicles in the showroom with "online" is easy for our customers to find and price out accessories. 4) Make sure our digital retail space some of the most popular accessories for our sales team to talk about in their presentations. 5) Quote accessories on every our sales desks for them to review with their customers in the transaction process. 6) Accessory books on all of deal 6) Split & incentivize the sales team for selling accessories. The last thing I will add which is going to take a bit more time to implement is an accessory sales person. This person would receive a turn over after the credit application is done from the selling sales person. The accessory sales person would then show the customer what options are available for their new vehicle. This would be a 1 year goal to complete. In addition to my Dealer I have also spoke with my Top 4 salesman to get their feedback on the process to ensure I have their buy in.

Requirements

Meeting with Dealer:
 Action Proposed: Internal Accessory Sales PNVR increase from \$333 per new vehicle retailed to \$600.00

Meeting with Dealership Personnel (Sales Team):
 Describe what is in place to support desired goal: We currently have our online parts department easy to find on our website. We have vehicles accessorized in the show room with (POS) stands describing the pricing and accessory options on the showroom vehicles. We have created brochures for each salesman to have on their desk to review with each customer. Discuss shop click drive which is a promo from GM that gives every customer \$100.00 towards accessories for their new vehicle.

Accountability: Monitoring progress:
 Who: Cheryl Erb, Mitch Murray, Ian McIntyre, Stefan Zhanel, Jim Chewka, Sheldon
 What: Internal accessory sales
 By When: October 1st 2018
 How: Track, Post Tracking for all sales team to see, Discuss, Train

Describe checkpoints that have been established to measure progress:
 Daily / Weekly / Monthly /
 Date(s) for review: Discuss accessory sales during every deal. Shop Click Drive gives us \$100.00 PNVR to use on accessories. Mitch to organize some accessory training to implement into our weekly training possible kahoot. Monthly results to be posted by sales sticker board.

Estimated cost for implementation: 0

Projected Date of Completion: March 31st 2019

Sponsor Signature: _____

Evaluation of Results: Include measured results (Metrics)
 Impact Areas: Sales / Gross / Net Profit / Presidents Award / CSI

PLEASE BE ADVISED THIS ASSIGNMENT BY ITS SELF IS WORTH 100 POINTS. TAKE YOUR TIME AND GET IT CORRECT

Parts Manager Questions

Have your parts manager answer the 78 questions found in this zip file. Confer and provide suggestive actions. (50 points) **Provide your answers in a different color font.**

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? **We do this Annually. We are in a very competitive market and reviewing this regularly is vital to our success.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We shop our pricing monthly to ensure that we are being competitive in our market area.**
3. Verify with the use of market surveys on selected parts prices in your area as to whether you are competitive with others. You don't have to be the lowest to sell more, but too little or too much profit can keep you from being competitive. **We are continuously checking to stay competitive**
4. Does the computer system you have follow one or more of the pricing guides for various types of customers? Review the pricing structure with the manager and determine areas of profit potential. Policies in wholesales, retail counter, service department, employees, etc., need to be established. **Yes it does. It knows if a wholesales sale, retail counter sale, internal sale, service sale, body shop sale and employee sale. It also knows the correct taxes to apply.**
5. Do you have in place policies and DMS controls (via Exception or Deviation Reports) to prevent counter people from changing the pricing structure during daily transactions? What about Service Advisors? **Yes, nobody can discount without Parts Managers approval. Our Service advisors also cannot discount without approval.**
6. Is there a process followed to prevent the costing of parts at other than the established factory (OE) cost within the dealership when parts are placed into the inventory? (done through the use of +/- inventory adjustment account(s)) **The price is never changed. It is entered into the system and doesn't change**
7. Regardless of parts cost (due to various sourcing opportunities (Jobber/Wholesale Distributor), are they all costed at the same factory price to maintain accurate inventory value? **No we attach whatever cost was charged to us.**
8. How are discount purchases tracked in the system to show additional profit based on the cost of the part from a particular source other than factory price? **All extra discount money goes into a separate parts account**

