Special Order Parts - Mastering the Monster

With

Richard Owen
President and Senior Partner, DSI Consulting

Moderated by

Michael Bowers
Editorial Director, DealersEdge

Presented by DealersEdge
Richard Owen,

author of several Parts and Service Management training programs is President and Senior Partner of DSI Consulting, a leader in providing business solutions to Parts Operations Inventory Asset Management and Service Process Improvement.

Richard brings to DSI a wide range of experience with U.S. and international automotive and heavy truck industry organizations. He is recognized by industry leaders for his expertise in parts and service training, in dealership consulting, inventory verification and reconciliation, asset management, and profit improvement by providing customized solutions combined with real-world practices. Richard has been featured in industry publications and has worked extensively with the major automated automotive management systems used in the vehicle industry today. Richard’s 25+ years of hands-on experience in these areas has provided him with a high level of expertise to develop and recommend programs, which identify and correct operational deficiencies in dealership parts and service operations and for conducting all fixed operations training and consulting assignments.
CUSTOM TRAINING AND CONSULTING SOLUTIONS FOR DEALERSHIP PARTS AND SERVICE OPERATIONS
Special Order Parts - Mastering the Monster

Presented By

Richard Owen

3600 Dallas Hwy., Suite 230, # 384
Marietta, GA 30064
Phone 678-608-0856  Fax 678-354-1471
DSIConsulting@aol.com

EXPERIENCE THE DSI DIFFERENCE
Turning Unused Special Orders Into Sales & Profits

WHERE DO WE START

?? ?? ?? ?? ??
<table>
<thead>
<tr>
<th>Sales</th>
<th>Gross Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Waiting/Ordering</td>
</tr>
<tr>
<td>3.4</td>
<td>SOR’s Reduce</td>
</tr>
<tr>
<td>34</td>
<td>Equals 1 FRH</td>
</tr>
<tr>
<td>8</td>
<td>Total Minutes Per Day</td>
</tr>
<tr>
<td>272</td>
<td>Total Number Techs</td>
</tr>
<tr>
<td>4.53</td>
<td>Total Minutes</td>
</tr>
<tr>
<td>100</td>
<td>Total Hours</td>
</tr>
<tr>
<td>100%</td>
<td>Work Days/Month</td>
</tr>
<tr>
<td>100</td>
<td>Hours Per Month</td>
</tr>
<tr>
<td>100%</td>
<td>One to One</td>
</tr>
<tr>
<td>100</td>
<td>Proficiency</td>
</tr>
<tr>
<td>$ 90.00</td>
<td>Minutes per RO</td>
</tr>
<tr>
<td>$ 90.00</td>
<td>RO/Day/Tech</td>
</tr>
<tr>
<td>$ 90.00</td>
<td>Total Minutes Per Day</td>
</tr>
<tr>
<td>$ 37.00</td>
<td>Total Number Techs</td>
</tr>
<tr>
<td>$ 180.00</td>
<td>Total Minutes</td>
</tr>
<tr>
<td>$ 100.00</td>
<td>Total Hours</td>
</tr>
<tr>
<td>$ 18,000</td>
<td>Work Days/Month</td>
</tr>
<tr>
<td>$ 216,000</td>
<td>Hours Per Month</td>
</tr>
<tr>
<td>$ 10,000</td>
<td>One to One</td>
</tr>
<tr>
<td>$ 120,000</td>
<td>Proficiency</td>
</tr>
<tr>
<td>$ 180.00</td>
<td>Minutes per RO</td>
</tr>
<tr>
<td>$ 100.00</td>
<td>RO/Day/Tech</td>
</tr>
<tr>
<td>$ 216,000</td>
<td>Total Minutes Per Day</td>
</tr>
<tr>
<td>$ 120,000</td>
<td>Total Number Techs</td>
</tr>
<tr>
<td>$ 216,000</td>
<td>Total Minutes</td>
</tr>
<tr>
<td>$ 120,000</td>
<td>Total Hours</td>
</tr>
<tr>
<td>$ 180.00</td>
<td>Work Days/Month</td>
</tr>
<tr>
<td>$ 18,000</td>
<td>Hours Per Month</td>
</tr>
<tr>
<td>$ 216,000</td>
<td>One to One</td>
</tr>
<tr>
<td>$ 120,000</td>
<td>Proficiency</td>
</tr>
</tbody>
</table>
THE GOAL

“Fix It Right The First Time, On Time, Every Time!”

Do you know how many must make a second trip?

AND WHY??
Parts and Service Headlines

Problem: Neither can be as efficient as they are capable of being without working closely, cooperatively and coordinately with each other.

Goal: To improve fixed operation efficiency, profitability and CSI.

Solution: Build a successful business partnership between these interdependent operations which will take them, and the Dealership, to a new and higher level of success.

How: See the financial opportunity for parts and service to provide the motivation to succeed.
Team Effort *is an umbrella that covers many things*: 

- Cooperatively
- Closely
- Cooperatively
- Common Goal
Common Service and Parts Goal

To meet a customer’s most fundamental expectation when they bring their vehicle for service.

To take care of their vehicle needs:
- Now
- While they are at there
- That’s why they brought it in
What Happens

When you do not have the parts?
It Becomes a

“BLACK HOLE OF EXPENSE”
Truism

You cannot fix a vehicle right the first time if you do not have the parts!
DID IT COME OFF THE SHELF?
Solution

1. Have the highest Off-The-Shelf Availability possible

**WHILE**

2. Controlling the build-up of obsolescence
How The Magic Works

- Computer Setups
- Capture Total Demand
- Database Accuracy
- Effective Special Order Control
Two Important Factors

If you understand:

- The dynamics of a parts inventory, and
- How your DMS works

Then

You can utilize the system to manipulate the inventory to the highest availability
Improving Availability Reduces Special Orders and it Starts With

- Rate of Change
- Aggressive Phase-in
- What Basis?
- Basis of Probability
When Stocked At The

1st Demand

- 35% Becomes Profitable
- 65% Becomes Frozen Capital

(Likely Special Orders)
When Stocked At The

2nd Demand

- 60% Becomes Profitable
- 40% Becomes Frozen Capital
When Stocked At The

3rd Demand

Becomes Profitable

Becomes Frozen Capital

95%

5%
Non-Stock Guides

NS #’s without OH should be > 50%

Dollar Value of OH should be < 5%

(These Are Mostly Special Order Parts)
Only Way to Speed Process

Capture Total Demand

All Sales + Lost Sales
What is a Lost Sale?
What is a “lost sale”?  

Any request for or inquiry about a part that:

- We did not have in stock.  
  *And*

- The customer refused to special order.  
  *Or*

- If part was special ordered and never picked up, log a lost sale when returned to stock or vendor.
What is not a “lost sale”? 

- A part that was special ordered and taken by the customer

- A part that was in stock at the time of the request, but the customer refused because of the price, BUT...

YOU CANNOT HURT THE SYSTEM BY POSTING TOO MANY

YOU ONLY HURT IT BY POSTING TOO FEW
The Lost Sale Rule!

You either:

- Sell the part
- Order the part
- Post a Lost Sale!

In Stock
or
You Wait
LOST SALES

Occur on a part when demand is not filled in any manner
Only Function of a Lost Sale

To allow us to recognize more quickly a part we should be stocking
AGAIN ON LOST SALES

☐ You can **not** hurt the inventory by posting too many

☐ You can only hurt the inventory by not posting enough

VERY IMPORTANT

KEY POINT
Standards for Lost Sales

- Minimum guide for Lost Sales: 2 - 6 per counter person per day
- Counter person should not evaluate
- Post ALL to provide PM with data

We Are Out Of Stock On That,
May I Order You One?
“GIGO”

“GARBAGE IN, GARBAGE OUT”
Database Accuracy

On-hand counts go bad at the rate of 3% per month

Goal:

100% Count Accuracy

100% Bin Location Accuracy
What’s Needed

- Perpetual inventory process
- Count the entire inventory 3 times/yr.
- Requires approx. 15 part numbers per person per day (10 to 15 min)
Obsolescence

Where does Obsolescence come from?
Controlling Obsolescence

#1 Cause of Obsolescence

Build-up of Special Orders!!

