

1. Pricing is reviewed at least twice a year.
2. A recent comparison done on most popular tires

SKU#	Brand	Size	Description	BMW of Freehold	Mavis	Difference	Tire World	Difference
1548469	Continental	225/45R18 91V	Contiprocontact SSR	\$294.97	\$278.78	\$16.19	\$252.50	\$42.47
2297800	Pirelli	255/50R19 107H	Scorpion Verde A/S RFT	\$330.26	\$315.03	\$15.23	\$282.60	\$47.66
350825	Continental	225/50R17 94V	Contiprocontact SSR	\$265.56	\$240.28	\$25.28	\$232.50	\$33.06
2137100	Pirelli	245/50R18 100V	Cinturato P/7 A/S	\$320.85	\$305.23	\$15.62	\$285.50	\$35.35
706280322	Goodyear	245/45R19 102V	Eagle LS2 ROF	\$404.38	\$446.96	-\$42.58	\$365.50	\$38.88
706387322	Goodyear	245/40R19 98V	Eagle Sport A/S ROF	\$339.68	\$438.27	-\$98.59	\$305.50	\$34.18

3. See above
4. Pricing is dependent on the labor type and automatically assigns pricing without counterman intervention. Customer pay pricing is matrixed and the matrix is examined at least twice a year to determine if adjustment is necessary. Our company has identified the warranty gross profit percentage as an area of potential growth. We are actively exploring the possibility of a warranty parts reimbursement rate increase.
5. Parts personnel are empowered to adjust prices as needed. We have a variety of transactions that requires this ability with multiple price levels which are transaction dependent. Our primary difficulty is the aftermarket warranty transactions that require pricing at an agreed upon rate, which often varies from one policy to the next. These overrides appear in the daily reporting and are reviewed by management on a daily basis.

Service personnel have no ability to directly adjust parts. They have been empowered by the parts and service director to apply discount codes when warranted to parts jobs. These typically appear at blanket 5, 10 or 15% discounts applied to the job or repair order. This discounting is monitored by both the parts and service management to avoid abuse.

6. Parts personnel are not capable of doing +/- transactions. When inventory is received it is scanned with the CDK PSN function and the parts scan gun. There is no input for cost at any stage of the receiving process. Cost is dictated by the master pricing file which is uploaded by the manufacturer at the beginning of every month.
7. We don't use parts from jobber/wholesalers. When parts are purchased for non-BMW applications the part are billed at a cost +percentage. Each invoice is immediately brought to the parts manager where the transaction is scrutinized.
8. Since the manufacturer is our only source of parts for BMW vehicles this question doesn't seem to apply.
9. Our internet presence is limited to the BMW shopbmwusa.com website.

