

## **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. 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.**

- 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?
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.
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.
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.
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?
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))

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?
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?
9. Do you have an internet presence for your parts department?
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?
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?
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?
13. With the growing use of mobile smartphones by customers do you have a mobile ready website?
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated?
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?
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? 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? 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? 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? 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?

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?)
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.
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?
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?
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?
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?
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?
27. Who are the parties that are involved in the SOP process start to finish?
28. Are special order forms completed in a legible manner so that the customer information can be read?
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?
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?
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?
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)
  33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?
  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)
  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)
  37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.
  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)
  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?
  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?
  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?
  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?

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?
44. Is the trend of those changes in question #42 a positive or negative trend?
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?
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?
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?
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time)
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate?
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?
53. Who reviews the Lost Sales? When are they reviewed?
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)?
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?
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?

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)?
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?
59. Who files damage claims on parts shipments received?
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?
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?
62. Who applies and loads the monthly price updates?
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)?
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?
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?
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status?
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?
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?

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?
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
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.
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?
74. Is your Parts Department locked up each night? Who has keys?
75. Do your Counter-people have a cash drawer? Who balances the drawer?
76. Is there a policy in place for overages for the cash drawer/balancing?
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?
78. What one thing can your organization do to help you do your job better?

Jonathan Cole

1. Our dealership price reviewing is reviewed once a year.
2. Our parts department is very competitive to other area around us.
3. This is done through competitive market analysis through GM
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5. Yes we do have exception reports that we do review.
6. Yes there is a process to prevent costing, we use adjustment accounts.

7. Yes they are costed at the same factory price.
8. Discounts go into one account.
9. No we don't have internet presence for parts.
10. No merchandising programs in effect at our dealership at this time.
11. We don't have a active outside salesperson for our parts department.
12. We have factory merchandising and most are for the body shop for the price matching.
13. Yes we have a mobile ready website.
14. We do have them and are checked every 2 months.
15. We review the personal expense to gross profit every month.
16. No they don't seek additional revenue they live of service and body shop.
17. Yes we are set up with accessories but very weak on Cadillac minimum accessories.
18. Not reviewing customers. We aren't really in wholesale business, minimum in wholesale to large business in area that cheaper than anyone in area.
19. We aren't competitive in wholesale market.
20. We not taking new customers at this time.
21. Monthly expense control done by the dealer and review quarterly.
22. Office manager, service manager, and dealer determine credit approvals.
23. The financial statement is given but only get the gross side of the statement.
24. Special order policies been written but not reviewed.
25. No we don't require pre-payment on parts.
26. Time frame is 30 days and parts are returned.
27. All counter people in parts are involved in the SOP process from start to finish.
28. All on computer yes.
29. All special order parts are in one location and once received the customer is then notified by service.
30. No they are just part of inventory.
31. All counter people control all purchase order system and then after are approved by service department.
32. Service manager only has direct purchasing authority from outside venders.
33. Dealer and service manager establish internal pricing policies.
34. The computer inventory is less than the financial currently.
35. Just did inventory and are chewing it up.
36. No. It depends on the parts posting of the inventory and the accounting side of posting for inventory.
37. Lifo is not used when inventory is used to calculate day supply.
38. Certain/ all employees have these responsibilities at certain times, cross training and responsibility is crucial.
39. Service manager controls the training in the parts are for parts employees.
40. No records are kept for training.
41. No but will be working on getting more training in parts department.