Now, they are real monsters!
# Special Order Lost Profit Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Non-Stock Special Order Parts on Hand</td>
<td>75,000 (1)</td>
</tr>
<tr>
<td>Annual Returns for Special Orders</td>
<td>8,000 (2)</td>
</tr>
<tr>
<td>(Annualized - 8,000 average month)</td>
<td>88,000 (2)</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>163,000 (3)</td>
</tr>
<tr>
<td>Less Amount that should be Sold/Installed</td>
<td>8,000 (4)</td>
</tr>
<tr>
<td>(5% NS Guide)</td>
<td></td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>155,000 (5)</td>
</tr>
<tr>
<td>Less Amount for Errors, Wholesale Returns, etc.</td>
<td>72,500 (6)</td>
</tr>
<tr>
<td>50% Unsold, Uninstalled</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>72,500 (7)</td>
</tr>
</tbody>
</table>
Special Order Lost Profit Analysis

If these parts were sold @ 40% GP in Parts, it would equal additional parts sales of $120,500 (8) Parts Sales ( #7 answer divided by .60)

Less Cost of Sale (SAME AS #7) - $72,500 (9) Cost of Sales

Equals additional Parts Gross Profit dollars $48,000 (10) Parts Gross

Additional Labor Sales from these parts
At $0.90 : $1.00 Ratio of Parts : Labor
( #8 divided by .90 X 100) $134,000 (11) Labor Sales

Additional Labor Gross (# 11 X 70% GP) $94,000 (12) Labor Gross

Combined Parts & Service Additional Gross (add line #’s 11 and 13) $142,000 (13) Additional GP

Less 5% Commission on additional gross (# 13 X 95%) $135,000 (14) Additional Net Profits

DSI Copyrighted Material
# Special Order Lost Profit Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Dealership Sales required to achieve this Net Profit</td>
<td>$4,500,000</td>
<td>(15)</td>
</tr>
<tr>
<td>if overall net to total sales is 3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(#14 divided by .03)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Potential Customers Affected if average Parts and Labor Sales is $300 per Repair Order</td>
<td>846</td>
<td>(16)</td>
</tr>
<tr>
<td>(#8 + #11 divided by $300)</td>
<td></td>
<td># of Customers</td>
</tr>
<tr>
<td>Additional Vehicle Sales Needed at $25,000 per to achieve sales in # 15</td>
<td>180</td>
<td>(17)</td>
</tr>
<tr>
<td>(#15 divided by $25,000)</td>
<td></td>
<td># of Vehicles</td>
</tr>
</tbody>
</table>

DSI Copyrighted Material
Control Special Order Parts

Two Fronts:

1. Service Drive Process

2. Identify/Control the sources of Special Order Parts Build-up
Control Special Order Parts

The Key:

Pre Scheduled Appointments For Installation
Control Special Order Parts

See Recommended Special Order Parts and Service Process Handout

Make it Policy
And you control the monster
How It Works AGAIN

☐ Computer Setups
☐ Capture Total Demand
☐ Database Accuracy
☐ Effective Special Order Control
Primary Goals

☐ Maximize Sales

☐ Maximize Profits

☐ Maximize Owner Retention
The New Reality

There is a direct connection with Technician Productivity, Efficiency and Profitability

To Parts Availability

Needed: System of control that delivers the highest rate of off-the-shelf availability on demand!
WHILE...

- Controlling the buildup of obsolescence
- Controlling inventory security, both physically and documented
- Controlling any write down of inventory investment
- Maximizing the Return on Parts Inventory Investment
The Advantage

- High off the shelf availability of parts

- Enables more Same Day Repairs

- Resulting in high Customer Satisfaction
- And more productive technicians
- And increased profits $$$$
Separate Parts and Service Operations

Or a

FIXED OPERATIONS DEPARTMENT
"DSI’s overall improvement goal:

Assist Dealerships:

- More of a total ‘relationship center’
- Tuned to customers needs, wants and expectations
- To be viewed as one business working together
- For the good of your customers
It’s not how well we process customers through our services,

It’s how well we service our customers through our processes

Work together to control the special order parts and service monsters
THANK YOU

FIXED OPERATIONS TRAINING AND CONSULTING SOLUTIONS

3600 Dallas Highway, Suite 230, #384
Marietta, GA 30064
Phone 678-608-0856  Fax 678-354-1471
www.ConsultDSI.com
CUSTOM TRAINING AND CONSULTING SOLUTIONS FOR DEALERSHIP PARTS AND SERVICE OPERATIONS
**Special Order Parts Process**

This Special Order Process has been developed to achieve the following goals:

- Maximize service profits through the installation of Special Order Parts.
- Maximize CSI.
- Maximize parts profits through the installation of Special Order Parts.
- Minimize parts obsolescence by installing parts that have been special ordered.
- Minimize freight costs by increasing management awareness of order type.

The Service Advisor MUST set an appointment date for the installation of the Special Order Part prior to the parts being ordered. The appointment date will be written on the special order form. Parts personnel will order the parts in the most advantageous method possible in order to satisfy the appointment date. In most cases the appointment date should be made 10 days in the future in an effort to maximize Stock Order utilization. Service personnel need to become familiar with ordering cut-off dates and times in order to maximize efficiency. The Service Manager MUST approve ALL Special Orders that do NOT have a pre-set appointment date.

Any part being ordered “overnight” must have the approval of the Service Manager. In many cases rental car costs are associated with these repairs. The Service Manager must have the opportunity to minimize rental and freight costs in these circumstances.

**Customer Notification Process:**

1. The advisor will pre-set the appointment date with the customer for the installation of all Special Order Parts. The appointment date will be written on the special order form. Advisors will be given a copy to be filed by date (day) in a “31 day” expandable folder, or in their DMS System if it has a notification function.

2. Parts personnel will give the Service Advisor another copy of the special order form when the part arrives at the dealership. This copy is to be stapled to the original and again filed back in the “31 day” expandable folder.

3. Service Advisors or your BDC will call customers two days prior to appointment date to remind customer of appointment. This means that Service Advisors should be calling their customers daily.

4. If the pre-set appointment date has been missed, the Service Advisor will call to re-schedule. All communication attempts must be documented. Parts personnel must be informed of the re-scheduled appointment date at this time. An “Urgent Notification” letter should be sent to the customer after the first appointment has been missed. The Parts Manager must maintain a log of customers that “Urgent Notification” letters have been sent to.

5. Special Order Parts must be aged weekly (every Monday) and this list of missed appointments, Special Order Parts, will be given to the Service Manager for immediate follow-up.

6. The Dealer or General Manager, Parts Manager and Service Manager should review all Special Order Parts on hand more than 7 days in a weekly meeting.

7. All aged/un-installed Special Order Parts will be returned back to the manufacturer within the timeframe allowed under the manufacturer's return program guidelines.

**This Process Will Help to Maximize the Sales and Installation Rate of All Special Order Parts. Additionally, It Will Assist in Minimizing the Purging of These Parts into Inventory, Thus Reducing the Future Build-Up of Obsolescence.**
Special Order Lost Profit Analysis

All Non-Stock Special Order Parts on Hand $________________(1)

Annual Returns for Special Orders (Annualized - $____________ average month) Plus $________________(2)

Sub Total $________________(3)

Less Amount that should be Sold/Installed (5% NS Guide) Minus $________________(4)

Sub Total $________________(5)

Less Amount for Errors, Wholesale Returns, etc. __________% Unsold, Uninstalled Minus $________________(6)

Total $________________(7)

If these parts were sold @ 40% GP in Parts, it would equal additional parts sales of $______________(8) Parts Sales ( #7 answer divided by .60)

Less Cost of Sale (SAME AS #7) $______________(9) Cost of Sales

Equals additional Parts Gross Profit dollars $______________(10) Parts Gross

Additional Labor Sales from these parts At $___________ : $1.00 (Ratio of Parts : Labor) $______________(11) Labor Sales

Additional Labor Gross (# 11 X 70% GP) $______________(12) Labor Gross

Combined Parts & Service Additional Gross (add line #’s 11 and 13) $______________(13) Additional GP

Less 5% Commission on additional gross (# 13 X 95%) $______________(14) Additional Net Profits

OR

Continue to handle the amount of annual Obsolescence shown in Line #7

Total Dealership Sales required to achieve this Net Profit if overall net to total sales is 2% (#14 divided by .02) $______________(15) Total Required Dealership Sales

Number of Potential Customers Affected if average Parts and Labor Sales is $250 per Repair Order (#15 divided by $250) _____________(16) # of Customers

Additional Vehicle Sales Needed at $25,000 per to achieve the sales in Line # 15 (#15 divided by $25,000) _____________(17) # of Vehicles
Six Killer Reports
For Improved Parts Inventory Performance