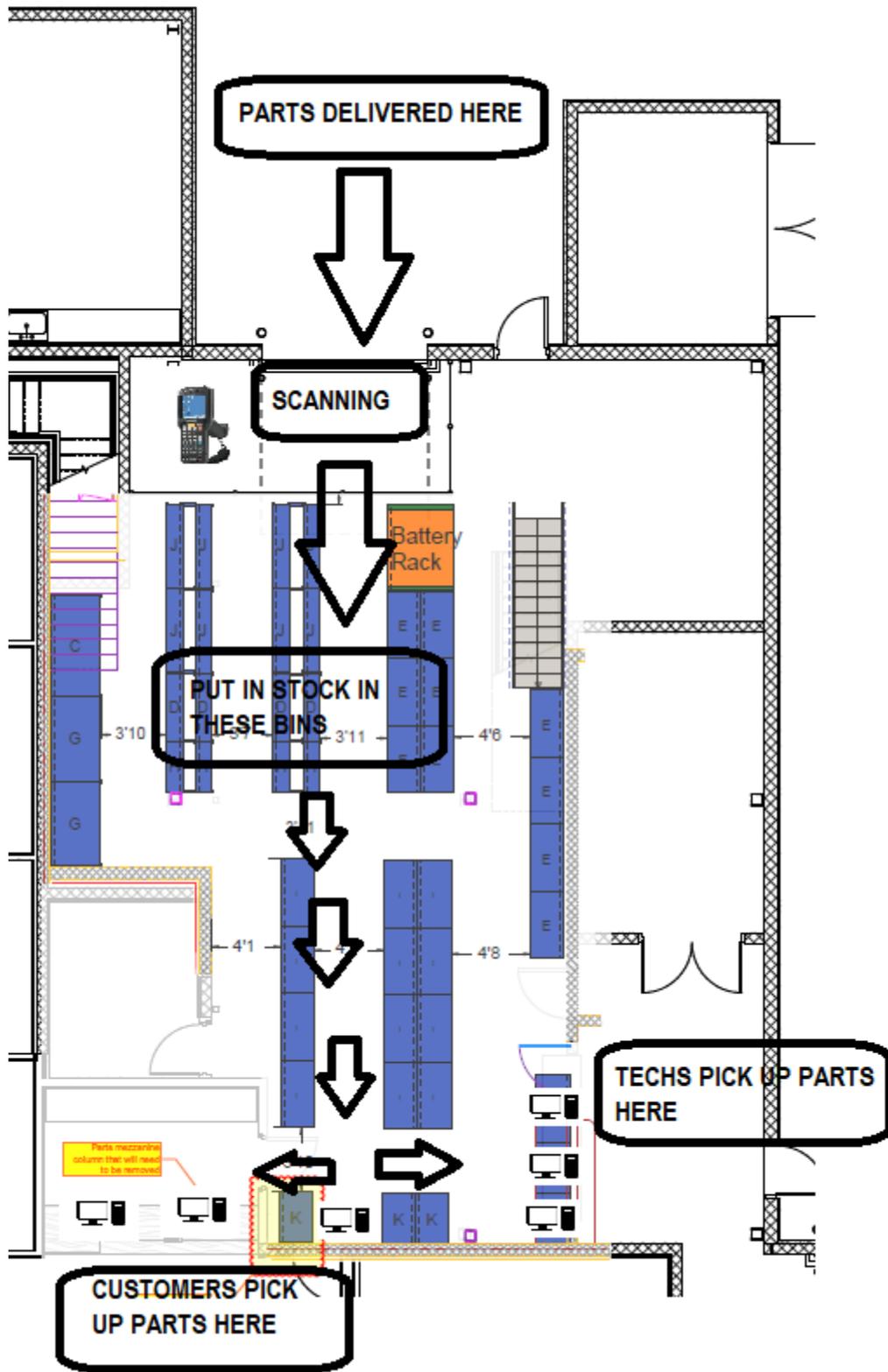
10. Merchandising is handled by a parts counterperson during his down time. The relative cost versus sales generated are difficult to quantify. Since we don't have additional personnel dedicated to this exclusively, I'd estimate the cost as very low.
11. Our parts driver offers a limited outside sales presence. From time to time he will call on shops and attempt to generate new wholesale business. Since the person in this position is new to the auto industry he has not performed this function.
12. There is no fund dedicated to merchandising alone. The BMW Co-op program allows for merchandising expenses to be co-oped. The budget is normally used entirely by the service department. Additional funds are available by request, but require regional or national approval.
13. Yes
14. Yes. The parts manager runs monthly promotions via email blasts. The promotions generally run for one month. They are designed and distributed by the Affinitiv marketing team.
15. Pay plans are reviewed twice per year. The current sales level more than adequately provides for the pay levels of the department.
16. We could all do better at being active sellers. This is probably our biggest opportunity for improvement. Perhaps we can organize a selling clinic from an expert, like the GSM.
17. The sales people will add product to deals on a regular basis. This is another area that has potential growth for us. We can always do better here.
18. Wholesale is deliberately very limited at our store. The market is very competitive as far as discounting is concerned and often the trip isn't worth the delivery.
19. The major players in our area are BMW of Flemington and BMW of Manhattan. I have no interest in unseating them because they are willing to offer discounts at 30% off list or higher. This level of discount makes poor business sense for our store.
20. The parts manager personally adds all the wholesale customers to the system. He makes the call about who is truly a wholesale customer. Tax IDs are audited internally annually. We are up to date.
21. Discussed
22. Credit approval is in the hands of a centralized office. We have less than five active credit accounts. The parts manager is personally responsible for the receivables.
23. The financial statement is not shared with me. The parts manager does receive financial data via the MIS program which is updated and reviewed daily.
24. We don't have a written policy for SORs. The policy we follow requires coded and painted parts to be prepaid 100% of the time. We strive to have customer pay SOR parts prepaid, but we adopted a flexible approach to this to help maintain customer satisfaction. Counter retail parts must be prepaid. Service customers tend to be a little less willing to prepay parts for a diagnosed concern. Wholesale customers are not required to prepay parts. The policy hasn't been reviewed in quite some time. This is something that the parts manager has discretion about.

