

## 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 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 Microsoft 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. All of these files will be submitted to your class Dropbox (more instructions on this below).
4. There is a Post Parts Class Threaded Discussion that will open after class ends, 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.
5. Finally: Best Parts idea needs to be posted to your class site Parts Best Idea Threaded Discussion. This should be an idea that helps control expenses or increases sales or gross profit. Please have all of them read just prior to your parts debrief the Monday of your Service Week. The class will ballot on the best idea at the 9:00AM break.

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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?  
**Quarterly**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **NCC is competitive. All makes market in middle TN is very competitive**
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. **NCC is competitive on all makes items such as brake shoes and brake drums. We're normally a little lower price than most. We use these highly competitive items as sales leaders in order for us to get our foot in the door**
4. Does the computer system you have follow one or more of the pricing guides for various types of customers? **Yes, we have 7 price levels** 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 use pricing matrixes for customers**
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? **I get a price change report automatically emailed to me every morning with previous days price changes/ PRC60100** What about Service Advisors? **No access**
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? **Parts has to closeout every part before service can bill** (done through the use of +/- inventory adjustment account(s))
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? **On separate GL account**

9. Do you have an internet presence for your parts department? **Yes**
10. What type of merchandising programs do you have in effect? **Monthly sales flyers for Outside Parts Salesmen** What is the relative cost versus sales generated as a result of the programs? **Use as sales leaders**
11. Is an outside salesperson active in your parts department? **Yes** 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? **There are a handful of accounts like the Ryders or Penskes that really need to handled by me**
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? **\$38,931** What must be done to qualify for more expense sharing in merchandising by the factory and the dealership? **Provide Freightliner DMS with results of parts pushed**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **Yes**
14. Do you periodically check your online internet Parts coupons? **Yes** How often are they checked? **Weekly** How often are they updated? **monthly**
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? **Yes** Is the current sales level providing a sufficient profit for the pay levels established for the parts employees? **Reviewing the entire staff for necessity. Working on new comp plan for front counter sales**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? **Yes, we have hired a parts sales manager to help identify and cultivate new business** If not why not?
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? **Yes, we have a walk around/introduction policy with truck sales customers where they meet departmental managers** If not, are you leaving potential sales and gross profit on the table?
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? **Yes, done monthly.** 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.
19. Do you study your wholesale market opportunity with the dealership’s area of influence? **Consantly.** Who’s the major player and can you unseat them? **Alley Cassetty on propriety parts, MHC and Rush on all makes.** Can you make a

- difference against your competition? **In some areas** Can you deliver 2-3 times a day? **In a limited area.** Within what mileage radius? **25-30 mile radius**
20. Who verifies the “wholesale” customer applications to make certain they are really true wholesale customers? **Customer can be exempted without proper tax documents being sent to accounting** Are your state Tax-ID/Wholesale Certificates current (within the last two years?) **Yes**
  21. Discuss monthly expense control with the parts manager and identify specific areas under the manager’s control. **Travel, meals, entertainment and advertising are my largest** 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.
  22. Who determines credit approval for parts customers and what screening system is applied? **IBS, factor** Who follows the receivables list in a timely manner to make certain payment is made by the customer without exceeding the account limits?
  23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Can pull my own at any point**
  24. What are the special parts ordering policies for SORs? **Procedures are written and posted on the SOR shelving in the warehouse** Where is it written and posted? When was it reviewed and what level of management approved it?
  25. Do you require 100% pre-payment on these parts? **Yes, non regular customers** Do you differentiate between Counter Retail/Wholesale and Service RO? **PO designation**
  26. What time is set to retain these parts and then initiate a return? **A week, I look at every day coming through warehouse to my office** Is a return charge made on customer pay parts that are returned because the customer did not return for them within a time limit? **Yes, most of the time.**
  27. Who are the parties that are involved in the SOP process start to finish? **Front counter,**
  28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes**
  29. Where are special order parts for the service department located? **On a different shelf, but in the same rack of shelves** 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? **Initially, part warehouse when they receive it, then back counter** Is

- anyone designated to follow up on SOP's, the lack of return? **Roy Gains on back counter**
30. See if special order parts are carried in a separate section of the parts inventory to maintain control. **Separate** Or they inserted into the regular inventory?
  31. Who administers and controls the Purchase Order system (DMS/book)? **Parts Manager**. What dollar amount of fixed asset purchase can be made without approval above parts management level? **\$100K on Non RimPro** Who sets and monitors these \$\$ levels and total open PO's and open PO \$'s? **Parts Manager**
  32. Does anyone other than the parts manager have direct purchasing authority from outside vendors? **No** Who oversees the Parts Manager? **VP of Operations** (Double signatures, Perusing the Parts Dept. purchase invoices)
  33. Who established internal parts pricing policies? **Ownership** Are all internal purchases centralized and run through the Parts Department for control purposes? **The majority are but manager still try to go around me**
  34. Does the value of the parts inventory on the parts computer exceed, or is it less than, the financial statement dollar amount? **Yes**(Monthly Reconciliation Exercise)
  35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **Normally due to price file updates that have not been booked. Booked quarterly.**
  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)**N/A**
  37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **Separate GL line**
  38. Is there an employee responsibility to function chart as was discussed in class? **Yes** 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? **Yes** (Functions vs Employee Exercise)
  39. Who controls the training programs for the parts employees? **Parts manager** When was it last reviewed? **Yearly, a part of our Elite Support requirements** Is it part of a yearly review with the employee and is it part of the employee's pay plan? **Yes, it a part of the incentive plan**