With
Chuck Hartlé
President, PartsEdge
Editor, DealersEdge Parts Manager

Moderated by
Michael Bowers
Editorial Director, DealersEdge

Presented by DealersEdge
## Table of Contents

<table>
<thead>
<tr>
<th>PAGE</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAGE 2</td>
<td>MNS (Months No Sale) / MNR (Months No Receipt) Comparison</td>
</tr>
<tr>
<td>PAGE 3</td>
<td>Stocking Status Code Report</td>
</tr>
<tr>
<td>PAGE 4</td>
<td>Special Order By Descending Days from Part Number File Report</td>
</tr>
<tr>
<td>PAGE 5</td>
<td>Forced Stock Inventory Report</td>
</tr>
<tr>
<td>PAGE 6</td>
<td>Inventory By Source Summary Report</td>
</tr>
<tr>
<td>PAGE 7</td>
<td>Inventory Stock-out Report (Comparison to Total Part Number Population)</td>
</tr>
<tr>
<td>PAGE 8</td>
<td>Technical Obsolescence Average to Earned Return Allowance Average</td>
</tr>
<tr>
<td>PAGE 9</td>
<td>ERA MNS 6910 Statement; ERA MNR 6910 Statement</td>
</tr>
<tr>
<td>PAGE 10</td>
<td>ADP MNS English Statement, ADP MNR English Statement; ERA 6910 Inventory By Stocking Status Code Report</td>
</tr>
<tr>
<td>PAGE 11</td>
<td>ADP English Statement By Stocking Status Report; ERA 6910 Report of Special Orders from PROD.MASTER; ADP English Statement of Special Orders from PART-NO. file.</td>
</tr>
<tr>
<td>PAGE 12</td>
<td>ERA 6910 Detail and Summary Reports of Forced Stock Inventory</td>
</tr>
<tr>
<td>PAGE 13</td>
<td>ADP English Statements for Detail and Summary of Forced Stock Inventory; ERA 6910 Report of Inventory by Source</td>
</tr>
<tr>
<td>PAGE 14</td>
<td>ERA 6910 Report of Stock-outs by Source; ADP English Statements for Inventory by Source and Stock-outs by Source</td>
</tr>
</tbody>
</table>
Months No Sale Versus Months No Receipt Comparison

- Months No Sale Reporting
  1. The last time you sold a part.
  2. Has been the traditional method by which our inventories have been measured for years.
  3. MNS report can look good while “hiding” critical depth problems.
  4. The MNS field can be manipulated to “hide” real idle inventory problems.
  5. Measuring your inventory by this report alone could be a recipe for disaster.

- Months No Receipt Reporting
  1. The last time you purchased and paid for a part.
  2. Theoretically, every part should have a receipt date stamp.
  3. The MNR report will expose excess inventory in summary.
  4. The MNR field cannot easily be manipulated without leaving a date stamp.
  5. Measuring your inventory by this report alone is better the MNS report alone but still a comparison between the two monthly is ideal.

MNS / MNR Comparison

<table>
<thead>
<tr>
<th>Inventory By MNS/MNR</th>
<th>MNS Curr Mo</th>
<th>MNR Curr Mo</th>
<th>Difference</th>
<th>Pct%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3 Months</td>
<td>85500</td>
<td>73600</td>
<td>11900</td>
<td>13.92</td>
</tr>
<tr>
<td>4-6 Months</td>
<td>42500</td>
<td>37200</td>
<td>5300</td>
<td>12.47</td>
</tr>
<tr>
<td>7 Months</td>
<td>11000</td>
<td>15000</td>
<td>-4000</td>
<td>-36.36</td>
</tr>
<tr>
<td>8 Months</td>
<td>10800</td>
<td>9300</td>
<td>1500</td>
<td>13.89</td>
</tr>
<tr>
<td>9 Months</td>
<td>9000</td>
<td>9100</td>
<td>-100</td>
<td>-1.11</td>
</tr>
<tr>
<td>10 Months</td>
<td>8700</td>
<td>7000</td>
<td>1700</td>
<td>19.54</td>
</tr>
<tr>
<td>11 Months</td>
<td>8000</td>
<td>7000</td>
<td>1000</td>
<td>12.5</td>
</tr>
<tr>
<td>12 Months</td>
<td>7900</td>
<td>6500</td>
<td>1400</td>
<td>17.72</td>
</tr>
<tr>
<td>13-24 Months</td>
<td>59000</td>
<td>70000</td>
<td>-11000</td>
<td>-18.64</td>
</tr>
<tr>
<td>25 Months &amp; Greater</td>
<td>14500</td>
<td>22200</td>
<td>-7700</td>
<td>-53.10</td>
</tr>
<tr>
<td>Total Inventory</td>
<td>256900</td>
<td>256900</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Key Areas of Comparison to Focus On
  - 0-3 MNS / MNR
    a. When MNS is higher than MNR, department is selling more than they are buying.
    b. When MNS is lower than MNR, department is buying more than they are selling.
    c. Between 0% and 3% is a healthy “purchase to sale” tolerance to stay within.

  - 13-24 & 25 months and greater MNS / MNR
    a. When MNS is higher than MNR you have very little excess inventory or depth, just a lot of idle inventory to deal with.
    b. When MNS is lower than MNR, which is typical in 90% of the dealerships, you have excess idle inventory where the part has aged and the current on-hand quantity is greater than the BSL (Best Stocking Level) generated by the DMS computer.
    c. Where MNR is greater than the MNS value it can also show where a lot of parts were put into the system without a receipt date. I.E. “plus”d into the system manually.
Inventory By Stocking Status Codes

- **Stocking Status Code Report Comparison**
  1. Part Number Population ranking based on system phase-in and phase-out guidelines set up in ADP program MSAP or ERA Program 2323 Options 5 & 6.
  2. Part Number Population report for depth to width ratio
  3. Part Number Dollar Value for reporting system defined idle inventory point.
  4. Knowing your setup guides is critical to understanding and expressing this report.

## Inventory #1

<table>
<thead>
<tr>
<th>Part Number Population</th>
<th>Blank Status</th>
<th>“AP” Status</th>
<th>“Other” Status’</th>
<th>“NS” Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>150,000</td>
<td>50,000</td>
<td>5,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Phase-in</td>
<td>3 in 12</td>
<td>3 in 12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase-out</td>
<td>1 in 12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Inventory #2

<table>
<thead>
<tr>
<th>Part Number Population</th>
<th>Blank Status</th>
<th>“AP” Status</th>
<th>“Other” Status’</th>
<th>“NS” Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>125,000</td>
<td>30,000</td>
<td>5,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Phase-in</td>
<td>3 in 9</td>
<td>3 in 9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase-out</td>
<td>0 in 6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Measuring Inventory Depth / Width

- **Building Width In Your Inventory**
  a. Your Blank Status Part Number Population increases while the overall dollar value of the inventory stays the same or decreases.

- **Building Depth Into Your Inventory**
  a. Your Blank Status Part Number Population stays the same or decreases and the Part Number Value of the inventory increases.
Special Order Parts Reporting of the Inventory

- **Special Order Reporting**
  - The Part Number file wins! If you use the ERA special order program and file SPEC.ORDR or the ADP special order program and file SOR-LINES, having a report in both files and comparing them would be the ideal way to keep special orders current and accurate.
  - Reporting of Special Order Parts should be done daily and sorted by:
    - The last receipt date of the part descending from the oldest to newest.
    - And/Or by the Parts Advisor, by last receipt date descending.
  - If you control your special orders and review and purge them daily, you are going to begin to head off 70% of your future obsolescence.

### Sample Special Order Table

<table>
<thead>
<tr>
<th>Special Orders</th>
<th>Jan</th>
<th>Mar</th>
<th>YTD Total</th>
<th>Mo. Avg</th>
<th>Pct%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30 Days</td>
<td>1952</td>
<td>5450</td>
<td>7402</td>
<td>3701</td>
<td>75.95</td>
</tr>
<tr>
<td>Under 60 Days</td>
<td>0</td>
<td>551</td>
<td>551</td>
<td>276</td>
<td>5.65</td>
</tr>
<tr>
<td>Over 60 Days</td>
<td>83</td>
<td>1710</td>
<td>1793</td>
<td>897</td>
<td>18.41</td>
</tr>
<tr>
<td>Total Special Ord</td>
<td>2035</td>
<td>7711</td>
<td>9746</td>
<td>4873</td>
<td>2.50</td>
</tr>
</tbody>
</table>

- Special Order Value under 30 days should be 90% of the value of special order parts
- Benchmark for showing strong inventory control on Special Orders is less than 3% of the overall inventory value.

