

ALEX JANNICELLI #332: 78 QUESTIONS

ALEX'S ANSWERS IN BLUE, BRYON OUR PM WILL ANSWER IN BLACK

1. Our pricing levels were set up by our dealer group and haven't been changed.

We keep brakes belts hoses etc at Chrysler List to stay competitive, and markup factory specific parts, Brian will be reviewing source pricing levels twice a year with corporate twice a year spring and fall.

2. Our pricing policies are right in line with our competing dealers in our area for both wholesale and retail customers.

Verified statement is true when looking at Autonation, Larry Miller and Christopher Dodge pricing.

3. We are not the lowest price. We earn our customers business by providing the best possible service that we can.

4. Wholesale repair shops are priced at List -20% for infrequent customers and List - 25% for the active repair shops. Body shops are List - 30% with a few of our most active at List - 32%. Retail and Service customer pricing is set at List for maintenance items and have an inflated matrix for dealer captive parts. Employee pricing is set at Cost + 10%.

5. Parts advisors and the Express Lane advisors are empowered to make pricing changes when necessary. Service advisors do not. Changes are reviewed by the Parts Manger on the overrides report.

Bryon watches the CDK dashboard daily always inspecting if who and when someone offered a discount.

6. Only the Parts Manager can +/- inventory adjustments. Any pricing changes made by others will be shown on the overrides report.

7. All parts are costed at factory price to maintain an accurate inventory value.

This pricing practice never changes; cost + 10 from other dealers and any deductions are taken from discount account.

8. The cost of the part goes into acct 130 and the discount goes to acct 585E.

Actually learned what the difference in these two accounts are as a result of this exercise.

9. Yes, our dealer website, Mopar E-Store, Repair Link, and Collision Link.

Learned 2 daily avg transactions come from Mopar e-store

10. The sales generated from Repair Link and Collision Link easily cover their cost. Sales from the E-store usually do not cover its cost, but it is also used as a pricing tool for the sales, service, and parts departments.

2-3 Transactions daily come from Repair link AND Collision link and cover the price of admission

11. No, we do not currently have an outside sales person.

Bryon and I both agree we need to hire 1 outside salesperson to canvas numerous body and repair shops, Bryon wants this person to also spend some of the time to work the parts counter so Bryon doesn't have to anymore :)

12. Yes, we use Mopar One Funds. Year-to-date we have used \$2280 to help pay for accessory brochures, Mopar E-store, collision Link, etc... The amount of funds that we can qualify for is determined by several requirements for FCA; loyalty, Saturday hours, Express Lane, AHQ, and being Wholesale Certified. Adding an outside sales person will qualify us as being Wholesale Certified.

The funds are also used for pens, sticky pads and numerous inexpensive items used in the office all containing the Brandon Dodge logo. Also another reason we need one outside sales rep is to qualify for FCA's requirement of 20 customers serviced per week, which would increase funds rec'd.

13. Yes, our website is mobile ready.

Yup, works surprisingly well through my old busted up i-Phone.

14. Internet Parts coupons are checked and updated quarterly.

Bryon agreed with me in that he will change this from quarterly to monthly.

15. Our pay plans are heavily weighted towards commission. A review has not been done in quite a while. The current sales level does provide sufficient profit.

Our Corporate Parts Director set up pay plans for all 4 stores in the group, while they differ slightly from store to store Bryon is going to review these with corporate in April 2018

16. The Parts department does seek additional revenue through wholesale and online sales.

Need to add the one outside salesman.

17. Yes, the sales people go over our accessory menu with their customers and are spiffed 5% of the Mopar Accessories that they sell.

As a result of this question we are now allowing salespeople to receive the 5% spiff on dealer preloaded lifted trucks that will pay \$400-500 to the salesperson upon funding.

18. No, I do not review wholesale customers weekly. The majority of our customers are located within our delivery area. We ship UPS to the rest.

Upon review everything is in line, Bryon agreed he needs to start watching this on a quarterly basis.