42. Computer system is adequate.
43. Less than 10% is manually adjusted.
44. Its positive.
45. 90%
46. In the office in parts department and not used daily.
47. Now we are.
48. Parts inventory is adjusted for errors once to twice a year.
49. Yes we check and it was in the end of the fourth quarter.
50. No no one is double checking them to make certain they are accurate.
51. Yes quiz was given.
52. Lost sales is being done now each month.
53. Dealer reviews them.
54. Yes emergency ordered parts are being reviewed.
55. 3 and 9 in.
56. 90% compliance.
57. Yes they are placed in inventory before sold.
58. The procedures for shipping and receiving are all written.
59. A counter person in parts files all damage claims in parts shipments received.
60. One counter person does all receiving unless sick or off someone else will take care of it.
61. Yes it is done in conjunction with physical inventory.
62. Yes a counter person applies and loads the monthly prices and updates.
63. Yes they are tracked by someone in dealership.
64. Counting was reduced by 30,0000
65. Yes they are physically in the store.
66. No but will be working on that in near future.
67. Service manager verifies completion of RO's between first and second month they are reported in WIP.
68. Service manager and dealer are the ones that follow up on WIP tickets and verify that they are closed.
69. No dealer reviews only.
70. Months supply check
71. True turns 62%
72. Yes it is large enough for the current level of business.
73. Service manager reviews the dealership policies and procedures.
74. Yes parts is locked. All employees in parts have a key.
75. No cash
76. No cash
77. No cameras
78. Obsolete parts and putting in one location.

#### Parts Manager

1. Prices reviewed at least once a year.

2. This is done by the competitive market analysis through GM
3. This is done by the competitive market analysis through GM
4. Yes, our DMS has separate pricing strategies for numerous types of customers
5. DMS allows control of access to changing. Service advise have no access to change parts pricing.
6. Once cost is established in inventory it is very seldom ever changed, adjustments if necessary are made to sale price.
7. Yes
8. Difference in purchase profit to cost are added to 687 account
9. Through company website only
10. No active merchandising programs at this time.
11. No outside sales at this time.
12. Most factory merchandising dollars go to advertising through the dealership sales department.
13. Yes the dealership website is mobile ready.
14. They are checked at least every two months when the national plans normally change.
15. Figures are reviewed throughout the month. Salary plus commission for counter people seems to be working.
16. Parts primary customer are service and collision center.
17. There is no program for accessories in sales and yes there is much left on table.
18. Review are handled yearly unless issue is noted sooner.
19. We are not and do not want to be active player in the whole sale market in our area.
20. Person handling sale
21. Done
22. Management and ownership approve credit and accounting department controls after the fact.
23. No
24. SOP policies are written and adhered to by service and parts department, These policies were formulated and approved by management and ownership.
25. OTC sales are 100% and service tickets vary depending upon CP or W cost.
26. No set policy at this time.
27. Parts and service counter personal
28. Yes
29. Specific area for holding. Service writer notifies if they are ordered. Send back initiated by writer if customer is NO show. Parts personal are to follow up and return when deemed necessary depending upon part and returnability.
30. Separate area.
31. PO are written through DMS and are not opened until part is actually ok'd by customer or management.

32. Yes all parts counter personal can outside purchase with valid PO department is overseen by fixed ops management.
33. Policies agreed upon by ownership and management and programmed through DMS.
34. This number fluctuates according to speed of invoicing from various sources, but remains fairly close.
35. Just did inventory and are chewing it up.
36. Figures run consistently close
37. Yes
38. All employees have these responsibilities at certain times, cross training and responsibility is crucial.
39. Training is mandatory and review weekly, monthly and quarterly by management.
40. Records are kept DMS offers often self training, catalog seldom, OE constantly.
41. Yes few years.
42. This will be done
43. Daily is inspected daily and adjusted to control inventory value but meet OE requirements.
44. Positive
45. 90-10
46. Management reports used on a monthly basis
47. No we are.
48. Monthly or immediate when finding a issue.
49. Perpetual inventory done every day.
50. Yes weekly.
51. yes
52. Yes, all parts personal.
53. Management, when deemed necessary.
54. Yes
55. All managed through OEM
56. 87%- 92%
57. Yes to all sales, some supplies are only inventory items.
58. Mostly verbal. Management with employee input.
59. Parts counter personal
60. Person responsible that day. Order received by how ordered.
61. Yes
62. OEM
63. Adjusted every month.
64. Adjustments in tire inventory source errors.
65. Yes
66. Separated and separate bins, source stays current if part no still valid.
67. Management and writers.
68. Yes
69. Can be pulled by management.
70. 4.5

- 71. 4.41
- 72. Yes, needs managed and adjusted to better usage but large enough.
- 73. OEM manuals on line, dealership does not have a P&P manual
- 74. Yes management, parts personnel and owner.
- 75. No
- 76. N/a
- 77. No
- 78. Communication and support.