

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? **Currently not performed. Action plan has been put into place to do this task quarterly**
2. Determine the written pricing policies at the parts department and see how competitive your Dealership is within your 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 performed audits using specific customers in town. We provided the customer with certain information and asked them to request quotes from our competitors and compare to ours. The 5 customer we surveyed stated each quote was with 5-7% of one another.**
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. **We are currently under the same pricing structure we have always been. I have listed this task as a 3rd quarter CI event for our Elite Support Program.**
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? **Currently view override audits daily in the 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)) **Only**

two staff members are allowed to adjust cost, or inventory count. The warehouse manager and the BM

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? **When Bulk parts are purchased a discounted rate the items are still loaded at OE cost. The backside or discount money is accounted for in a separate 4780 account. it is also listed on the financial sheet as discounts earned.**
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? **Our staff is encouraged to sell all parts needed for the job. If a customer calls to quote a cylinder kit we should make sure we quote a head set, valve cover gasket, oil pan gasket, rod bearing etc.. we discuss at the end of business daily who has today's high sales and MTD high sales.**
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? **None.**
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? **We have one full time OPS. He was hired on with a one year guarantee on earnings due to being green in the business. He is tracking ahead of his guarantee and continues to grow the sales with customers.**
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? **We once used CO-OP money provided by DTNA. The program ended in 2016. \$0.00 YTD.**
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? **2016 was short of budget and forecast. 2017 has started off behind budget, but is forecasting to exceed budget.**
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? **Sales budget/goal is set monthly and yearly. Forecasts are generated every Monday morning with the help of the controller.**

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? **Gross to comp is tracked and reviewed monthly during MOR meetings using the DPR.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **The parts department seeks new business daily. Parts sales to the service department do not generate enough sales to break even or make a profit.**
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. Ours salesman does a walkthrough of the entire dealership with any purchasing customer. Introduces them to both parts and service staff. As well as item we stock for their truck.**
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. **This is something we have recently started doing through access freightliner. We have a tool to use called OTC. It allows you to see what the customer us buying. Where they are on sales vs last year, and where we are on GP.**
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? **Ardmore is very dealer saturated. PB,KW,INT,MACK,Volvo. KW is the major player in the wholesale market with extremely low gross profit on vendor items.**
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?) **Yes. All held and conducted within internal credit.**
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. **Overtime, Inventory, OBSO, Dirty core on hand, freight.**
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? **Internal Credit department.**

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Monthly basis in MOR meetings.**
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? **Since week two of the academy we have recently updated our SOR policy. We have implemented phase one, which was the reduction of SOP's from other OE dealers. Policy was written by BM and PM. All staff member received, reviewed, and signed a copy of the policy.**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **No. This is something we are currently working on implementing.**
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? **SOP parts are allowed one week on the special order shelf and then we begin the return process.**
27. Who are the parties that are involved in the SOP process start to finish? **Front and Back counter, warehouse, asst parts manager, OPS, Service Foreman.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Special order requests are submitted through the DMS.**
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? **Parts are placed on the special order shelf. Counter person on duty at the time is presented a pick ticket informing them the item has arrived. Special order shelf is worked weekly by the warehouse staff. If parts are not picked up within 14 days the parts are placed in stock or sent back to the vendor.**
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? **Parts a placed on a special order shelf, separate form normal inventory.**
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? **\$1,000.00 limit Per company policy.**
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) **Counter personnel are authorized to make**

- outside purchases. Parts invoices are signed off on by the warehouse staff who receives the parts, the parts clerk who post the invoice to AP, and the BM before being sent for payment.
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Corporate parts manager. 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)**Exceed**
 35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)**done**
 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)**done**
 37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.
 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)**BM and warehouse staff have discussed the process in which we receive and post parts. We have also started the grading system and will review customer purchase, returns, and distance from Dealership to make sure we have customer pricing set accordingly.**
 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? **Training has always been a trial by fire scenario. We do currently have online parts training as well as training criteria for our Elite Support Program. We are currently looking at other ways to coach or staff. Possibly could call other premier stores with our parts staff and have the other stores do the same to us.**
 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? **Records are not kept. CDK trainers provided training when we first moved to the system in 2014. DTNA does set standard training for parts personnel through ARC.**

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? **Currently enrolled. In our small dealership I perform parts manager duties as well as Branch Manager duties.**
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? **Ardmore currently has more equipment than we do staff members. We are working on adding another parts counter person. Once we do we will have an ideal balance of staff and equipment.**
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?
44. Is the trend of those changes in question #42 a positive or negative trend?
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?
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? **MGR reports ran monthly. Stored in BM desk drawer along with Parts Manger month end check lists.**
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?
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time). **Checked for errors daily. Adjustments are made when they are found. We cycle count our entire inventory quarterly.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **Yes**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **Adjustments are reviewed by BM and the Warehouse supervisor.**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes. Counter people and parts admin.**

52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Lost sales are logged by anyone who can invoice parts. After performing the lost sales calculation I do not believe we were logging all lost sales that we should be.**
53. Who reviews the Lost Sales? When are they reviewed? **BM. I always reviewed the lost sales dollar value on the financial statement, but now I use the MGR report to follow up and look for trends.**
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)? **Automatic phase in set at 3 and 12.**
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 a 12 month period.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?
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. All parts are placed in inventory for sales history.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **Written. They can be found in the warehouse listed in the "incase John isn't here" book.**
59. Who files damage claims on parts shipments received? **Warehouse staff.**
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? **Generated stock order is cross checked against packing list to allow for the finding of overage or short shipped stock.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis???
62. Who applies and loads the monthly price updates???
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, plus minus is performed and documented monthly.**

64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **Physical inventory was 8K long over book value.**
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, but I like the idea behind this.**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **BM, SF, WM.**
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)? **AGRO is ran daily. Sales, Gross, and WIP are all input in to a sales log and shared with staff.**
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?
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
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.
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? **Policy and Procedures are listed on the intercompany share point site.**
74. Is your Parts Department locked up each night? Who has keys? **Our store closes at 5pm. Parts employees and admin staff have keys to the parts department,**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **No. All cash is handled and processed in the cashier's office.**
76. Is there a policy in place for overages for the cash drawer/balancing?
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes. BM and the IT department.**

78. Have you discussed, reviewed and implemented the Student's MNOP process?