

Asbury 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” % (50 points).
2. 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. 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 after class ends and will remain open until the Sunday before your service week begins. The topic is: What is the biggest challenge or obstacle that you think you will face in trying to implement actionable items that you learned in your parts class? This is a two-part exercise: Your first part is to post a substantial posting of 25 words or more outlining your challenge or obstacle. The second part is, you will need to respond to at least three (3) other students' topics with suggestions, observations, and ideas to help resolve their obstacles and challenges. To obtain full credit (worth 300 Points) you will need both parts, your obstacle and/or challenge post and at least three separate responses to your peers' challenges and/or obstacles.

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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? **Rarely, it has been a while. These are set by our parts director/corporate.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We are pretty competitive. I can tell because customers shop us quite a bit and tell us our price was good compared to other dealers in the area they have called prior.**
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. **Market surveys are not currently being used.**
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. **Wholesale and retail are based off of "list price" or MSRP. Retail being mostly list and wholesale is discounted off of list price (MSRP). Employees are always 10% over cost as per the Asbury handbook. We have a pricing matrix for service customers but don't always stick to. Our service department customers are tend to shop around as well.**
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? **Service Advisors are not allowed to manipulate parts pricing on the sale, but only able to discount the whole repair effecting their labor with it. All parts counter personnel have the ability to change cost, list, and sale amount on each part.**
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)) **Our DMS is pushed parts cost and MSRP via the manufacturer (Infiniti). It is not necessary to change the cost of those parts (although it can be done). It would be our best interest to not mess with this to know where our true profits are.**

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 they are.**
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? **We use other accounts to put the discounted amounts after the before discount amount always goes towards inventory. The remainder or difference goes to inventory adjustment accounts. These account numbers vary depending on what has been discounted, i.e. oil, tires, etc.**
9. Do you have an internet presence for your parts department? **We are always advertising specials monthly and promoting them on our dealership website and other sources of social media such as Facebook, Instagram, etc.**
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? **There are gifts that we give to each customer that buys a vehicle. On average we make 8.00 per gift from sales dept.**
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 2 outside salespersons. Some accounts are managed by the parts manager but mostly our sales reps handle it. Since our company is so large often when they visit a customer or potential customer they will hit on ALL of our lines as well as discounts, promotions and programs for each dealership that can service them.**
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? **I am not aware of much merchandising dollars that are offered. The only thing Infiniti gives us from time to time that I do know about are “half off ODM’s” or sometimes free ODM’s.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **Yes. You can access our dealership website via smartphone.**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? **We have a very good marketing team. They check with the managers before the end of every month if they would like to keep our specials/coupons and run it for the next month or change it up. They are updated monthly if we decide to change them.**
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? **Our company does not review pay plans monthly but annually. We do an annual budget to compare gross profits and all expenses. Our department is thriving and our profits are well set for our employees.**

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **We have a thriving wholesale business which we heavily promote. With many drivers on the road daily, our company promotes our wholesale business that we have worked so hard to keep over many years.**
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? **We have many items on display in not just our parts retail area but our showroom as well. Our sales department promotes our accessories by offering new vehicle purchases a “gift” which can be a key chain, hat, pen, etc.**
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. **I personally don't do this as often as I should but our delivery system is setup in a way that if I have a customer that doesn't purchase much but they purchase from the Nalley group I can't simply cut them off because it could potentially hurt my fellow sister stores. In most cases we would have a driver delivering in that area carrying other parts that are not necessarily Infiniti, but that driver could have Toyota parts, Lexus, Acura, Honda, etc.**
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? **I consider our dealership the major player but certainly there is always room for improvement. We have designated routes that are delivered twice a day, morning and afternoon. Our sizeable inventory and vast collision programs help us make a difference.**
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 are required to have tax exempt forms filled out and filed. If they don't have the proper paperwork they must pay tax.**
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. Our pay plans are already based on gross profit. We run a pretty tight ship. Most of our expenses are the same every month. Delivery expense, labels, tape, boxes, vehicle maintenance, fuel.

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 whole accounts receivable/accounts payable team that keep track of all that for us. If payments aren't made on time, our accounting team will put that customer on credit hold or if there are further issues, put their account on lock rendering them COD.
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? no
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? Not all but some customers will have to pre-pay for a special order part. If it's warranty, that is not required. If they are a good service customer we do not make them pre-pay.
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? We have it broken up into retail, wholesale and service. We don't always require pre-payment but if we do, it is 100% of the part cost. No down payments.
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? Typically we give a customer a month to come in and get their special order parts. After several attempts to make contact with the customer to notify them, if no appointment is made or if we cannot get a hold of them, we send the part back on the next parts return. A restocking fee would only apply to special orders.
27. Who are the parties that are involved in the SOP process start to finish? Customer, technician, service advisor, parts personnel, salesman, sales manager, General Manager, service manager and parts manager.
28. Are special order forms completed in a legible manner so that the customer information can be read? Our special order process is all electronic. No order forms are used.
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? In the parts department we have designated bin locations for service customer special orders. The parts manager generates a report that has the customer information, the part, when it came in and who the service advisor was and that gets sent to a member of our staff at our call center who will proceed to contact those customers for appointments. Notes are made so we know if a message was left, appointment was made, couldn't get through, etc. this will determine our return process.

