

## 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.
3. When observed by the instructor in the drop box there should **be one Excel Template, One Word Document and one PDF**. Remember that this is due the Monday before your service class starts. This allows the instructor to grade it prior to your arrival. Good Luck. Reach out if needed.
4. There is a Post Parts Class Threaded Discussion that will be activated exactly two (2) weeks after your classroom session ends. It will be open for two weeks only. 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.

## 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 \_\_\_\_\_ Sponsor's Signature  
\_\_\_\_\_ Date \_\_\_\_\_

Very truly yours,

Mark Michalski  
Academy Instructor  
443 801 7768 cell  
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**Copy and paste this to a word document. Print that document. Have it signed by your dealer-sponsor so that they are in sync with what your action plan intent is and scan it to a PDF file and place with the Excel and word documents before placing into the drop box.**

## 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? **As we go along for maintenance and once a year for heavy.**
2. Determine the written pricing policies at the parts department and see how competitive your Dealership is within your area. **0-\$12,000 Fleet +15%, 12,000-24,000 fleet +10%, \$24,000-\$36,000 Fleet +5%, \$36,000 fleet. \$50,000 and up is wholesale.**
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. **10-20% Detroit series 60 15-20% DD are 35%, cummins and cat 6-10%. Misc**
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 wholesale, retail counter, service department, employees, etc., need to be established. **yes**
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? **Yes, override report is managed daily. Located in fast lane**
6. What procedure is 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)) **Price Tape. Any variance is coded through inventory adjustment.**

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? **Yes**
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? **Discount taken at time of purchase / 4780**
9. Make certain the selling mark-up to the other dealers of parts and parts you are purchasing from other dealers are not costing you profits. Do you use daily sales programs to encourage parts counter staff to sell more parts and seek additional business opportunities? **No, all dealers are at list. Freightliner sold at cost plus 15%**
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? **Wheels and deals but not 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 do have house accounts.**
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? **No, add bucks went away.**
13. Do you use forecasting? If so what have the past two years of parts department forecasts been, and how do they compare to the performance on the financial statement for the past two years? **Yes, A yearly budget is prepared and in 2015 budget exceeded by 20% and 2016 by 4%.**
14. Are daily, weekly, monthly, and yearly forecasts versus actual sales comparisons made? Who makes them? If not made by the PM, who reviews them with the parts manager? What goals are set to improve the sales, expenses, etc., and how often are they discussed? **Yes, weekly forecast and monthly MOR's. Monthly operating reviews with parts manager, gm's and controllers.**
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? **Comp to Gross calculated Monthly. KPM's are calculated monthly. April YTD comp to gross is 31.3%**

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **Yes, service makes up 20% of revenue in parts department.**
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? **No, we do not have a program but in the parts area of the dealership we do.**
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. **No**
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? **Yes. MHC is the main competition. Yes. We deliver twice daily to all accounts as far out as 40 miles.**
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?) **We do not classify wholesale by tax status.**
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. **We do trend analysis and review throughout the month and a monthly mor reviewed monthly.**
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? **We have a centralized credit office and credit manager approves the line of credits. A credit analyst reviews receivables.**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **No, Parts manager has access to the browser report.**
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? **Customer needs it we order but require cash customer pre-pay. AR accounts is ordered. Service is ordered. It’s posted in back and front counter. Reviewed yearly by parts manager and GM.**

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **Yes retail counter. No on AR and service.**
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? **30 days. 10% restocking fee at all times.**
27. Who are the parties that are involved in the SOP process start to finish? **Counter men, Inventory control, managers**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes, three part form.**
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? **Behind back counter. The CSR notifies customer once the parts are received. Back lead countermen and CSR.**
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? **Yes, test bin.**
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? **Limits of authority policy / all fixed assets require GM approval. Sr. account / controller monitor it. Corporate staff sets the level.**
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) **Yes for SOP but No for stocking parts. GM**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **VP of Parts. Yes**
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) **Less than. A monthly reconciliation is performed but not recorded.**

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **Yes**
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**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **LIFO is not used**
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**
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? **Parts Manager. It is reviewed every September. Yes it is.**
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. Yes they are kept for Parts and OE/man.**
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. 2013, Daimler training.**
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? **Equipment is provided at all available terminals for each shift. Adequately staffed.**
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? **Auto replenished from Rimpro. No. Inv. Controller. Demand.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Changed in 2016 by parts manger because of local PDC. Positive**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **93%**

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? **They are stored in DSDA. Monthly.**
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? **No. It is used on a monthly basis but not as in depth as the class score card. It's an ongoing process.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Parts quantity, daily, value yearly.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **Yes, once a month.**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **No, the parts warehouse manager reviews daily.**
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? **Yes, every counter man.**
53. Who reviews the Lost Sales? When are they reviewed? **Parts Manager, montly**
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)? **Yes. Yes.**
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? **3 hits in 12 months.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **93.34 / March 2017**
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)? **Yes - No**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **The policy is written. Warehouse manager**

59. Who files damage claims on parts shipments received? **Warehouse specialist**
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? **Warehouse specialist. Hand checked against packing slip. Yes, we file a par against them.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes**
62. Who applies and loads the monthly price updates? **CDK**
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)? **Appreciation Depreciation Adjust GL monthly. Physical inventory reconciled yearly.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **GL adjusted down \$14,000 (short \$14,000)**
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 J for easy identification by counter persons? **No. No. 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? **Yes**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Yes**
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? **2.2 months supply – yes – yes.**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **6.2**

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. **Yes, Yes**
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? **Located on SharePoint. SharePoint controller.**
74. Is your Parts Department locked up each night? Who has keys? **Yes, Manager and warehouse manager plus counter as well.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **NO**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes, I.T. and managers**
78. Have you discussed, reviewed and implemented the Student's MNOP process? **Yes**