Verification Form Regarding the Departmental Action Plan

Fixed Operations 1 Week Post- Class Homework Assignment

Dear Academy sponsor,

One of the post-class homework assignments given to your manager at the conclusion of week two at the Academy is the Departmental Action Plan form. The student's assignment is to show you the format of the assignment, explaining to you the purpose of crafting a departmental action plan after week 2 of the Academy. This assignment will be completed four separate times, (classes 2-5) after the student has attended the fixed operations 1 parts week, the fixed operations 2 service week, the variable operations 1 class week and the variable operations 2 class week. The progress of the student's departmental action plans will be assessed by each of the Academy instructors in weeks 2 through 5 of the Academy. Please sign this form below which indicates that the student has reviewed the departmental action with you, and have your student bring the form with them, when they return for their fixed operations 2 parts class. We will collect these forms at that time from the students. The student will receive a pass/fail grade, based upon whether they submit this form signed by you. This is being done in order to verify that each student has shared the Departmental Action Plan with their sponsor.

Thank you for your cooperation.

Sponsor's Printed Name Richard Collins Sponsor's Signature [signature]
Date 12/29/17

Very truly yours,

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? 3 times per year
   Every 4 months considering doing every quarter.
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.
   We are competitive in our 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. It's there
   We use R&R and have them categorized by code's.
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? yes + yes <3%
   Service advisors are checked monthly and are required to be less than 3%.
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))
   All parts enter at OEM Audi feeds direct to our DMS.
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. Verified that yes. they are
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?
   Inventory adjustment account. VIA 5793 Account
9. Do you have an internet presence for your parts department? yes
   In house marketing handles the website (parts.)
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? yes PartsSource Just beginning
    New needs work.
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? NO — manager maintained
    Tom Davis the parts manager does this currently.

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?

open — within next 6 months

Co-op. advertising available number based on purchases.

13. With the growing use of mobile smartphones by customers do you have a mobile ready website?

yes, we do.

14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated?

yes monthly, monthly

Monthly PM review with internal marketing dept.

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?

yearly yes

Curious why monthly laws on pay plans? Monthly personnel expenses and GP is reviewed

16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not?

wholesale 20-25%

True they have a good wholesale presence.

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?

unsuccessful — need relook

Definitely needs work putting a plan together for 2018

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.

yes — (I didn't realize it was this often).

In Tim's words yes because he wants to avoid Tire customers.

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, no it's us, 2 times 30 miles

Nashua is the only major player. Currently building a curbside pickup which is a concern.

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?)

All of us — yes

Assuming office verifies yearly the TAX I.D.'s (Trisha)

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.

Expenses are in line

Starting to review break even analysis to find more growth.

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?

office, o/manager + p/manager

Trisha handles receivables in the office. Shares them monthly. We operate on a net 30 basis.

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? yes weekly
Yes. We also have a report that comes out daily with what is Closed.

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?
C/P Prepaid – reviewed Monthly – Approved by P/Manager

not written but understood we are working to ensure all owners pay and increase service scheduling timely.

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? yes 100% Retail + Service Together
Not on wholesale but yes on Retail & service need to do further.

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? 6 mos. NO –
Need to review currently 6 months

27. Who are the parties that are involved in the SOP process start to finish?
Tech – S/A, P/C/P, Rec. P/C/P – Advisor + C/Appt. Coord.

28. Are special order forms completed in a legible manner so that the customer information can be read? yes – e/mail
Run on the computer & emailed

Need to have full compliance with coordinator to schedule customers.

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? Parts SOP Bins / Appt. co-ord / P/Manager
We have a location specified for SOP's in Parts.

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?
SEPARATED they are definitely separated.

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? Parts Manager / Office Man.
Need to review.

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) O/Man P/Man
Not at this time

33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?
P/Manager yes We are going to review together in January

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)
within 2% always within 2%

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)

within 2%.

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. LIFO NOT USED

We don't use LIFO

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)

Plmanager does all I've requested Tom to provide training

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? Plmanager G/m reviewed yearly

We hired a corporate sales trainer to aid with this about hiring manufacturer rep.

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? Part of yearly training

We have a new DMS that was installed three months ago. So we are currently 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? Yes 3-5 years ago

maybe a refresh course would be good

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? building dept. under construction

Working on new for continuation

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?

Very little, No, Plm to not overstock

44. Is the trend of those changes in question #42 a positive or negative trend?

POS. definitely positive

45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? 99% s/o

I need to verify this is accurate.

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? END of MONTH

monthly fixed ops. monthly review

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

What is it Report 0215

as of Jan 2nd. been effect

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) AT Inventory time during Perpetual Inventories

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? NOONE CAN Adjust inventory but the P.M.

51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? yes Renewed and came up with a decision

52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? everyone

53. Who reviews the Lost Sales? When are they reviewed? P/m daily Review with state weekly

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)? yes

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 hits in 12 months

56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? fair NOT Applicable

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)? yes, NO how are we calling for these?

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? VERBAL This needs to be reviewed and written down

59. Who files damage claims on parts shipments received? P/M who handles in our absence. need to train another team member

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? receiver/driver yes file A shortage/overage

61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? yes. Changing to daily

62. Who applies and loads the monthly price updates? P/M

consider having a second set of eyes Review for accuracy.

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)? tracked by P/M AND O/M

64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? $3000

65. Are all obsolete parts that are on the inventory physically in the store? yes

Need to review discrepancy policy & have it inventory

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? NO, Sep. source

67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? S/M, P/M and general manager.

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 need to review

69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? DOC RON daily

Also the DOC Runs daily

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? 100K

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? 7.1

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. NOT yet

no but it will be once construction is done

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?

Need to Review we discovered there are not a lot within dan.

74. Is your Parts Department locked up each night? Who has keys? yes CODED

Parts manager, Sm. & parts counter staff

75. Do your Counter-people have a cash drawer? Who balances the drawer? yes P/M

76. Is there a policy in place for overages for the cash drawer/balancing? NO

Need to review with accounting office

77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?

NO will after the renovation.

78. What one thing can your organization do to help you do your job better?

COMPUTERS ARE old, slow
We need better wi-fi (more)