### Notes
Develop and Track Forced Stock Inventory

- Forced Stock Definition
  - Forced Stock inventory are those parts which never qualified through the defined phase-in and phase-out criteria. Simply put, if you have a default phase-in criteria of 3 months sales in a 12 month time frame and you have had two or less sales on this part, it would be considered forced stock inventory.
  - Forced Stock inventory comes from three primary areas of sales activity:
    - Unfulfilled demand or Returned Parts from Retail Customers.
    - Unfulfilled demand or Returned Parts from Wholesale Customers.
    - Speculation demand. (Parts added to stock without any history phase)
  - Statistically, Forced Stock inventory has a 30% chance of reselling. Of the 30% that will resell, almost 80% of this is to the original customer.

### Forced Stock Sample Table

<table>
<thead>
<tr>
<th>Months</th>
<th>Jan</th>
<th>Feb</th>
<th>YTD Total</th>
<th>Mo. Avg</th>
<th>Pct%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Month</td>
<td>2946</td>
<td>3174</td>
<td>6120</td>
<td>3060</td>
<td>9.07</td>
</tr>
<tr>
<td>1 Month</td>
<td>6649</td>
<td>1203</td>
<td>7852</td>
<td>3926</td>
<td>11.64</td>
</tr>
<tr>
<td>2 Month</td>
<td>1895</td>
<td>5820</td>
<td>7715</td>
<td>3858</td>
<td>11.44</td>
</tr>
<tr>
<td>3 Month</td>
<td>2678</td>
<td>952</td>
<td>3630</td>
<td>1815</td>
<td>5.38</td>
</tr>
<tr>
<td>4 Month</td>
<td>3299</td>
<td>1730</td>
<td>5029</td>
<td>2515</td>
<td>7.46</td>
</tr>
<tr>
<td>5 Month</td>
<td>4812</td>
<td>906</td>
<td>5718</td>
<td>2859</td>
<td>8.48</td>
</tr>
<tr>
<td>6 Month</td>
<td>2770</td>
<td>2542</td>
<td>5312</td>
<td>2656</td>
<td>7.87</td>
</tr>
<tr>
<td>7 Month</td>
<td>1978</td>
<td>1629</td>
<td>3607</td>
<td>1804</td>
<td>5.35</td>
</tr>
<tr>
<td>8 Month</td>
<td>2500</td>
<td>1425</td>
<td>3925</td>
<td>1963</td>
<td>5.82</td>
</tr>
<tr>
<td>9 Month</td>
<td>3132</td>
<td>2197</td>
<td>5329</td>
<td>2665</td>
<td>7.90</td>
</tr>
<tr>
<td>10 Month</td>
<td>1918</td>
<td>2652</td>
<td>4570</td>
<td>2285</td>
<td>6.77</td>
</tr>
<tr>
<td>11 Month</td>
<td>2346</td>
<td>2135</td>
<td>4481</td>
<td>2241</td>
<td>6.64</td>
</tr>
<tr>
<td>12 Month</td>
<td>1952</td>
<td>2218</td>
<td>4170</td>
<td>2085</td>
<td>6.18</td>
</tr>
<tr>
<td>Total Inventory</td>
<td>38875</td>
<td>28583</td>
<td>67458</td>
<td>33729</td>
<td>17.34</td>
</tr>
</tbody>
</table>

The forced stock table above is a sample of how to track it on a monthly basis. In the sample table is based on approximately a $200,000 inventory. Tracking Forced Stock inventory can accomplish two things:
- Find out from what profit center the bulk of forced stock is coming from.
- Help to fine tune the phase-in and phase-out guide

### How to Track Forced Stock

- Set up Three Sources for Forced Stock Inventory
  - Source One for all unfulfilled or returned parts from Retail & Service
  - Source Two for all unfulfilled or returned parts from Wholesale
  - Source Three for all speculative inventory parts

It is easy to have your inventory control clerk use separate sources when locating forced stock inventory as usually wholesale and retail purging are in completely separate areas of the parts department.
• **Inventory By Source**
  - This report can give you a pulse on where most of your parts reside. It would be safe to say that if you have 90% of your parts in just two or three sources, you are working for your Computer rather than it working for you!
  - With ADP you can now enter a Noun Description through program MSSO to give a name to the source (See the “Inventory by Source” report on Page 14).
  - With Reynolds and Reynolds ERA system you have the first default in Source Setup Program 2323 for a specific description. (See Report on Page 13)
  - Compare this with a stock-out report to find if your days supply setting might be too low or if you have too many parts trying to do too many things in too few sources!

### Report Inventory By Source Summary

<table>
<thead>
<tr>
<th>SRC</th>
<th>Dollars</th>
<th>#Parts</th>
<th>Dollar%</th>
<th>Part%</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>7781</td>
<td>288</td>
<td>2.33</td>
<td>2.28</td>
</tr>
<tr>
<td>101</td>
<td>75973</td>
<td>1539</td>
<td>22.78</td>
<td>12.19</td>
</tr>
<tr>
<td>102</td>
<td>137898</td>
<td>7968</td>
<td>41.35</td>
<td>63.11</td>
</tr>
<tr>
<td>104</td>
<td>3205</td>
<td>55</td>
<td>0.96</td>
<td>0.44</td>
</tr>
<tr>
<td>105</td>
<td>11707</td>
<td>347</td>
<td>3.51</td>
<td>2.75</td>
</tr>
<tr>
<td>106</td>
<td>23460</td>
<td>500</td>
<td>7.03</td>
<td>3.96</td>
</tr>
<tr>
<td>107</td>
<td>20562</td>
<td>376</td>
<td>6.17</td>
<td>2.98</td>
</tr>
<tr>
<td>108</td>
<td>25784</td>
<td>346</td>
<td>7.73</td>
<td>2.74</td>
</tr>
<tr>
<td>109</td>
<td>2617</td>
<td>97</td>
<td>0.78</td>
<td>0.77</td>
</tr>
<tr>
<td>901</td>
<td>14948</td>
<td>441</td>
<td>4.48</td>
<td>3.49</td>
</tr>
<tr>
<td>902</td>
<td>83</td>
<td>4</td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td>903</td>
<td>3170</td>
<td>20</td>
<td>0.95</td>
<td>0.16</td>
</tr>
<tr>
<td>904</td>
<td>4557</td>
<td>169</td>
<td>1.37</td>
<td>1.34</td>
</tr>
<tr>
<td>905</td>
<td>0</td>
<td>276</td>
<td>0.00</td>
<td>2.19</td>
</tr>
<tr>
<td>906</td>
<td>1782</td>
<td>200</td>
<td>0.53</td>
<td>1.58</td>
</tr>
<tr>
<td>Total</td>
<td>333527</td>
<td>12626</td>
<td>99.99</td>
<td>100.01</td>
</tr>
<tr>
<td>2 Sources</td>
<td>213871</td>
<td>9507</td>
<td>64.12</td>
<td>75.30</td>
</tr>
</tbody>
</table>

The table above gives you an idea of what the source summary report would look like. In the above example, 75.3% of the part number population and 64.1% of the part number value reside in just two sources.

- How would you set your days supply setting?
- How would you set your phase-in criteria?
• **Report of Stock-outs By Source**
  - Compare your stock-outs in a given source to the actual total part number population of a specific source.
  - If you “ARE NOT” running out of parts in a specific source, adjust the days supply setting down slightly until you do.
  - If you are “ARE” running out of more than 3% of parts consistently in a specific source, then increase your days supply slightly until you reach the 1%-3% range.
  - The days supply setting should never be in stone. The settings should be reviewed on at least a quarterly basis. Ideally, monthly, with these two reports.