9. Do you have an internet presence for your parts department? *Yes we do. We have it all over our website.*
10. What type of merchandising programs do you have in effect? What is the relative cost versus sales generated as a result of the programs? *We don't have any merchandising programs currently. We have done some indirect advertising with our service department and parts on a post card but nothing that is easily tracked.*
11. Is an outside salesperson active in your parts department? Are the sales at a level that "pays" for the employee or could the accounts be maintained on a part-time basis by the manager? *Yes we have an outside salesperson. Sales are not at a level we would like and are in the process of changing employees for that position.*
12. Do you have factory merchandising dollars available, and if so, how much of those dollars have been spent year-to-date by the dealership? What must be done to qualify for more expense sharing in merchandising by the factory and the dealership? *There is COOP programs with GM for merchandising. We have spent \$3300.00 in advertising but nothing we did was "COOPable" so no credits back from manufacturer.*
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? *Yes our website is mobile friendly.*
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? *Yes, we check our coupons monthly, We also make a point of changing them on a monthly basis.*
15. Pay plan reviews should be made at least on a monthly basis. When has a comparison been made between departmental gross profit and the personnel expenses for the department? Is the current sales level providing a sufficient profit for the pay levels established for the parts employees? *Yes but we do it Early not Monthly*
16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not? *Yes, our parts department lives off its wholesale and body shop sales before service sales.*
17. Is a program set up to sell accessories to the customer in the sales department as well as the parts area of the dealership? If not, are you leaving potential sales and gross profit on the table? *Yes we spiff sales people on all accessories sales. And merchandise accessories on vehicles in the showroom as well as the parts area. We are contemplating hiring a accessories delivery specialist to*

go over what accessories are available for their vehicle before signing all the documents.

18. Do you review wholesale customers weekly to see if parts sales dollars per customer and returns justify the expense of conducting business with them? For example, delivery 30 miles out of town to a customer ordering \$300 a month of parts at Cost+20% may not justify the delivery service. *We review this monthly*

19. Do you study your wholesale market opportunity with the dealership's area of influence? Who's the major player and can you unseat them? Can you make a difference against your competition? Can you deliver 2-3 times a day? Within what mileage radius? *Within what mileage radius? We are the major player, we have 5 trucks when others have 1. Our outside sales person is constantly working with current customers while building relationships and trying to earn new business.*

20. Who verifies the "wholesale" customer applications to make certain they are really true wholesale customers? Are your state Tax-ID/Wholesale Certificates current (within the last two years?) *Accounting goes through all the applications.*

21. Discuss monthly expense control with the parts manager and identify specific areas under the manager's control. If expenses are allocated and not charged on a controlled basis, consider basing pay programs on sales or gross rather than net profit as part of the plan. *Personal expense, company car expense, office supply expense, policy expense. We are paid on Gross*

22. Who determines credit approval for parts customers and what screening system is applied? Who follows the receivables list in a timely manner to make certain payment is made by the customer without exceeding the account limits? *Accounting department does both.*

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? *Yes monthly. However our parts manager also reviews a daily doc every day to ensure they are on pace.*

24. What are the special parts ordering policies for SORs? Where is it written and posted? When was it reviewed and what level of management approved it? *Special order parts need to be done through the Service parts counter only. Parts are ordered on a work order or on a manual SOP*

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **Yes only required on Retail Counter.**
26. What time is set to retain these parts and then initiate a return? Is a return charge made on customer pay parts that are returned because the customer did not return for them within a time limit? **We keep parts for 30 days but have 45 days to return to GM. There is no charge for customer pre-paid parts.**
27. Who are the parties that are involved in the SOP process start to finish? **Tech/service advisor, parts counter, retail counter, wholesale counter, BS counter, Inventory controller, shipping/receiving, parts drivers.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **All done electronically**
29. Where are special order parts for the service department located? Who notifies the customer the part is in, and who determines when to send the parts back if no response is made by the customer? Is anyone designated to follow up on SOP's, the lack of return? **Four hold bins in parts dept. We have a BDC to notify customers. Parts manager determines when to send part back and does the follow up**
30. See if special order parts are carried in a separate section of the parts inventory to maintain control. Or they inserted into the regular inventory? **We have Four Hold bins for SOP's**
31. Who administers and controls the Purchase Order system (DMS/book)? What dollar amount of fixed asset purchase can be made without approval above parts management level? Who sets and monitors these \$\$ levels and total open PO's and open PO \$'s? **We use PO Books, There is no level set but understand when Manager approval is needed.**
32. Does anyone other than the parts manager have direct purchasing authority from outside vendors? Who oversees the Parts Manager? (Double signatures, Perusing the Parts Dept. purchase invoices) **Everyone has direct purchasing authority from outside vendors. Dealer Principal oversees Parts Manager.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **They are set by our Autogroup.**
34. Does the value of the parts inventory on the parts computer exceed, or is it less than, the financial statement dollar amount? (Monthly Reconciliation Exercise) **It is less than**

