



CDK						
Stocking Status	Inventory Value	% of Inventory	Guide			
INVESTMENT						
Normal or Active Stock	\$216,706	61%	over 70%			
Automatic Phase Out	\$49,589	14.01%	Less than 30%			
Dealer Phase Out	\$3,311	0.94%	Less than 1%			
Manual Order	\$9,000	2.54%	Less than 3%			
Non Stock Part \$'s	\$70,517	20%	Less than 5%			
Non Stock Part #'s*	10,075	68%	Greater than 70% of PN's			
Clean Core	\$4,755	1.34%	# PIECES	PART #		
Dirty Core		0.00%				
Total Inventory	\$353,878	100.00%				

Activity	Value \$	%	Notes & Guides			
0-3 Months	202,673	58%	ACTIVE INVENTORY at 75%			
4-6 Months	32,641	9%	ACTIVE INVENTORY at 23%			
7-12 Months	47,627	14%	75% will likely become Obso 2% is g			
Over 12 Months	43,792	13%	Technical Obsolescence 2% is guide			
New parts no sales	22,389	6%	Minimal Amount			
Total Inventory	349,123	100%				

CRITICAL OBSERVATIONS:(How do you feel about these observations?) Color Coat						
OBSCO POSITION (LINES 20-22 FROM ABOVE)						
NEG-ON-HAND (MINUS-ON-HAND)						
CLEAN CORE						
DIRTY CORE (RDCI) OR DONE MANUALLY						
LOST SALES CALCULATOR VS. ACTUAL						
AVERAGE STOCK ORDER (Obtain data from						
MONTHS SUPPLY (This calculation from you						
GROSS (TOTAL) TURNS (from your FS Temp						
TRUE (STOCK) TURNS (from your FS Temp						
FTFR (FIRST TIME FILL RATE)						

**COLOR SCORING**

- GOOD**
- WARNING**
- DANGER**
- GREAT**
- Seldom used**
- OK....BUT..**
- OUCH !!!!!**
- 
- ouch!!!**
- 
- 

OBSO POSITION			
Guide	.75 TIMES	\$	35720.05
	PLUS		43,792
	PLUS		22,389
	EQUALS		29% 101901.8

- Pass or Fail ?
- Fail**
- 
- Pass**
- Manually**
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- 
- 
- 
- 
- Fail**
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- 

Guide @ 90% - averaging 80%

**Departmental Action Plan**

Dealership

Student Name

Academy Week

Class & Student Number

**Current Situation**

Parts Inventory compared to accounting inventory varies greatly month over month. In FY19, the average variance from parts pad to accounting was \$12k short, excluding GOG adjustments that are made monthly. This represents an average variance of 3.2% of inventory balance (calculated as (parts - accounting)/accounting).

**Overall Objective:**

Refine parts inventory reconciliation process to minimize discrepancies month over month. Next physical inventory scheduled for 2/29/2020. Once all adjustments have been made, the objective will be to keep the monthly discrepancy below 1% of accounting inventory total.

**Proposed Timeline**

**December 2019 - February 2020:** Refine reconciliation calculations - ensure we are pulling the correct reports with proper timing to eliminate calculation errors. Next physical inventory count scheduled for 2/29/2020. Adjustments will be posted to agree to the reconciled balances and will result in a \$0 variance. **March - April 2020:** research variances > 1% to assess procedural issues. **May 2020:** All kinks in the reconciliation process will have been researched and corrected - inventory variances will be < 1% of total inventory.

**Action Plan**

**December 2019 - February 2020:** Calculate inventory variances using current internal reconciliation template as well as NADA template to identify any issues with the actual reconciliation (including calculation errors and/or issues with reports and posting). **2/29/2020:** Next physical inventory count with adjustments. **March - April 2020:** detail review all reconciliations and research all discrepancies to 1% variance level to identify issues remaining after physical inventory. This includes tracing individual invoices for posting to parts pad and accounting.

**Requirements**

**Meeting with Dealer:**  
 1. **Action Proposed:** Track and research parts inventory variances to reduce monthly variance to < 1% of total inventory values. Once Honda has obtained a baseline, the process will be applied to all stores.

**Meeting with stakeholder(s) (dealership personnel):** Key personnel: Honda Parts Manager, Director of Fixed Ops, Office Manager, CFO. Supporting personnel: GL Accountants, Parts Counter, Shipping/Receiving. Emphasize timely posting throughout the month, month end will serve as final reconciliation between parts and accounting. Key personnel will meet to review source reporting and posting procedures. All agreed upon procedures will be explained to supporting personnel and monitored for implementation.

**Accountability: Monitoring progress:**  
 Who: Honda Parts Manager/CFO to review reconciliations monthly  
 What: Internal reconciliation template & NADA reconciliation template with supporting docs  
 3. By When: 10 business days after month end  
 How: Compare parts inventory to accounting

**Describe checkpoints that have been established to measure progress:**  
 Daily / Weekly / Bi-weekly / Monthly /  
 4. **Daily:** Supporting personnel - all parts that are received must be posted to parts pad and all invoices for received items must be sent to accounting and posted. **Weekly:** Managers to review for unposted parts/invoices **Monthly:** Manager/CFO complete reconciliation  
 Date(s) for review: 1/31/20, 2/28/20, 3/31/20, 4/30/20 - ongoing monthly review of reconciliation

5. Estimated cost for implementation: **No additional cost is associated with this proposal.**

Projected Date of Completion: 4/30/2020

Sponsor Signature: \_\_\_\_\_

Evaluation of Results: Include measured results. (± Metrics)

Impact Areas:

Sales / **Gross** / Expenses / **Net Profit** / CSI /