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? They are kept separate for easy access and locating.
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? This is administered via corporate. As far as I know we have free reign when it comes to PO's and dollar amounts. If a purchase needs to be made from a vendor that is not in our purchase order system, then the parts manager must make that on his Pcard which has a single purchase limit and daily limit.
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) our counter staff has authority to purchase from outside vendors. The general manager would oversee the parts manager and also the person from our accounting team put in charge of all Pcard purchases. If a purchase is made on the Pcard that is not from an approved vendor, the general manager must approve it first.
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? The parts manager sets the pricing policies for internal. Not everything runs through parts though. For example dent removal or used car reconditioning would not go through parts.
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) inventory value exceeds the financial statement.
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) this could indicate an issue but if it were the other way around we would have an even bigger issue.

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) **certain procedures are done by designated individuals.**
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? **If a certain training process is meant to be implemented it would be done by our parts director. However if a new parts employee was to be hired the parts manager and parts counter staff would help that individual get acclimated. It has been a while since it was reviewed because our parts staff have been here for many years and know the ins and outs very well.**
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? **All training is kept with the parts manager and sent to our HR department if required.**
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? **The parts manager has never taken the financial management class. It has been a few years since a formal class was attended.**
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? **It's safe to say Asbury gives us what we need and then some to handle our daily tasks.**
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? **With Infiniti's "ASR" (automatic stock replenishment) system in place we are unable to manipulate the stock order.**
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)? **0.55%**
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? **We use the “Enhanced Report generator” daily to run special orders for service, wholesale and retail. We also use this for any inventory reports that are needed throughout the day. Management reports are mostly utilized at the end of the month in the “jobstack” located in the DSDA function.**
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. its done by the infiniti ordering system.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **they are adjusted sometimes when errors are noticed throughout the day (not before investigating of course) and then we would make adjustments if needed after our monthly bin checks.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **Yes. Checked monthly**
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 necessarily the transactions but bin checks are double checked by the parts manager and then adjusted by him.**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **All parts counter people took quiz**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **All parts counter personnel have and do submit for lost sales. Our DMS does track them.**
53. Who reviews the Lost Sales? When are they reviewed? **Actually our inventory management system the “ASR” will track our lost sales and add these parts to our automatic stock order once criteria is met.**
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)? **we could phase it in but we would also log it as a lost sale. We could do either or. Phase it in manually or log a lost sale and let the ASR do the work.**

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? **2 hits in a 6 month period. This is managed CDK which is communicated to the ASR system.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **100% Through ASR**
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)? **All parts are sold from inventory with the exception of shop supplies (which are separated from inventory/the department) and brake clean and floor cleaner.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **Verbal procedures set by the parts manager.**
59. Who files damage claims on parts shipments received? **Parts manager**
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? **Our shipping and receiving clerk checks in stock and special orders via barcode scan. Once scanning is complete, the parts manager will check for discrepancies or shortages.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes, once a year.**
62. Who applies and loads the monthly price updates? **It's done automatically at the beginning of every month before any business is conducted.**
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)? **Bin checks are done all the time but the yearly physical inventory is your best bet.**
64. **What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?**
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 they are not separate. A report can be run to find obsolete or “J” code parts.**
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? **no**
 69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Yes. We call it the DFR (daily fixed reporting)**
 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? **1.2 guide is 1.5 . yes . no.**
 71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **8.64 last month (August)**
 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. **More space is needed**
 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? **Lavonne’s office. Asbury**
 74. Is your Parts Department locked up each night? Who has keys? **It is absolutely locked up every night and the only people who have keys are parts employees.**
 75. Do your Counter-people have a cash drawer? **yes** Who balances the drawer? **It is balanced every morning by the same person who balances service cash drawer.**
 76. Is there a policy in place for overages for the cash drawer/balancing? **Not sure of the policy. Whether it’s under or over the difference usually goes to policy until we can figure it out.**
 77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **No we do not.**
 78. What one thing can your organization do to help you do your job better? **One thing we struggle with on a daily basis are call that are transferred to parts that are not for parts. If the individuals who are taking the calls, whether it be our call**

center, service department, receptionist, etc., listen to what the customer is asking before blind transferring. This would help our parts department answer and give more attention to the actual parts calls that are coming in.