

Bar-Coding:

1. Research and explain why you have (or have not) a bar-coding system. Whether you have one or not, provide your opinion below on how it would help the department. **You are required to contact your DMS provider to obtain costs for this program. Then research a local provider for comparison pricing. I can supply you with a local to the NADA provider if requested. (10 points)**

**Try it before claimed it took too long.
There's no additional charged by Adam our DMS.**

Parts Managers Job Description:

1. Provide a job description for your parts manager. Ask your manager for their version. Compare and formalize. To get full credit I want to see their version and your version posted here. **(10 points)**

To keep track of inventory and sales. Track lost sales and produce income for the department. Manage personal and handle advertisement.

Parts Managers perspective on Lost Sales

1. Describe in detail your parts managers' perspective on tracking Lost Sales. What is their understanding of how "phase-in" is affected by tracking lost sales demand? **(10 points)**

**First thing no one keeps track of lost sales.
They use rim from Chevrolet to handle inventory.**

Verification Form Regarding the Departmental Action Plan

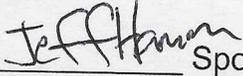
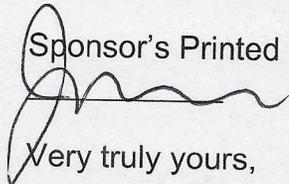
Fixed Operations 1 Week Post- Class Homework Assignment

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

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 Jeff Homan Sponsor's Signature 
Date 8-15-17

Very truly yours,

Chris Bavis
Academy Instructor
301401 3301 cell
cbavis@nada.org

Mark Michalski
Academy Instructor
443-801-7768 cell
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Copy and paste this to a word document. Print that document. Have it signed by your dealer-sponsor so that they are in sync with what your action plan intent is and scan it to a PDF file and place with the Excel and word documents before placing into the drop box.

Please use the Parts Department Action Plan Excel template supplied to you in the Excel template file for this assignment.

The action plan assignment is worth 100 points out of a total of 200 points for this post class assignment. Please take it seriously and be as focused and thorough as you can.

Please assign accountability requirements at each stage of the plan. Look at the (F) and (AAA) rated examples. Start early!

Parts Manager Questions

Have your parts manager answer the **78** questions found in this zip file. Confer and provide suggestive actions. **(10 points)** Provide your answers in a different color font. Without the different font color there will be no credit.

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair?
ONCE A YEAR
2. Determine the written pricing policies at the parts department and see how competitive your Dealership is within your area.
UNDER \$50 WE DOUBLE, OVER WE MARK IT UP 1.67%, NEVER COMPARE
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.
VERY 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.

NO, MORE OPTIONS, 35% WHOLESALE, 15% EMPLOYEES

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? **NOTHING**

6. What procedure is 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))
GM CONTROLS THAT
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?
THERE NOT
9. Make certain the selling mark-up to the other dealers of parts and parts you are purchasing from other dealers are not costing you profits. Do you use daily sales programs to encourage parts counter staff to sell more parts and seek additional business opportunities?
NO
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?
NOTHING
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, MAYBE PARTIME
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? **NO/ WORKING ON THAT NOW**

13. Do you use forecasting? If so what have the past two years of parts department forecasts been, and how do they compare to the performance on the financial statement for the past two years? **NO**

14. Are daily, weekly, monthly, and yearly forecasts versus actual sales comparisons made? Who makes them? If not made by the PM, who reviews them with the parts manager? What goals are set to improve the sales, expenses, etc., and how often are they discussed? **NO**

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? **ONCE A YEAR**

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **NO**
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**
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. **MONTHLY**
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, GARAGE, YES, YES, NONE**
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?) **PARTS MANAGER**
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 DO, PAY OFF GROSS PROFIT**
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?
PARTS MANAGER
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?
NO
24. What are the special parts ordering policies for SOPs? Where is it written and posted? When was it reviewed and what level of management approved it?
PAY BEFORE ORDERING, ON A WALL BOARD, EVERY MORNING
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **NO, YES**
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? **30 DAYS, 30 % TO CUSTOMERS**
27. Who are the parties that are involved in the SOP process start to finish?

PARTS COUNTER

28. Are special order forms completed in a legible manner so that the customer information can be read? **YES**
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? **BINS BY LAST NAME, SERVICE WRITERS, PARTS MANAGER**
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?
YES BY LAST NAME
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 COUNTER, \$500 AT MOST, PARTS MANAGER**
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, NO ONE**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?
MANAGER, YES
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)
SAME
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **ITS NOT**
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) **ITS NOT**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.
NO
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)
NO

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? **PARTS MANAGER**
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? **NO THERE NOT**
41. Has your Parts Manager ever taken a departmental Financial Management class like the NADA Academy? When was the last time they attended any formal Parts Management training? **NO, ONLINE**
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? **MORE**
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?
NO, MANAGER, DAILY
44. Is the trend of those changes in question #42 a positive or negative trend?
YES, RO SYSTEM
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **75%**
46. Where are the computer-generated management reports printed and stored are they used on a daily? (CDK MGR Report or R&R 2213, etc.) How are the management reports utilized? **GM RIM**
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? **NO**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (4 Moments in Time Exercise)
6 MONTHS
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (4 Moments in Time Exercise)
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

51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people?
Others in the dealership?
YES
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?
NO, MANAGER
53. Who reviews the Lost Sales? When are they reviewed?
NO ONE
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, NO
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? **3 TIMES**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIM, ARO, Parts EYE, etc? **98%**
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**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?
NO, MANAGER
59. Who files damage claims on parts shipments received?
PARTS COUNTERMAN
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?
PARTS EMPLOYEES
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?
YES
62. Who applies and loads the monthly price updates?
MANAGER
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)? **MONTHLY**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **30,000**
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?
AFTER 9 MONTHS SEND BACK
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **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**
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? **YES**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **125%**
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**
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?
MANAGER, IN THE MANAGERS OFFICE
74. Is your Parts Department locked up each night? Who has keys?
YES, PARTS EMPLOYEES
75. Do your Counter-people have a cash drawer? Who balances the drawer?
NO, CASHIER
76. Is there a policy in place for overages for the cash drawer/balancing?
YES
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **NO**
78. Have you discussed, reviewed and implemented the Student's MNOP process?
YES