19. Yes, Autonation is the "major player" in our area. We do our best to win over the customers with friendly knowledgeable customer service and hot-shot deliveries within a 5 mile radius.

This is an area that will see improvement upon parts beginning their phone skill training through "Applied Concepts" beginning March 1.

20. The parts advisors request a Tax-ID before adding new wholesale customers. The business office files and keeps them current.

Verified they are current.

21. Supplies, equipment, uniforms, advertising, and merchandising programs are under the manager's control.

22. The office manager determines credit approval for parts customers. Both the office manager and the parts manager look over the receivables list.

Add me to the "review panel" of the receivable list which will be done twice / mo.

23. The financial statement is given to the parts manager every month.

24. Special Ordered Parts: Retail orders are prepaid and are placed on the special order bin in alphabetical order. The part shows as received on the parts advisors special ordered parts list and the advisor calls to let the customer know it is ready to be picked up. Shop orders: If the vehicle is here in service, the part is billed on the RO, placed on the counter for the tech to pick up, and marked as filled in Auto Live so the tech and the service advisor know the part is here and ready to be installed. If the vehicle has left, the part is placed on the special order bin in alphabetical order by last name and the service advisor is notified by CDK on their special ordered parts list. The advisor calls the customer to set up an appointment to install the part. Parts are held for 30 days. Afterwards the parts are either returned to the manufacturer or placed into stock if it is a common selling item. Special order policy is approved by the parts manager.

We are adding tack boards to be displayed in Bryon's office detailing the SOR process so all parts employees are always aware of it.

25. No, 100% pre-payment is not required. Vehicle in-shop orders and stocking parts do not need to be prepaid.
26. Parts not picked up in 30 days are evaluated for return. All returned special order parts are charged a 15% fee.
27. The parts advisor, customer, technician, and service advisor can all be involved in the SOP process.
28. We do not use paper forms. All SOP's are tracked in CDK.
29. Special order parts are located on the special order bins in the parts department. The service advisor notifies the customer and the parts manager determines when to send them back if no longer needed.
30. Special order parts are located on the special order bin, not in the regular inventory.
31. The parts manager controls and approves the purchase orders. There isn't a set dollar amount the needs approval.
32. The parts advisors have direct purchasing authority from outside vendors. The parts manager must still approve payment.

Bryon says his parts advisors must be allowed to do this and I agree.

33. Upper management established internal pricing. Part purchases are ran through the parts department. Sublet purchases are ran through the service department.

Pricing set up by Owner and Corporate Parts Director.

34. The value of the parts inventory is usually higher than the financial statement.

This is accurate mostly due to appreciation and sometimes due to "freebies" accidentally sent by the factory.

35. The accounting inventory is not higher than the parts computer.

Learned while this is not the case it could also be the result of theft so long as were doing proper physical inventories.

36. No, appreciation that is not booked can cause the value of the parts inventory to be higher than the accounting inventory value.

This is not an unusual occurrence, just learned that as well.

37. LIFO is not used.

38. Yes, each counter person has inventory transactions assigned to them.

While Bryon's answer is correct Bryon is in the process of creating individual job tasks and requirements that will be signed off by Bryon, the parts employee and our GM.

39. Part employees complete the quarterly training required by FCA and the safety training required by KPA. It is a requirement for employment, there is not a separate training pay plan.

Bryon and I will be in charge of administering and measuring the successes from the phone training classes required for employment - through a company called Applied Concepts.

40. Training is tracked and monitored online. It has been several years since a DMS or parts catalog refresher course has been taken.

To put this mildly, Bryon understands that a refresher course will be completed asap and yearly.

41. No, the parts manager has not taken a financial management class. It has been a couple of years since the last formal parts management training.

My sponsor agreed to send our new Service Director to week 3 and will be sending Bryon to an advanced parts class in 2019.

42. Computer equipment does meet our daily needs and is in the right locations. We have the correct hardware for our business level.

43. Less than 5% of the replenishment order is manually adjusted. The parts manager makes the changes to usually bump up stock for items that have seen an immediate increase in sales.