---

<table>
<thead>
<tr>
<th>SRC</th>
<th>Total PNP</th>
<th>SO PNP</th>
<th>Out Pct%</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>204</td>
<td>4</td>
<td>1.96</td>
</tr>
<tr>
<td>102</td>
<td>0</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>103</td>
<td>61</td>
<td>12</td>
<td>19.67</td>
</tr>
<tr>
<td>104</td>
<td>2</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>105</td>
<td>305</td>
<td>6</td>
<td>1.97</td>
</tr>
<tr>
<td>106</td>
<td>3</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>107</td>
<td>123</td>
<td>1</td>
<td>0.81</td>
</tr>
<tr>
<td>108</td>
<td>8</td>
<td>3</td>
<td>37.50</td>
</tr>
<tr>
<td>109</td>
<td>1125</td>
<td>21</td>
<td>1.87</td>
</tr>
<tr>
<td>110</td>
<td>22</td>
<td>1</td>
<td>4.55</td>
</tr>
<tr>
<td>111</td>
<td>438</td>
<td>5</td>
<td>1.14</td>
</tr>
<tr>
<td>112</td>
<td>107</td>
<td>7</td>
<td>6.54</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>2398</strong></td>
<td><strong>60</strong></td>
<td><strong>2.50</strong></td>
</tr>
</tbody>
</table>

The table above gives you some examples of where you would want to adjust your days supply up or down to “fine tune” the days supply settings and increase availability for customer satisfaction.
  - Source 103 and Source 108 need more days.
  - Source 107 and Potentially Source 111 could use a lower days setting.
**Report of Technical Obsolescence versus Earned Return Allowance**

- **Technical Obsolescence**
  - Technical Obsolescence are parts that have aged from 7 months to 12 months no sale or no receipt.
  - In informal studies we have conducted, parts that reach 7 months no sale have approximately a 30% chance of selling again and the percentages go down to under 10% after the 12 month.
  - Tracking obsolescence proactively, starting in the 7th month, will go a long way in helping you determine if your return policies and stocking guides are improving, staying the same, or going sideways in your inventory.

### Obsolescence Table

<table>
<thead>
<tr>
<th>Obsolescence Table</th>
<th>Curr Month</th>
<th>Earned RA</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Months No Sale</td>
<td>16881</td>
<td>8500</td>
</tr>
<tr>
<td>8 Months No Sale</td>
<td>16431</td>
<td>9200</td>
</tr>
<tr>
<td>9 Months No Sale</td>
<td>18046</td>
<td>9500</td>
</tr>
<tr>
<td>10 Months No Sale</td>
<td>20103</td>
<td>9800</td>
</tr>
<tr>
<td>11 Months No Sale</td>
<td>18682</td>
<td>9100</td>
</tr>
<tr>
<td>12 Months No Sale</td>
<td>25626</td>
<td>10000</td>
</tr>
<tr>
<td>13-24 Months No Sale</td>
<td>90704</td>
<td></td>
</tr>
<tr>
<td>25 Months No Sale &amp; Greater</td>
<td>1090</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>115769</td>
<td>56100</td>
</tr>
<tr>
<td>Monthly Average</td>
<td>19295</td>
<td>9350</td>
</tr>
<tr>
<td>Difference</td>
<td>9945</td>
<td></td>
</tr>
<tr>
<td>Times 6</td>
<td>59670</td>
<td></td>
</tr>
<tr>
<td>Total Obsolescence in 6 mos</td>
<td>151464</td>
<td></td>
</tr>
</tbody>
</table>

### Return Allowance Shortage

<table>
<thead>
<tr>
<th>Obsolescence Table</th>
<th>Curr Month</th>
<th>Earned RA</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Months No Sale</td>
<td>16881</td>
<td>17000</td>
</tr>
<tr>
<td>8 Months No Sale</td>
<td>16431</td>
<td>19000</td>
</tr>
<tr>
<td>9 Months No Sale</td>
<td>18046</td>
<td>20000</td>
</tr>
<tr>
<td>10 Months No Sale</td>
<td>20103</td>
<td>25000</td>
</tr>
<tr>
<td>11 Months No Sale</td>
<td>18682</td>
<td>20000</td>
</tr>
<tr>
<td>12 Months No Sale</td>
<td>25626</td>
<td>28000</td>
</tr>
<tr>
<td>13-24 Months No Sale</td>
<td>90704</td>
<td></td>
</tr>
<tr>
<td>25 Months No Sale &amp; Greater</td>
<td>1090</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>115769</td>
<td>129000</td>
</tr>
<tr>
<td>Monthly Average</td>
<td>19295</td>
<td>21500</td>
</tr>
<tr>
<td>Difference</td>
<td>-2205</td>
<td></td>
</tr>
<tr>
<td>Times 6</td>
<td>-13230</td>
<td></td>
</tr>
<tr>
<td>Total Obsolescence in 6 mos</td>
<td>78564</td>
<td></td>
</tr>
</tbody>
</table>

The two tables above give you the same technical obsolescence values with the difference being in the Return Allowance Earned from your Manufacturer.

- Table One will increase True Obsolescence by $59,670 in 6 months
- Table Two will decrease True Obsolescence by $13,230 in 6 months

This is an excellent way to see if you need to look at other avenues of earning monies to reduce idle inventory such as:

- Sell off some inventory at .50/1.00 through brokers
- Accrue some dollars from the Gross to offset the deficit
- Increase active inventory depth to earn more return allowance

---

### Notes

<table>
<thead>
<tr>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
**ERA Months No Sale Report**

REPORT NAME: REPORT OF INVENTORY BY MNS  
FILE NAME: PROD.MASTER  
REPORT TYPE: SORT  
ENTER FIELD(S) TO SORT BY: AGE  
SELECT SORT SEQUENCE (A=ASCENDING  D=DESCENDING) A  

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td></td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS[082] AGE;+EXT VAL;+EXT CORE-NEW;+QTY;+COUNT~  
ENTER DESCRIPTION FOR TOTAL LINE  
PRINT TOTALS ONLY (Y/N) Y  
FIELD(S) TO BREAK ON AGE  
CHANGE PAGE AT EACH BREAK (Y/N) N  
ENTER SPECIAL FORMAT (Y/N) N

**ERA Months No Receipt Reporting**

REPORT NAME: REPORT OF INVENTORY BY MNR  
FILE NAME: PROD.MASTER  
REPORT TYPE: SORT  
ENTER FIELD(S) TO SORT BY: LRDATE  
SELECT SORT SEQUENCE (A=ASCENDING  D=DESCENDING) A  

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td>AND</td>
</tr>
<tr>
<td>LRDATE</td>
<td>LESS THAN OR EQUAL</td>
<td>&lt;&lt;03/29/05&gt;&gt;</td>
<td>AND</td>
</tr>
<tr>
<td>LRDATE</td>
<td>GREATER THAN OR EQUAL</td>
<td>&lt;&lt;02/01/05?&gt;&gt;</td>
<td></td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS[082] LRDATE;+EXT VAL;+EXT CORE-NEW;+QTY;+COUNT~  
ENTER DESCRIPTION FOR TOTAL LINE  
PRINT TOTALS ONLY (Y/N) Y  
FIELD(S) TO BREAK ON AGE  
CHANGE PAGE AT EACH BREAK (Y/N) N  
ENTER SPECIAL FORMAT (Y/N) N

Continue to Substitute the “LRDATE” to group reports into 0-3 MNR; 4-6 MNR; 7-9 MNR; 10-12 MNR;13-24 MNR; 25& Greater MNR. The above sample is for the 0-3 MNR comparison only. The Reynolds and Reynolds ERA Branch Program 2321, Option 35, now allows you to sort your 2213 month-end management report by Months No Receipt.
Report Generation for Reynolds and Reynolds and ADP Systems

ADP Months No Sale Report

FROM FUNCTION CODE: ENG

? LIST PART-NO. BY MNS BREAK-ON MNS SPACE TOTAL OH.VALUE SPACE TOTAL
? CORE.VALUE SPACE TOTAL O.H. SPACE TOTAL #ITEMS
? WITH OH.VALUE GE “.01” AND WITH P-U (P)
? HEADING “ ‘C’ ABC MOTORS INVENTORY BY MNS REPORT PAGE:’PLL’”

ADP Months No Receipt Report

FROM FUNCTION CODE: ENG

? LIST PART-NO. BY MNR BREAK-ON MNR SPACE TOTAL OH.VALUE SPACE TOTAL
? CORE.VALUE SPACE TOTAL O.H. SPACE TOTAL #ITEMS
? WITH OH.VALUE GE “.01” AND WITH P-U (P)
? HEADING “ ‘C’ ABC MOTORS INVENTORY BY MNR REPORT PAGE:’PLL’”

Note: Both of these reports are on the ADP MGR month-end reports with the MNR right underneath the MNS report.

