

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 exactly two (2) weeks after your classroom session ends. It is due the Monday before your Service Class starts. You will be required to post the one topic that you came away with from the parts class that you have already activated or plan to act upon with the parts department. Once your peers start posting theirs you will be required to respond to at least three with points of clarification and reinforcement. This has a point value of (300 points).**

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? *Has been about a year.*
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. *We are not priced as low as the wholesale stores for outside independents. With regard to in house sales to customers, depending on the product line (omnicraft, Motorcraft) we are priced to market.*
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. *This is something we can do. Our profit margin has been in line with or below the last 20 group we participated in.*
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 do have pricing policies for all the above. We must recognize some city, state and other government entities with an eye on bids we have won because of pricing policies.*
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? *Not as strong as it could be, the counter people are cognasint of holding gross... does effect their paychecks.*
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)) *that action is handled almost exclusively my the parts manager*
 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.*
 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? *The discount is processed into "Discounts Earned" on the monthly Statement.*
 9. Do you have an internet presence for your parts department? *We are currently reviewing the opportunity. We do have the websites that are set up for the store as a whole*
 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? *We really don't have a specific program*
 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 do not employ anyone at this time.*
 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 do have some money available, I can not say with confidence the use of funds.*
 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? *I get around our website every few weeks..I feel I could do more to be proactive with coupons and specials*
 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? *Our level of profit is on par with expectations. A review is in order just the same.*

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? *We do have a few independent shops that do business with us on a fairly regular basis. Our focus does remain our body shop and service department.*
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? *This is an area that could always use some improvement. Though we do a good job of supporting the sales department when the opportunity is there.*
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 are not a wholesale store, we do hold profit enough to justify the area we deliver to.*
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? *We have controlled our area with regard to our independent service customers, where OEM Ford parts are required or requested. The Sheet Metal business is saturated by dealers out of the Albuquerque market.*
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?) *We require Tax ID.*
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. *This is something we are always trying to improve on, though the expense in parts is well within guide lines.*
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? *The credit approval is through the office with oversight by dealer. This store conducts a weekly receivables meeting and is managed aggressively.*
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? *Yes, and as needed.*

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 of control from order, through installation and in the event SORs are not used, a program for return to Ford.***
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? ***Yes and yes. If a customer is established, we do make exceptions.***
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? ***We do everything we can to stay inside the 60 Day return window allowed by Ford. Our current policy for return charge is under review.***
27. Who are the parties that are involved in the SOP process start to finish? ***Everyone in the parts department plays a roll in the process.***
28. Are special order forms completed in a legible manner so that the customer information can be read? ***Yes, we use a copy of the computer generated information that is attached to every SOP.***
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? ***The north east corner of the department. We generate a excel spread sheet that is worked by an employee in service responsible for contacting customers. The parts department watches the age of SPOs to insure they are used or returned timely.***
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? ***They are controlled through the dealers operating system in a separate inventory process.***
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 office monitors purchases simply through accounts payable. The parts Manager sees all local purchases and is responsible to manage inventory levels.***
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) ***Yes, The quicklanes and the sales department managers have purchase capabilities.***

33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? ***No, the sales department can process and sell some items at their discretion,***
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) ***We will be performing a monthly reconciliation going forward,***
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) ***This will be a new regular process***
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) ***Yes, The levels should be within one to three percent plus or minus at all times***
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. ***This store does not use LIFO as a reserve at this time.***
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) ***This is something we are working on.***
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? ***This is an area I believe we should put more energy in, We have a strong crew, but on going training should be included as a process in parts.***
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? ***We do have employees that are proactive with regards to training online. Again it is still an area that could use improvement.***
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? ***The Parts manager has completed all the Stars required testing and is master certified. Will attend any class the dealer feels will improve the performance of himself, the department and the store.***
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 currently work with a outside company that works with us to manage our system which for the most part, works well with our daily needs.*
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? *All daily replenishment orders are handled by the parts manager. Adjustments are always less than 10%. The majority of changes are based from a conservative stocking attitude, often times controlling depth to allow breath.*
44. Is the trend of those changes in question #42 a positive or negative trend? *I will answer this question assuming #43 is the actual one you meant. I feel it is in a positive trend*
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? *90% plus of demand is purchased through Ford and its vendors (USD)*
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? *Not often printed. So seldomly stored. Yes, reports are reviewed daily.*
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? *We will be using just about every tool learned about in class.*
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) *Daily and as needed. Our team will bring incorrect counts for adjustment to management. Also all stock orders are processed by bin check prior to ordering.*
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) *Again, as a matter of processing stock orders, the fastest moving items (oil filters, fluids, battery's ect) are checked daily prior to reorder or replenishment.*
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*
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? *Yes, also held a meeting to help everyone understand what lost sales are. It is an area of needed improvement.*

52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? ***Yes, everyone selling parts has that ability.***
53. Who reviews the Lost Sales? When are they reviewed? ***Lost sales are reviewed as part of the daily stock order process. Based from phase in and phase out criteria.***
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, see answer to 53.***
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? ***Inventory system is set at a level based on as little as two hits in nine months. Parts phase in is a daily process.***
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? ***I really do not have an answer to this question***
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)? ***No and No***
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? ***There is a written and verbal direction as needed. The parts manager insures the process is consistent and up to date, with priority to SOPs***
59. Who files damage claims on parts shipments received? ***The damage claims are handled by our inventory control person and will soon be handled by our shipping and receiving employee.***
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 shipping and receiving department and the stock orders and SOP orders are always cross checked. Claims are made as needed with regard to discrepancies.***
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? ***Yes, we do a complete physical check in the weeks prior to a physical inventory. All parts are faced and checked to correct location.***
62. Who applies and loads the monthly price updates? ***The office***

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)? *Bin counts and irregularities are always investigated, if a pattern should arise, a greater level of investigation will take place. If needed a inventory adjustment at physical inventory will be made.*
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? *We are finalizing our current physical inventory. An adjustment of under \$4,000 is anticipated,*
65. Are all obsolete parts that are on the inventory physically in the store? *Yes*
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? *Not currently. Certainly, a possibility to apply some or all the ideas listed.*
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? *The service 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, it is done as part of our weekly review of accounts receivables.*
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? *YES*
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? *About four months which is to high. I would like to be about 60 days.*
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? *2.83, which is low. I would like to see 4.5 or better.*
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. *The Area for parts Inventory is very adequate*
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? *The Parts manager*

- has a policy and procedure book in his computer for quick reference. It is reviewed as needed.*
74. Is your Parts Department locked up each night? Who has keys? *It is locked up, Parts manager, lead counter people and inventory control.*
75. Do your Counter-people have a cash drawer? Who balances the drawer? *One cash drawer that is balanced each evening by the closing counter man.*
76. Is there a policy in place for overages for the cash drawer/balancing? *It is turned into office after a day if of any great amount.*
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? *Yes, upper management has access to backups and tapes*
78. What one thing can your organization do to help you do your job better? *I need only ask, if there is any issues, I can seek out Zach and quickly resolve.*