

## **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? **Once a year**
2. Determine the written pricing policies at the parts department and see how competitive your Dealership is within your area. **Market and competition driven**
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. **No survey used, depending on brand of part, most like Cummins are competitor driven**
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, it follows pre-set or created pricing structures to be used per specific customer base or parts purchasing habits. Wholesale has most opportunity**
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? **Policy yes, must speak with manager or have competitor quote. No DMS restriction**
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 myself or inventory control posts paperwork. I submit 99% of accounting to office**

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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? [Cost is posted at price paid, unless lower than factory. Then that is posted at D-net and cost savings is used.](#)
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? [These are tracked as purchased and posted as stock order allowance](#)
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? [Volvo dictates sales markup to other dealers, audited thru MV Preferred card. Yes, monthly product\(s\) is offered at huge discount and offered to all customers via phone or counter](#)
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? [Utilization of the Volvo based monthly offering. They are specific products targeted to that audience. No cost to dealer other than time to maintain the audience.](#)
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, 2 OPS, sales supported cost. No, accounts would become neglected.](#)
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](#)
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? [Somewhat, but for specific parts or using spreadsheet to identify changes in Retail/WS/Service or Bodyshop. These trends can also be found on CDK generated graphs within Fastlane.](#)
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? [No, discussions are made throughout the month on targets, but RO's on not always closed timely, and using In-process numbers aren't specific. Seems my Director uses it more of a record rather than a forecast.](#)
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

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- expenses for the department? Is the current sales level providing a sufficient profit for the pay levels established for the parts employees? *Monthly? Not likely. I don't have time to sit around and evaluate to throw more money at people every month. If we did, then there would be decreases that would coincide.*
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? *Always seek outside revenue. Service is just service and we take care of them and grow the rest we have control over.*
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 stock SS accessories and deer guards. Some are figured direct into deal or made part of it.*
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, I wish I had all this time you think I do in these questions you're asking*
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? *Thought is now being given more on WS and capturing more business. Unseat, no, they have the central location whereas we're 60+ miles away. Daily twice a day delivery.*
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 identify WS as someone re-selling to another. All parts employees can setup a customer based on this criteria.*
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. *Only a few select items can be controlled. Most are fixed and determined by President and CFO.*
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? *CFO and accounting dept*

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23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? - Monthly, yes
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? Parts Management developed policy for ordering tracking 10+ years ago. All counter people and stock clerks were included in writing the policy and implementing for our customer base.
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? We have went that direction lately due to OE factory designations and return charges implemented by them. It has not been 100, but is nearing that goal.
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 are in designated area. This is reviewed by me every few days or weekly. Customers are re-notified or parts are pulled and sent back per factory guidelines.
27. Who are the parties that are involved in the SOP process start to finish? Tech, counterperson, order entry, stock clerk, tech, service writer.
28. Are special order forms completed in a legible manner so that the customer information can be read? No, why would do that. Seriously, these questions are getting ridiculous
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? On the Sop shelf. This was answered on 26 and 27
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? No
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? CDK, all major components are to be verified by Parts management before ordering.
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, we have a Director for multiple stores.

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33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Owner and PM. 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) **It is not**
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) **Not abnormal, we are always up slightly YOY**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **Not usually used. Forecasting from demand and 30-45 day supply is used. But most is getting factory program controlled anymore**
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) **No, everyone gets involved in transactions. This is depending on size of dealer**
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? **PM and HR, no**
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? **Each employee has a login and they have specific training path to do.**
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? **None I know of previous to me**
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? **Each counterperson works at a terminal. Hardware is fine**

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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? *Our Volvo daily orders are managed by LPA. Not changes are made*
44. Is the trend of those changes in question #42 a positive or negative trend? *What?*
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? *98%*
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? *CDK, stored on DSDA. Not printed. Open on DSDA screen and review. Make the report as desired and 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? *No, sales demand is reviewed. But vendor managed programs do most of this for you now.*
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) *As they are found. Inventory conducted once a year*
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) *Within the last 60 days, 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? *I make those adjustments*
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? *Yes, Parts Counter took quiz. Nobody else*
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? *Yes. Anyone punching the number*
53. Who reviews the Lost Sales? When are they reviewed? *I do when time permits. Usually to gauge before monthly parts meeting regarding such transactions. Ours are typically lower than the figure you provided*
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)? *No, vendor managed will pick up on this.*

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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? *VM does this daily based off cost and demand.*
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? *96%, I do not order some of the high dollar items they suggest to put in early*
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)? *Shop supplies aren't. Those are expense of that dept. They are not in parts, so we cannot control as they are all taken*
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? *Written SOP, but rest is training and verbal*
59. Who files damage claims on parts shipments received? *I do, PM*
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? *I have two stock clerks. We do not cross check VM. I file all discrepancies*
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? *Inventory done once a year*
62. Who applies and loads the monthly price updates? *CDK, auto done*
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 is done monthly as updates run by PM or director.*
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? *2% increase*
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? *Most OBSO are coded in system as they cannot be returned. No special area. Scattered around as they fit on shelves.*

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67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? *Nobody, RO's are closed as completed or by EOM. If they transition into the following month, they will be closed once they are finished or when customer comes to pickup vehicle and make payment.*
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? *No, constant battle to get them to close timely. Most drags till EOM. Weekly fixed ops meeting discuss WIP and last punch times*
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? *Not provided, can be obtained at any time I wish. Just run that report or observe Fastlane*
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? *2.72, I was the student. It is factual. Extra inventory had been purchased in March intentionally. It is slightly higher than needed. But the extra is items from the top %) list.*
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? *1.2, It was my calculation. It is fact*
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. *Seeing how I have it in 4 different spots and pay rent, I'd say it is adequate*
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? *Discuss with President of company if you really want to know*
74. Is your Parts Department locked up each night? Who has keys? Yes, when we close. *Parts management has keys, spare is located for other management to retrieve*
75. Do your Counter-people have a cash drawer? Who balances the drawer? *Only when accounting is not here. IE nights and weekends. Accounting balances drawer*
76. Is there a policy in place for overages for the cash drawer/balancing? *Yes, see CFO and/or accounting*

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77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? Yes, they are wifi cameras that are moved as needed. Only director and myself
  
78. Have you discussed, reviewed and implemented the Student's MNOP process? I just got access to the PDC dashboard to review WS pricing structure per customer to adjust. I plan to begin changing as I do them.