ERA Inventory By Status Codes

REPORT NAME: REPORT OF INVENTORY BY STATUS CODES
FILE NAME: PROD.MASTER
REPORT TYPE: SORT
ENTER FIELD(S) TO SORT BY: STS
SELECT SORT SEQUENCE (A=ASCENDING  D=DESCENDING) A

FIELD | CONDITION | VALUE | AND/OR
--- | --- | --- | ---
STS | EQUAL | AP’””””DP’”””NS’””MO’””OB | 

ENTER COLUMN HEADINGS[082] STS;+EXT VAL;+EXT CORE-NEW;+QTY;+COUNT–
ENTER DESCRIPTION FOR TOTAL LINE
PRINT TOTALS ONLY (Y/N) Y
FIELD(S) TO BREAK ON AGE
CHANGE PAGE AT EACH BREAK (Y/N) N
ENTER SPECIAL FORMAT (Y/N) N

Note: There are four (4) “ marks between AP and DP status codes in the VALUE field to capture the blank status part number population and value
Report Generation for Reynolds and Reynolds and ADP Systems

**ADP Inventory by Status Codes**

FROM FUNCTION CODE: **ENG**

? LIST PART-NO. BY SS BREAK-ON SS SPACE TOTAL OH. VALUE SPACE TOTAL
? Core.VALUE SPACE TOTAL O.H. SPACE TOTAL #ITEMS
? WITH P-U (P)
? HEADING “‘C’ ABC MOTORS INVENTORY BY STATUS CODE REPORT PAGE:’PLL’”

**ERA Report of Special Orders From PROD.MASTER**

REPORT NAME: **REPORT OF SPECIAL ORDER PARTS BY DESCENDING DAYS SINCE LAST RECEIPT**

FILE NAME: **PROD.MASTER**

REPORT TYPE: **SORT**

ENTER FIELD(S) TO SORT BY: **LRDATE**

SELECT SORT SEQUENCE (A=ASCENDING  D=DESCENDING) **A**

FIELD | CONDITION | VALUE | AND/OR
--- | --- | --- | ---
BIN 1 | EQUAL | SP-ORD | AND
EXT VAL | GREATER THAN OR EQUAL | .01 |

ENTER COLUMN HEADINGS[082] **LRDATE;PART NO;DESCRIPTION;BIN1;QOH;COST;DETAIL;RC;AGE;STS;SRC;+EXT VAL**

ENTER DESCRIPTION FOR TOTAL LINE

PRINT TOTALS ONLY (Y/N) **N**

FIELD(S) TO BREAK ON

CHANGE PAGE AT EACH BREAK (Y/N) **N**

ENTER SPECIAL FORMAT (Y/N) **N**

Substitute Your default bin location found in Program 2322 or the group of bins used for special order parts in the “VALUE” (SP-ORD) fields above and below. Remember, no matter what the SPEC.ORDR file and PART-NO. file are what wins when it comes to physical reconciliation time.

**ADP Report of Special Orders in PART-NO. file**

FROM FUNCTION CODE: **ENG**

? LIST PART-NO. LTDATE PTNO DESC BIN O.H. COST ABCD YRSL MNS MNR SS SO
? TOTAL OH.VALUE WITH BIN EQ “SP-ORD” AND WITH O.H. GE “1” AND WITH P-U
? BY DESCENDING LTDATE BY PTNO ID-SUPP (P)
? HEADING “‘C’ ABC MOTORS INVENTORY BY STATUS CODE REPORT PAGE:’PLL’”
**ERA Report of Forced Stock Inventory Detail**

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIN1</td>
<td>NOT EQUAL</td>
<td>SP-ORD</td>
<td>AND</td>
</tr>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td>AND</td>
</tr>
<tr>
<td>12 MONTH HIST~</td>
<td>LESS THAN OR EQUAL</td>
<td>2</td>
<td>AND</td>
</tr>
<tr>
<td>AGE</td>
<td>LESS THAN OR EQUAL</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS[082] SRC;PART NO;DESCRIPTION;BIN1;QOH;DETAIL;RC;AGE;12 MONTH HIST~;+EXT VAL
ENTER DESCRIPTION FOR TOTAL LINE
PRINT TOTALS ONLY (Y/N) N
FIELD(S) TO BREAK ON SRC
CHANGE PAGE AT EACH BREAK (Y/N) N
ENTER SPECIAL FORMAT (Y/N) N

**ERA Report of Forced Stock Inventory Summary**

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIN1</td>
<td>NOT EQUAL</td>
<td>SP-ORD</td>
<td>AND</td>
</tr>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td>AND</td>
</tr>
<tr>
<td>12 MONTH HIST~</td>
<td>LESS THAN OR EQUAL</td>
<td>2</td>
<td>AND</td>
</tr>
<tr>
<td>AGE</td>
<td>LESS THAN OR EQUAL</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS[082] AGE;+EXT VAL;+EXT CORE-NEW;+QOH;+COUNT~
ENTER DESCRIPTION FOR TOTAL LINE
PRINT TOTALS ONLY (Y/N) Y
FIELD(S) TO BREAK ON AGE
CHANGE PAGE AT EACH BREAK (Y/N) N
ENTER SPECIAL FORMAT (Y/N) N
**ADP Forced Stock Detail**

FROM FUNCTION CODE: ENG

? LIST PART-NO. BREAK-ON SO PTNO DESC BIN O.H. COST ABCD YRSL MNS MNR SS
? TOTAL OH.VALUE WITH YRSL LE “2” AND WITH MNS LE “12” AND WITH O.H. GE “1”
? AND WITH P-U BY SO BY PTNO ID-SUPP (P)
? HEADING “ ‘C’ ABC MOTORS FORCED STOCK INVENTORY DETAIL BY SOURCE
? ‘D’ PAGE:’PLL’”

**ADP Forced Stock Summary**

FROM FUNCTION CODE: ENG

? LIST PART-NO. BY MNS BREAK-ON MNS SPACE TOTAL OH.VALUE SPACE TOTAL
? CORE.VALUE SPACE TOTAL O.H. SPACE TOTAL #ITEMS
? WITH YRSL LE “2” AND WITH MNS LE “12” AND WITH O.H. GE “1” AND WITH P-U
? ID-SUPP DET-SUPP (P)
? HEADING “ ‘C’ ABC MOTORS FORCED STOCK INVENTORY SUMMARY BY AGE
? ’D’ PAGE:’PLL’”

**ERA Report of Inventory By Source Summary**

REPORT NAME: INVENTORY BY SOURCE SUMMARY REPORT
FILE NAME: PROD.MASTER
REPORT TYPE: SORT
ENTER FIELD(S) TO SORT BY: SRC
SELECT SORT SEQUENCE (A=ASCENDING  D=DESCENDING) A

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>STS</td>
<td>EQUAL</td>
<td>AP&quot;&quot;&quot;&quot;&quot;&quot;DP&quot;&quot;&quot;&quot;&quot;&quot;NS&quot;&quot;&quot;&quot;&quot;&quot;MO&quot;&quot;&quot;&quot;OB</td>
<td></td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS[082] SRC;SOURCE DESC--;+EXT VAL;++EXT CORE-NEW;++QOH;++COUNT--
ENTER DESCRIPTION FOR TOTAL LINE
PRINT TOTALS ONLY (Y/N) Y
FIELD(S) TO BREAK ON AGE
CHANGE PAGE AT EACH BREAK (Y/N) N
ENTER SPECIAL FORMAT (Y/N) N
**ERA Report of Stock-outs By Source Summary**

REPORT NAME: INVENTORY BY SOURCE SUMMARY REPORT  
FILE NAME: PROD.MASTER  
REPORT TYPE: SORT  
ENTER FIELD(S) TO SORT BY: SRC  
SELECT SORT SEQUENCE (A=ASCENDING  D=DESCENDING) A  

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>STS</td>
<td>EQUAL</td>
<td>&quot;&quot;</td>
<td>AND</td>
</tr>
<tr>
<td>QOH</td>
<td>EQUAL</td>
<td>0</td>
<td>AND</td>
</tr>
<tr>
<td>QPR</td>
<td>EQUAL</td>
<td>0</td>
<td>AND</td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS[082] SRC;+EXT VAL;+EXT CORE-NEW;+QOH;+COUNT~  
ENTER DESCRIPTION FOR TOTAL LINE  
PRINT TOTALS ONLY (Y/N) Y  
FIELD(S) TO BREAK ON SRC  
CHANGE PAGE AT EACH BREAK (Y/N) N  
ENTER SPECIAL FORMAT (Y/N) N

**ADP Inventory By Source Summary**

FROM FUNCTION CODE: ENG  

? LIST PART-NO. BY SO BREAK-ON SO SPACE SO-DESC SPACE TOTAL OH.VALUE SPACE  
? TOTAL CORE.VALUE SPACE TOTAL O.H. SPACE TOTAL #ITEMS WITH P-U ID-SUPP  
? DET-SUPP (P)  
? HEADING "‘C’ ABC MOTORS INVENTORY SUMMARY BY SOURCE  
? ‘D’ PAGE:’PLL’"