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)
36. If the accounting inventory value is less than that of the parts inventory value does this indicate an abnormal condition? (If not, why?) (Monthly Reconciliation Exercise) Yes it does. We control some of our specialty tools through parts and that shows an inventory value on them hence the discrepancy.
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **NO LIFO**
38. Is there an employee responsibility to function chart as was discussed in class? Are there specific inventory transactions (Grading, Ordering, Receipting, Posting, Adjustments, Bin Count Inventory, Returns, Cores/Dirty Cores) assigned to each of the employees in the parts department? (Functions vs Employee Exercise) Yes we have one employee that looks after all of this.
39. Who controls the training programs for the parts employees? When was it last reviewed? Is it part of a yearly review with the employee and is it part of the employee's pay plan? We have GM pro Certification Training. Parts Manager keeps track of it. Not part of the pay plan.
40. Are records kept of the training for each person and when did someone last take online DMS refresher training? Parts Catalog training? OE/Manufacturer specific training? No records kept except for GM Pro Training.
41. Has your Parts Manager ever taken a departmental Financial Management class like the ATD Academy? When was the last time they attended any formal Parts Management training? No specific parts training. Grew up in the parts department with her dad as the parts manager for over 30 years.
42. A computer system diagram with specific terminal equipment positions should be made and a flowchart of work routine should be made. Determine if the equipment meets daily needs and if the equipment is in the right locations. Is the volume of business at a level that requires more system hardware, or does it require less? Everything is in the right location and meets our daily needs.
43. How much of the replenishment/daily order is manually adjusted? Does it exceed 10%? Who makes the stock replenishment changes, and what are the reasons for the majority of those adjustments? When was it changed last and by whom? We manually adjust based on higher demand of parts. Parts Manager makes the changes. This gets changed every day.

44. Is the trend of those changes in question #42 a positive or negative trend? **Positive**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **55% Stock order Vs. 9% Emergency**
46. Where are the computer-generated management reports printed and stored are they used on a daily? (CDK MGR Report) How are the management reports utilized? **This report is automatically sent to our parts manager for daily review.**
47. Is the DMS Summary used to track inventory trends? When will you incorporate the DMS Scorecard that you learned about in class? Are there areas on the DMS scorecard that you couldn't find and if so who at the DMS is helping you to find those answers? **Stored in CDK Manager Report. Used Monthly**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Adjusted when error is found. Parts inventory is completely audited annually**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **NO, it would take too long to count them all We have over 1 million in on hand parts that is why we only do inventory once/year.**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **Not each day but at the end of every month any adjustments are looked at.**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **No, We do not track our lost sales.**
53. Who reviews the Lost Sales? When are they reviewed? **Parts Manager should be reviewing these, However with the little amount of lost sales we actually track compared to what we sell we should be doing a lot more here.**
54. Are emergency ordered part numbers reviewed to see if they qualify to be phased in? Is the Test/Non Stock/Watch feature of the computer system utilized to test which parts to stock (Phase In)? **Parts manager checks all emergency receipts daily. Every day when the parts manager does a stock order there is a list of phase in parts that are looked at.**