25. See above.
26. We hold SOR parts for 60 days from the time of order. We charge a 20% restocking fee on parts that are returned.
27. The order is entered by the ordering party with a counterperson. Orders of the same type (daily, VOR, coded) are compiled into a single order and transmitted to BMW by the parts manager or assistant parts manager. Upon arrival a stock clerk checks the parts in. The received orders generate SOR notification sheets which are used to notify the customer or service advisor that parts have arrived. The parts are either billed to repair orders or stored for pickup. Upon pickup a counterperson will locate the parts and give them to the customer.
28. No forms. Digital.
29. Service department SOR parts are billed to repair orders and put in bins directly outside the parts department for tech pickup. If the RO is closed the part goes to its assigned stocking location. If the part doesn't have a stocking location these parts go in our general special order section. There isn't a dedicated service special order section. The service advisors are responsible for customer notification for received parts on closed ROs. The parts manager reviews these SORs at least once a month and provides the service advisors with reminders of parts still in inventory. The parts manager returns these parts to the manufacturer after 60 days.
30. Special order parts that are not a normally stocked part number are carried in a special order section. Those parts that have bins in our system and are normally stocked are put in their assigned bins.
31. Lithia administers the PO system. POs are only written by the parts manager and assistant parts manager. Purchases over \$1,500 require GM approval.
32. Parts related purchases are only made by the parts manager. The Parts and Service Director oversees the parts manager. Purchase invoices go to the Lithia AP department for review. Anything that is paid for out of pocket is approved by the Parts and Service Director.
33. Internal pricing policy is reviewed at our monthly store performance meetings with the regional VP. Discussions are had and policy is set.
34. The parts pad value exceeds the GL value.
35. Not applicable
36. Historically the inventory value exceeds the GL value. We attribute it to inaccuracies in parts like fluids that are billed by partial values. For instance we bill out at the tenth of a liter, but often the computer rounds up yielding extra inventory in comparison to what is physically present.
37. Not used
38. We don't have a physical chart, but every employee has a specific set of required jobs for the day. Although they are all counterpersons, they are specialists in certain tasks like receipting, posting, bin counting returns, etc.
39. The parts manager is responsible for the counterpersons and obtaining core competency. We don't have an organized training system. The entire job of a counterperson is learned on the job. New personnel is paired up with a trainer, normally the assistant parts manager. He shadows the new employee until he learns the computer system. Then he is allowed to operate on his own subject to review by the assistant manager and the parts manager. We do

semi annual reviews and the employee's level of development is reviewed, and areas of improvement are identified along with action plans to make the improvements.

40.No records. OEM training for parts is very limited.

41.The parts manager has no formal training.



42. The equipment appears adequate for our needs.

43. The parts manager handles the replenishment/daily order. He normally leaves the system alone and doesn't intervene except for certain cases. He reviews parts that are phasing in to determine if they should be brought in or not. The analysis reviews who purchased the part, why they purchased the part and if the purchases represent accurate demand events. If they do the part is brought in. If they do not, the part is excluded from this and future orders.
44. Not clear about what this question is asking.
45. Stock orders came in at 99.3% of our receipts. Emergency purchases amounted to .7% of total receipts year to date.
46. I don't believe the MGR is printed on a daily basis. I print a copy at month end and review it prior to closing. When I need data found on these reports I print a month-to-date version of the MGR.
47. See Dori?
48. Adjustments are made upon discovery of errors. We do perpetual inventory so these adjustments can happen daily.
49. Yes they have.
50. Adjustments and overrides are reviewed by the parts manager daily to ensure accuracy.
51. Lost sale results were distributed to the parts department and the parts and service director.
52. The department has been updated on the definition of a true lost sale and they have begun to implement the new lost sale protocol. Every member of the parts department can log a lost sale.
53. The parts manager reviews lost sales periodically through the month and at end of month closing.
54. Emergency ordered part numbers are reviewed at end of month to see if they meet stocking criteria. We utilize a test source to determine if parts qualify.
55. Demand history varies by cost of the part. Mechanical parts under \$15 phase in with one instance of demand in twelve months. Mechanical parts between \$15 and \$100 phase in at two instances of demand in twelve months. Mechanical parts over \$100 phase in at 3 instances of demand in twelve months. Vehicle accessories phase in at 4 instances of demand in twelve months. Boutique items phase in at two instances of demand in twelve months. We do not stock collision parts due to the unpredictable nature of their demand. Tires are handled by a BMW stocking system that is curated by the parts manager.
56. Not familiar with this measurement.
57. We have a limited number of items that fall into the shop supply category. Bulk fluids are all on inventory.
58. Verbal. Parts manager.
59. Damage claims are submitted by the parts manager.
60. Parts orders are received into CDK with the scan gun. Invoices and packing slips are checked against one another by the parts manager. The invoices are then checked against the DMS to ensure proper receipting.
61. Yes.
62. Lithia applies and loads the monthly price update.
63. An independent company performs an annual physical inventory.

- 64.The GL was increased to match the parts pad value.
- 65.Yes.
- 66.Obsolete parts are not handled any differently than new parts. They are monitored by the parts manager and returned to the OEM as soon as possible.
- 67.I don't know.
- 68.The accounting office tracks repair orders that are open over a certain time period. Lithia requires a log be completed each month updating the status on any old outstanding ROs.
- 69.No.
- 70.Days supply is approximately 33 days which is 1.11 months.
- 71.True turn according to DMS is 9.61 YTD.
- 72.Inventory area large enough?
- 73.Not applicable
- 74.The department is locked each night. The parts manager, assistant parts manager and the upper management team have keys to the department.
- 75.No cash drawer
- 76.No cash drawer
- 77.No cameras
- 78.I could benefit from some formalized training about the business of being a parts manager. I believe I have a decent grasp on most concepts, but you really don't know what you don't know.