**ADP Report of Stock-outs By Source Summary**

FROM FUNCTION CODE: ENG  

? LIST PART-NO. BY SO BREAK-ON SO SPACE SO-DESC SPACE TOTAL OH.VALUE SPACE  
? TOTAL CORE.VALUE SPACE TOTAL O.H. SPACE TOTAL #ITEMS WITH O.H. EQ “0” AND  
? WITH NO SS AND WITH P-U (P)  
? HEADING "‘C’ ABC MOTORS INVENTORY OF STOCK-OUTS BY SOURCE SUMMARY  
? ‘D’ PAGE:’PLL’"
### ERA Report of Technical Obsolescence

REPORT NAME: **TECHNICAL OBsolescence INVENTORY REPORT**  
FILE NAME: **PROD.MASTER**  
REPORT TYPE: **SORT**  
ENTER FIELD(S) TO SORT BY: **AGE**  
SELECT SORT SEQUENCE (A=ASCENDING D=DESCENDING) **A**

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td>AND</td>
</tr>
<tr>
<td>AGE</td>
<td>GREATER THAN OR EQUAL</td>
<td>7</td>
<td>AND</td>
</tr>
<tr>
<td>AGE</td>
<td>LESS THAN OR EQUAL</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

- ENTER COLUMN HEADINGS[082] **AGE;+EXT VAL;+EXT CORE-NEW;+QOH;+COUNT~**  
- ENTER DESCRIPTION FOR TOTAL LINE  
- PRINT TOTALS ONLY (Y/N) **Y**  
- FIELD(S) TO BREAK ON **AGE**  
- CHANGE PAGE AT EACH BREAK (Y/N) **N**  
- ENTER SPECIAL FORMAT (Y/N) **N**

Divide the above total value by six (6) to get your monthly average. Then get your return allowance number earned from the Manufacturer and divide by yearly number, quarterly number, or just the monthly average to find if you have a surplus or deficit.

### ADP Report of Technical Obsolescence

FROM FUNCTION CODE: **ENG**

? LIST PART-NO. BY MNS BREAK-ON MNS SPACE TOTAL OH.VALUE SPACE  
? TOTAL CORE.VALUE SPACE TOTAL O.H. SPACE TOTAL #ITEMS WITH MNS GE “7” AND  
? WITH MNS LE “12” AND WITH O.H. GE “1” AND WITH P-U ID-SUPP DET-SUPP (P)  
? HEADING “‘C’ ABC MOTORS TECHNICAL OBSOLESCENCE SUMMARY BY AGE  
? ‘D’ PAGE:’PLL’”

Divide the above total value by six (6) to get your monthly average. Then get your return allowance number earned from the Manufacturer and divide by yearly number, quarterly number, or just the monthly average to find if you have a surplus or deficit.

**IMPORTANT NOTES:**

Some of the 6910 and ENGLISH STATEMENTS listed here are available through the 2213 ERA Management Reports and the MGR ADP Management Reports. The reports from Page 9 to Page 15 are for the purposes of being able to run them anytime you wish. For ADP users with the Web 2000 enhancement, some of these reports are already available and graphed for use in the formats listed.
Parts Physical Inventory
Best Practices: How to Avoid Surprises

With
Bob Palcher
President, Dealer Solutions, Inc

&
Chris Andrews
Consultant, Mironov, Sloan & Parziale, LLC

Moderated by
Michael Bowers
Editorial Director, DealersEdge

Presented by DealersEdge
About the speakers

BOB PALCHER
is the President of Dealer Solutions, Incorporated. Mr. Palcher has over 26 years of retail import and domestic automotive parts and service experience including National Director of Parts Operations for AutoNation, the world’s largest dealer group. Bob is recognized by industry leaders for his expertise in training, inventory management, asset verification, consolidation strategies, and profit improvement by using leading-edge strategies combined with real-world practices. As a frequent speaker for dealer groups, controllers, fixed operations managers, and computer vendors, he has also presented at a number of industry conferences in North America and Mexico. Bob has been featured in industry publications and training videos and assisted in writing training modules and operations manuals.

CHRIS ANDREWS
is a Consultant for Mironov, Sloan & Parziale LLC. She has helped countless dealerships establish procedures to help physical parts inventory line up with what’s in the books. She also has over 15 years experience working in almost every dealership administrative position including finance manager and controller.
Audio Conference Objectives

1. Increase Net Profit
2. Improve Quality of Life!

Reconcile:
To restore to friendship or harmony, settle or resolve differences, make consistent or congruous

4 Keys to Success

- Database Integrity
- Reconciling Items
- Account Accuracy
- Security
Inventory Reconciliation

Best Practices

➤ Inventory Reconciliation Frequency

➤ Database Integrity

➤ Claims & Returns

© 2005 Dealer Solutions, Inc. – All Rights Reserved
www.dealer-solutions.com
PARTS PHYSICAL INVENTORY
BEST PRACTICES;
HOW TO AVOID SURPRISES!

➤ Work in Process

➤ Appreciation / Depreciation

➤ Business Management

➤ Security
PARTS PHYSICAL INVENTORY
BEST PRACTICES;
HOW TO AVOID SURPRISES!

➢ Daily Review

➢ Physical Inventory Process
VARIANCE!

What Do We Look For?

______________________________
______________________________
______________________________
______________________________

© 2005 Dealer Solutions, Inc. – All Rights Reserved
www.dealer-solutions.com
MONTHLY PARTS INVENTORY RECONCILIATION

MONTH OF ____________ 2005

<table>
<thead>
<tr>
<th>ACCOUNTING GENERAL LEDGER</th>
<th>$__________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month-End Inventory Report</td>
<td>$__________</td>
</tr>
<tr>
<td>Cores in stock (New)</td>
<td>$__________</td>
</tr>
<tr>
<td>Cores in stock (Used)</td>
<td>$__________</td>
</tr>
<tr>
<td>Claims</td>
<td>$__________</td>
</tr>
<tr>
<td>Monthly Returns</td>
<td>$__________</td>
</tr>
<tr>
<td>Core Returns</td>
<td>$__________</td>
</tr>
<tr>
<td>Work in Process R.O. Customer Pay</td>
<td>$__________</td>
</tr>
<tr>
<td>Work in Process Warranty</td>
<td>$__________</td>
</tr>
<tr>
<td>Work in Process Internal</td>
<td>$__________</td>
</tr>
<tr>
<td>Work in Process Retail/Wholesale</td>
<td>$__________</td>
</tr>
</tbody>
</table>

TOTAL ADJUSTED INVENTORY VALUE  

<table>
<thead>
<tr>
<th>MFG Packing Slips</th>
<th>(plus)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misc. Vendors Purchases</td>
<td>(plus)</td>
</tr>
<tr>
<td>Prepaid Special Orders (Not Received)</td>
<td>(plus)</td>
</tr>
<tr>
<td>Parts Invoiced (Not Received)</td>
<td>(minus)</td>
</tr>
<tr>
<td>Appreciation/Depreciation</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL  

$__________  

INVENTORY DIFFERENCE  

$__________  

Notes

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________  

Prepared by: ______________________  
Date: ______________________  

© 2005 Dealer Solutions, Inc. – All Rights Reserved.  
www.dealer-solutions.com
10 QUESTIONS TO ASK AN INVENTORY SERVICE

VENDOR: ____________________

1. Why should I use an outside inventory service?

2. How much retail dealership parts experience do you have with this franchise?

3. How did you get into the retail parts inventory business?

4. How long have you been in the parts inventory business?

5. Why is your service better than other inventory services?

6. What count value variance do you audit?

7. What is your system for the inventory process?

8. Does your personnel have automotive parts experience?

9. How do you recruit, select and train your personnel?

10. Who are your references?

Notes:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Parts Physical Inventory Best Practices: How to Avoid Surprises!

1 - Monthly Parts Reconciliation of GL to Counter Pad
   ▶ Does the dealership perform a monthly reconciliation of the counter pad to the GL?
   ▶ Does the difference exceed a few percentage points?
     If so, is the variance investigated?
   ▶ Are there any trends in the differences?

2 - Make sure invoices are coded correctly
   ▶ Training materials
   ▶ Equipment
   ▶ Small tools
   ▶ Supplies
   ▶ Promotional literature
   ▶ Freight
   ▶ Discounts/Stock Order Allowance should be posted to inventory adjustment

3 - Understand Cores
   ▶ Are they relieved when they are sent back to the manufacturer?
   ▶ Is the Core value a memo on the management report or an amount, which needs to be
     included in the reconciliation?
4 - Control parts returns
▶ Are the parts removed from GL inventory immediately and set up as a receivable from
▶ the manufacturer?
▶ If your dealership is uncomfortable showing a sale with no profit, then negate the
▶ impact by debiting “sales” and crediting “cost of sales.”