55. What demand history does it take to place a part on the inventory stock order or in inventory? Time limit and quantity are generally managed by Vendor Managed Inventory systems? For a part to be brought in by RIM a part number has to have 3 sales in three different months. Also the parts manager can bring in any part at any time
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? 87.5%
57. Are all parts sold by the department placed in the Parts inventory and then sold from the inventory? Do you stock any items that aren't in your inventory (Shop supplies, get ready, bulk fluids like washer solvent)? For a part to be brought in by RIM a part number has to have 3 sales in three different months. Also the parts manager can bring in any part at any time
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? There is a job description of what the shipper receiver duties are but all policies and procedures are verbal.
59. Who files damage claims on parts shipments received? Shipper notices inventory parts person who then makes the claim for the damaged part.
60. Who receives parts orders, and how are they received? Is the original stock order transmitted to the factory cross-checked? What do you do about discrepancies? Wholesale counter via phone and email. Shop counter via computer printout and phone and body shop counter via email and verbal request
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? No. There is only a yearly inventory.
62. Who applies and loads the monthly price updates? Done automatically through GM to our DMS.
63. Are parts cost adjustments (monthly price updates, bin count irregularities and emergency purchases at more or less than OE cost) tracked by someone in the dealership or is a periodic inventory adjustment method utilized (like once a year)? Every month we do an appreciate/depreciate report of all OE parts.
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? NONE
65. Are all obsolete parts that are on the inventory physically in the store? Yes

66. Are they separated into a special area to be controlled and tracked for sales history? Separate source? Change bin location by adding a 1 for easy identification by counter persons? **No**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **Service Manager.**
68. Do the Parts, Service and Body Shop Managers along with the Office Manager/Controller together follow up on all Work in Process (WIP) tickets and verify that they are closed out in a timely manner? **In our store this is the service managers job.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Our Parts Manager gets this report and reviews this doc daily no exceptions.**
70. What is the months' supply of the inventory? Does this match the students calculations found in their FS Parts Excel template? Are too many parts stocked in the inventory based on this calculation? **8.9. I do think that we can better manage our inventory to turn it faster.**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **0.5 Turns, Yes it matches.**
72. Is the inventory area large enough for the current level of business? Answers to this question can be obtained when the student does the FTFR (First Time Fill Rate) exercise. **Could probably use a bit more room but having the largest parts department in western Canada, we have enough room.**
73. Where are the Dealership's policy and procedures manuals located and who handles the review with the manager and his employees? Who has verified that the manual is located in an area that allows for easy access? **Every employee has a copy of the Murray Handbook, which is reviewed by the GM.**
74. Is your Parts Department locked up each night? Who has keys? **Yes. Parts manager and Assistant Manager have keys.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes. The parts manager balances it every day with a second check done by accounting.**
76. Is there a policy in place for overages for the cash drawer/balancing? **There is a parts account where overages and shortages are kept**

77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? Yes, Cameras all around the entire dealership. Controller, Dealer and Managers have access and training to view security backup.

78. What one thing can your organization do to help you do your job better? Our dealer is very supportive, empowers us to run our departments without getting heavily involved unless needed. He allows us to make most financial decisions in our departments from virtually every level. I do not think there is anything that he could do to help me do my job better. That's why we have tenure and the best CSI in sales and service in all of Canada because our people are happy being here and our customers love the processes.

Verification Form Regarding the Departmental Action Plan

Fixed Operations 1 Week Post-Class Homework Assignment

Dear Academy sponsor,

One of the post-class homework assignments given to your manager at the conclusion of week two at the Academy is the Departmental Action Plan form. The student's assignment is to show you the format of the assignment, explaining to you the purpose of crafting a departmental action plan after week 2 of the Academy. This assignment will be completed four separate times,

(classes 2-5) after the student has attended the fixed operations 1 parts week,

the fixed operations 2 service week, the variable operations 1 class week and the variable operations 2 class week. The progress of the student's

departmental action plans will be assessed by each of the Academy instructors in weeks 2 through 5 of the Academy. Please sign this form below which

indicates that the student has reviewed the departmental action with you, and have your student bring the form with them, when they return for their fixed operations 2 parts class. We will collect these forms at that time from the

students. The student will receive a pass/fail grade, based upon whether they submit this form signed by you. This is being done in order to verify that each student has shared the Departmental Action Plan with their sponsor.

Thank you for your cooperation.

Sponsor's Printed Name Daniel Murray Sponsor's Signature *Daniel Murray*
Date 5/31/18.

Very truly yours,