40. Are records kept of the training for each person and when did someone last take online DMS refresher training? **Yes** Parts Catalog training? **Yes** OE/Manufacturer specific training? **Yes**
41. Has your Parts Manager ever taken a departmental Financial Management class like the ATD Academy? **No** When was the last time they attended any formal Parts Management training? **15 years**
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? **This is part of our Eltie Support requirements and certifications**
43. How much of the replenishment/daily order is manually adjusted? **3-4%** Does it exceed 10%? Who makes the stock replenishment changes, and what are the reasons for the majority of those adjustments? **Bulk purchases made for seasonal items.** When was it changed last and by whom? **Aug 2019, Jeremy Burns**
44. Is the trend of those changes in question #42 a positive or negative trend? **Elite support has made us more efficient**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **96%**
46. Where are the computer-generated management reports printed and stored are they used on a daily? **Email daily to me.** (CDK MGR Report) How are the management reports utilized? **Help with buying decisions**
47. Is the DMS Summary used to track inventory trends? **Yes, allows me to manage my obsolescence** 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) **weekly after counts, inventory quantities are updated**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **weekly cycle counts**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **Yes, reviews quantity adjustment reports daily**

51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? **Yes**  
Others in the dealership? **classmates**
52. Are true lost sales being tracked in your DMS? **Yes** Who can log a Lost Sale?  
**Parts Mgr, Asst. Parts Mgr, Parts Sales mgr**
53. Who reviews the Lost Sales? **Same as 52** When are they reviewed? **Daily, weekly  
or monthly depending on role**
54. Are emergency ordered part numbers reviewed to see if they qualify to be phased  
in? **Yes** Is the Test/Non Stock/Watch feature of the computer system utilized to  
test which parts to stock (Phase In)? **I review those status regularly to avoid  
obsolescence**
55. What demand history does it take to place a part on the inventory stock order or in  
inventory? **3** Time limit and quantity are generally managed by Vendor Managed  
Inventory systems? **Yes**
56. What is your Compliance % level for your inventory with your Vendor Managed  
Inventory, RIMPRO? **97%**
57. Are all parts sold by the department placed in the Parts inventory and then sold  
from the inventory? **Yes** Do you stock any items that aren't in your inventory **Not  
on your life** (Shop supplies, get ready, bulk fluids like washer solvent)?
58. Are the procedures for shipping and receiving written or all verbal? **Written  
procedures** Who's responsible for reviewing and updating these policies and  
procedures? **Vic Villa, asst parts manager**
59. Who files damage claims on parts shipments received? **Randy Brown, warehouse  
mgr/ inventory control**
60. Who receives parts orders, and how are they received? Is the original stock order  
transmitted to the factory cross-checked? **Packing slip compared to PO compare  
to physical parts** What do you do about discrepancies? **Randy Brown, warehouse  
mgr files a Price Adjustment Request with DTNA**
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? **Kerry**
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)? **Accounting does quarterly adjustment for price and quantity adjustments**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **+\$38,967.43**
65. Are all obsolete parts that are on the inventory physically in the store? **Absolutely.**
66. Are they separated into a special area to be controlled and tracked for sales history? **No** Separate source? **No** Change bin location by adding a J for easy identification by counter persons?
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **Asst Part and Asst. service mgrs**
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? **Weekly open RO reports sent to Fixed Ops managers**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Yes, I have a daily doc to review which includes price adjustments and yesterdays sales**
70. What is the months' supply of the inventory? Does this match the students calculations found in their FS Parts Excel template? **Yes** Are too many parts stocked in the inventory based on this calculation? **No**
71. What is the true turn of the inventory? **7** Does that match the students calculations found in their FS Parts Excel template? **Yes**
72. Is the inventory area large enough for the current level of business? **Yes** 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? **Online** Who has verified that the manual is located in an area that allows for easy access?
74. Is your Parts Department locked up each night? **Yes** Who has keys? **Parts mgmt**
75. Do your Counter-people have a cash drawer? **No** Who balances the drawer? **Cashier**

76. Is there a policy in place for overages for the cash drawer/balancing? **Yes, any excess is taking to misc income and balance to petty cash balance on books**
77. Do you have security cameras in the Parts Department? **Yes** Who has access to the tapes/CD/backup? **Me Parts mgr**
78. What one thing can your organization do to help you do your job better? **More timely delivers of OEM parts**