

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? We price our parts at MSRP so that we can stay competitive. I have checked and our 2 competitors in the region also price their parts at the same matrix. I also check with the wholesale accounts to see what pricing they are given. Great answer Shawn. We need to stay on top of this and keep at the front of the market.

2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. We have the same pricing on hard parts (MSRP) They are slightly higher on tires (15% over cost). This is a good place to be. As we continue to grow, we may look at pushing the market a bit.

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. I don not have any Market surveys.

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. We have different pricing guides for each type of customer. Correct. We have customer, internal and AMG pricing.

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? They have access but I monitor it. I have not had any issues with price changes. I still question this. I think we may have had more than we think.

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)) We have an account set up for this (4699L). Correct.

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. If we pick up something at a discount or surcharge, then that amount is charged the Lifo Account(4699L). That was a good addition Shawn. We had not been doing this previously. Thank you!
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? Our Discount Account is found our DOC
9. Do you have an internet presence for your parts department? Not Yet. We need to make this a priority in Q1 of 2018.
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? For parts only, I display specials on the Utah Mercedes Enthusiasts Facebook Page. I also had Mousepads printed which were less than 500. For less than 2 dollars each, The cost is almost non existent when compared to the revenue that can be gained.
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 recently eliminated out relationship with our Outside Sales Rep. The Parts Manager will continue to maintain and build relationships with our accounts. This will work out better for us almost immediately. Shawn has a great personality and does very well with cultivating and maintaining relationships.
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? We plan on using our "Co-op" dollars for mailers. Mercedes also offers emails blasts at no cost. We need to get more involved in this. We have \$3k to use by year end.

13. With the growing use of mobile smartphones by customers do you have a mobile ready website? Yes. 60% of our website traffic is by smartphone.
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? We update them every other month so that they be aligned with Season. Marketing department handles this.
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? We have recently revised our parts payroll. Being new our payroll is top heavy, but will adjust as the department and dealership grows. Correct.
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? We are actively growing our Wholesale and Retail Sales. I think Shawn actively grows our wholesale and retail. I don't think our other two do anything to grow business.
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? Yes. We do have several accessory demonstration stations setup throughout the dealership and it is a mandatory part of our sales process to use them.
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. We monitor what a customer purchases. Our delivery radius is about 30 miles. As of now, we deliver to every customer. Once we are established, every customer should be in our daily delivery radius. Correct.

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? Yes, we monitor the other dealerships routines closely OUR major player is the original dealership in the area and they are centrally located. We can deliver as many times as needed because we have a "hot shot" mentality when it comes to our deliveries. The others are conformed to the "10 & 2" type of delivery schedules. We have already begun to grow our wholesale business and are taking business from our main competitor.

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?) Our forms are up to date. We ensure that every customer has a resale license. New store. Not many issues here.

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. We discuss this frequently. We just adjusted pay plans, but expenses have been very predictable. No issues here and not much fat to trim.

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? Our Comptroller screens all potential charge customers.

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? Given on a monthly basis. However, we discuss 3 times each week in our pace meeting.

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? We have a process that has been written and approved by the GM. It is on our Intranet site. Correct.

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? We require pre-payment on all non warranty parts from our Retail customers. Correct.
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? That is something that is determined on a case by case basis. Need a written process.
27. Who are the parties that are involved in the SOP process start to finish? Parts Advisor, Parts Manager, Service Advisor, Service Manager, and Shop Foreman. Correct.
28. Are special order forms completed in a legible manner so that the customer information can be read? We do not have Special order forms. Everything is in the DMS. When parts are received , a label with all applicable information is printed off and attached to the part.
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? We have shelves for all SOP parts. Service notifies their customers and the Parts Advisers handle all retail/wholesale parts. After 30 days the Parts Manager will take a part off of Special order is there has been no contact. This part is then placed into stock so that it can be resold or sent back to the manufacturer. Correct.
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? There is a designatated Special Order area. It is located near the rear parts counter.
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? **The parts manager only purchases parts from other vendors.**

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) **The parts manager reports directly to me, the GM. I do not purchase, however I monitor his activity.****

33. **Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **The General Manager has monitors the internal pricing level. Correct.****

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) **Exceed.**

35. **If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **We are running a store inventory next month.****

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. **We do not use LIFO. Not currently.**

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) We recently created this. We have a written job description for each of our parts employees that clearly illustrates their daily duties.

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? The Manufacture sets up a quarterly training schedule in place. The Manager is responsible for making sure that his employees stay up to date with their training. Shawn needs to be more involved in training. It is a small department and ongoing training should be a main focus.
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? Each employee has their online transcript.
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? No, he has not attended ATD academy. He received Quarterly training at his previous employer.
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? We are in a unique position, because currently we require less, however being a new store with projected growth, we are where we need to be.
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? The Parts Manager adjusts the quotas to need because the dealership is set up on a daily stock order, but the DMS has the inventory set up for a 40 day supply.

44. Is the trend of those changes in question #42 a positive or negative trend? Not enough data to know yet.
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? 95 % of parts sold are from stock or Special Order. The majority of outside purchases are for Used Cars and vehicles that we don't sell.
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? Reports are not stored
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? The scorecards help me personally quite a bit. I didn't have a very good understanding of the parts department until attending class. It is all beginning to click for me.
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) Bin checks are done on a daily basis. I would like a written verification of this. Email works.
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) Yes
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. Shawn does a good job here.
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? Yes. All parts employees took the quiz.

52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? Any Parts employee can log a lost sale. They are all being tracked.
53. Who reviews the Lost Sales? When are they reviewed? The Parts Manager reviews lost sales daily
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)? Emergency purchases are counted in the system . They do not use the Test system. Correct.
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 weeks of sales in 6 months
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? ? Not sure what this means.
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 sold from the inventory are in the parts inventory.
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? The policies are on the companies intranet. Parts manager and GM are responsible for updating.
59. Who files damage claims on parts shipments received? The 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? **The Parts Advisors and Manager post. Any discrepancy claims are placed with the Manufacturer.**
61. **At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? Perpetual inventories are done. The dealership has not done a physical inventory yet. Will be done next month.**
62. Who applies and loads the monthly price updates? **The DMS automatically uploads the 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)? **Any updates or price adjustments are sent to accounting on a regular basis.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **N/A**
65. Are all obsolete parts that are on the inventory physically in the store? **Yes. They are.**
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? **They are in inventory.**
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. Shop foreman also helps.**

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? Yes. I would argue the "timely manner." It is a struggle at every month end.
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? The Parts Manager has full access to the DOC. Correct.
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? 58 days. Yes it does.
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? 3.5. Yes it does.
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. Yes. It is too large at this point. We have too much excess inventory.
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? All of the policies are located on the companies intranet. Correct.
74. Is your Parts Department locked up each night? Who has keys? The Parts Department has Electric Car Readers. Only the dealership management and the Parts department employees have access. Correct.
75. Do your Counter-people have a cash drawer? Who balances the drawer? The Parts departments shares the cash drawer with service. The accounting department balances the drawers. This has been a mess. We need to have a policy here.

76. Is there a policy in place for overages for the cash drawer/balancing? No. We need to put one in place. We have had too many overages.

77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? No. Working on it. Currently only myself and our controller/IT person have access to any cameras.

78. What one thing can your organization do to help you do your job better? It would help if I could hire one more employee. Done. New hire starts on 12/1/17!