44. A positive trend to avoid being out of stock.

45. Stock orders are 60%. Outside purchases are 16%.

46. The management report is printed and stored both online and a paper copy in the parts department.

47. The DMS summary is reviewed each month. The critical measurement report in Dealer Connect is also used to track inventory trends.

Bryon said he is going to start reviewing this twice a month. I will be performing my own DMS scorecard monthly just for my own knowledge and

understanding. While I am currently the GSM I want to continue keeping this knowledge on the forefront.

I am unable to view the dirty cores on the management report. CDK recommended to me NEVER to turn the dirty core feature on because it will "mess everything up" Verbatim.

48. Parts inventory is adjusted several times a week for both fixing pricing errors and/or quantities.

49. Yes, parts employees routinely check bin counts as they pull the parts they sell. Resulting in the fifty most active parts are being checked often.

Verified myself accurate statement on three separate occasions.

50. Only the parts manager can make inventory adjustments.

Bryon always inspects if and when an extra negative is found.

51. Yes, the lost sale quiz has been given to the parts manager and all parts advisors.

52. Parts advisors and the manager all post lost sales. They are tracked by our DMS.

53. The Parts Manager randomly reviews lost sales.

Bryon will be reviewing lost sales each month to further my training.

54. All emergency ordered parts are posted in by the Parts Manager. ARO controls phase in, but the Parts Manager will make adjustments if needed.

55. ARO controls phase in. Each type of part has different phase in criteria.

Depends on part type

56. We are 99.2% compliant with ARO.

57. All parts sold by the parts department are placed into parts inventory. Shop supplies are kept in the service tool room.

58. The procedures for shipping and receiving are verbal. The Parts Manager is responsible for reviewing and updating the policies and procedures.

Same parts employee has been in charge of shipping for 10 years, Bryon agrees he is going to put it in writing and have himself, the employee and GM sign off.

59. The Parts Manager files the MRA damage/shortage claims.

60. One counter person comes in early to check in the order. The Parts Manager reconciles what was received to what should have been delivered. The Parts Manager files the shortage claim if needed.

61. Yes, we go through the complete inventory at least once before the physical inventory. We constantly check quantities as we are selling items off of the shelf.

True and verified 3x already.

62. The price updates are done automatically during the Month End reports.

CDK.

63. The appreciation is calculated into the books at physical inventory, bin count irregularities are tracked by the Parts Manager, and the price difference for emergency purchases is accounted for at the time of purchase.

Bryon keeps a very clean excel spreadsheet for bin count irregularities as well.

64. We had a positive increase at our last physical inventory in November, 2017.

Result of Chrysler sending more parts than we paid for. Bryon refers to these as "freebies"

65. All obsolete inventory has been written down to a penny and is still kept at the store.

The parts are kept in inventory so they still show in Chrysler Dealer 2 Dealer platform.

66. Obsolete inventory is tracked in a separate penny source.

67. Repair orders are not reported until the month they have been completed and closed.

Aric our service director verifies completion of the ro's.

68. No, the Service Manager keeps track of the open RO's and closes them as soon as possible.

69. The daily DOC is available at any time in CDK.

70. We currently have 2.41 Months of Supply.

Nov 2017, yes

71. The Turns of inventory is 5.61.

Nov 2017, yes

72. Yes, our inventory area is large enough for our current level of business.
73. The policy and procedures manuals are located in the Parts Manager's office.
74. Yes, the parts department is locked up each night. The parts manager and advisors have keys.
75. No, the cashier handles the cash drawer.
76. Yes, the cashier handles balancing the cash drawer.
77. Yes, there is a security camera in the parts department. Only management has access to viewing the video.
78. Adding one more employee that will be an outside salesperson and a backup counterperson will help in many ways. Having an outside rep will qualify us as being wholesale certified and allow us to earn one more percent of dealer rewards. Using them as a backup counterperson will allow me to stay focused on manager duties and off of the parts counter.