5 - Proper cutoffs
▶ Is the parts invoice date stamped with the date the parts departments enters the quantity
▶ into the counter pad and also by the accounting department posting the amount into the
general ledger?
▶ Is the WIP report run timely?

6 - Monthly Factory Parts Statement Reconciliation
▶ Is the parts statement reconciled on a monthly basis and is it current?
▶ Do any of the reconciling items impact the counter pad reconciliation?

7 - Routine bin checks
▶ How frequently does the parts department count the bins?

8 - Run Negative on Hand Report
▶ Does the dealership review the negative on hand report?
▶ Are negative on hand quantities adjusted to actual amounts on hand or adjusted to zero?

9 - Parts purchased from outside sources must be entered at the proper costs
▶ If the part has an established part number in the computer, does the parts department
▶ adjust to the cost already in the system?
▶ If this is being done, where is the difference being posted?
10 - Perform monthly physical inventories of GOG
   ▶ Does the dealership take a reading of the oil meter or dip the oil tank monthly?
   ▶ Are the costs of the fluids verified regularly?
   ▶ Are the correct units used when calculating the cost? (i.e. quarts vs. gallons)

11 - Do not record GL vs. Counter Pad differences until a physical inventory is performed
   ▶ When are reconciling differences booked to the general ledger?

12 - Perform yearly Physical Inventory
   ▶ How frequent are the physical inventories performed?
   ▶ Are proper cut-offs established?
   ▶ Is an outside company used?
   ▶ Are all required reports timely run?
   ▶ Actual count does not have to be at year-end

13 - Control the inventory of shop supplies
   ▶ Are the shop supplies charged on a separate ticket?
   ▶ Is the ticket closed monthly?

14 - Limit computer access
   ▶ Does the dealership limit the number of individuals who can override the system?

15 - Record Appreciation/Depreciation Monthly
   ▶ Does the dealership run the parts update tapes monthly?
   ▶ Does the accounting department post the appreciation/depreciation monthly?
IN THE EVENT OF A DIFFERENCE ON THE MONTHLY RECONCILIATION OR PHYSICAL INVENTORY

1 - Run GL Detail on All Parts Inventory Accounts
2 - Look @ Set up of Operation Codes to make sure they are coded properly
3 - In accounting, confirm the sources affecting the parts inventory accounts are coded and linked properly. Pay attention to any new accounts, manufacturer financial statement updates or changes within the dealership.
4 - Perform bin checks on a regular basis
5 - Confirm parts update tapes are run
6 - Look at timeliness of cutoffs
7 - Check the GOG costing
8 - Make sure the parts statement is reconciled currently
9 - Run variance report and adjust
10- Analyze pending credits and WIP
Clean Out Idle Parts Inventory Without Crushing Profits

With
Chuck Hartlé
President, PartsEdge
Editor, DealersEdge Parts Manager

Moderated by
Michael Bowers
Editorial Director, DealersEdge

Presented by DealersEdge
Chuck Hartlé

is president of PartsEdge (www.PartsEdge.com), a dealership parts department consulting firm in Poway, CA. PartsEdge offers innovative inventory management services to help dealers maximize parts department profits. Chuck is also the editor of the nationally recognized newsletter DealersEdge Parts Manager. Previously, Chuck spent more than 20 years as a parts manager then parts and service director for a multi-franchise dealership group. He was also one of the founders of the Mopar Master Parts Guild. He has been a featured speaker at NADA’s Annual Convention and Dealer Academy as well as at dealer Twenty Groups, regional parts manager meetings, and factory-sponsored training seminars.
# Table of Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Table of Contents</td>
</tr>
<tr>
<td>3</td>
<td>Idle Capital in Your Parts Inventory</td>
</tr>
<tr>
<td>3</td>
<td>The Definition of Idle Capital</td>
</tr>
<tr>
<td>4</td>
<td>Excess Inventory: The Silent Killer</td>
</tr>
<tr>
<td>4</td>
<td>MNS / MNR Chart</td>
</tr>
<tr>
<td>5</td>
<td>MNS / MNR ADP Snapshot</td>
</tr>
<tr>
<td>5</td>
<td>Most Excess Inventory isn’t a “over purchasing” issue</td>
</tr>
<tr>
<td>6</td>
<td>Ways to Control Excess Inventory Effectively</td>
</tr>
<tr>
<td>7</td>
<td>Technical Obsolescence: A Key Measurement</td>
</tr>
<tr>
<td>7</td>
<td>Reversal of Fortune chart</td>
</tr>
<tr>
<td>8</td>
<td>Technical Obsolescence Reports</td>
</tr>
<tr>
<td>8</td>
<td>Avoiding the “Microwave Mentality”</td>
</tr>
<tr>
<td>9</td>
<td>Forced Stock: Understood yet Unmeasured</td>
</tr>
<tr>
<td>9</td>
<td>How can I track and measure Forced Stock?</td>
</tr>
<tr>
<td>10</td>
<td>Reports to Identify Forced Stock Based on 3/9 Phase In Guide</td>
</tr>
<tr>
<td>11</td>
<td>Getting Our Arms Around the Problem</td>
</tr>
<tr>
<td>11</td>
<td>The Beauty of Computers</td>
</tr>
<tr>
<td>11</td>
<td>Steps To Create Measurability for Forced Inventory</td>
</tr>
<tr>
<td>12</td>
<td>6910 and English Statement Reports (Continued)</td>
</tr>
<tr>
<td>13</td>
<td>6910 and English Statement Reports (Continued)</td>
</tr>
<tr>
<td>14</td>
<td>Special Order Control is the Secret</td>
</tr>
<tr>
<td>14</td>
<td>Special Order Reports for ERA and ADP</td>
</tr>
<tr>
<td>14</td>
<td>The Part Number file Wins!</td>
</tr>
<tr>
<td>15</td>
<td>Creative Ways to Purge Idle Capital</td>
</tr>
<tr>
<td>16</td>
<td>ERA 6910 Report of Parts by LRDATE for MNR reporting</td>
</tr>
<tr>
<td>17</td>
<td>RIM Reports of Non Controlled Inventory</td>
</tr>
<tr>
<td>18</td>
<td>Speaker contact information</td>
</tr>
</tbody>
</table>
Idle Capital in Your Dealership Parts Inventory

- It continues to be the Number One issue on the minds of most parts managers in today’s parts department.
- It is the one area of your parts operation that has no “pros” to outweigh the “cons”.
- Understanding where it lies and how to deal with it is still a big mystery to many managers because there are still too many areas that are not being measured by the traditional methods of reporting.
- Today’s conference should give you some fresh ideas on how to begin measuring it and ultimately controlling it.

The Definition of Idle Capital

- Idle Capital is defined in three (3) specific areas of the inventory
  1. Excess Inventory - the definition is simply where your on-hand quantity is greater than your “Best Stocking Level”. (BSL = High Days Supply Setting)
  2. Obsolescence - this is the traditional method that most of your reporting is measuring it by. (Example = Months No Sale)
  3. Forced Stock - this is defined as a part that never met your phase-in criteria, yet you have been forced to put it in stock. This usually comes from three identifiable sources
     - Technician and Service Advisor Speculation
     - Wholesale returns
     - Speculative Parts Stocking
Idle Capital

Innovative Ways to Measure it and get rid of it!

Excess Inventory.. The Silent Killer

Where Your On-hand exceeds your Best Stocking Level

I have a Clean Inventory, Right?

<table>
<thead>
<tr>
<th>Months No Sale / Months No Receipt Comparison Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3 MNS</td>
</tr>
<tr>
<td>4-6 MNS</td>
</tr>
<tr>
<td>7 MNS</td>
</tr>
<tr>
<td>8 MNS</td>
</tr>
<tr>
<td>9 MNS</td>
</tr>
<tr>
<td>10 MNS</td>
</tr>
<tr>
<td>11 MNS</td>
</tr>
<tr>
<td>12 MNS</td>
</tr>
<tr>
<td>13-24 MNS</td>
</tr>
<tr>
<td>25+ MNS</td>
</tr>
<tr>
<td>Total Inventory</td>
</tr>
</tbody>
</table>

Months No Sale = last time you “sold” a part
Months No Receipt = last time you “bought” a part

The chart above reveals the following problems:

- What you thought was just a 7% obsolescence problem is now over a 21% obsolescence problem.
- Technical obsolescence is 6% higher in MNR compared to MNS.
- MNR (purchases) are 20% lower than MNS (Sales)
Excess Inventory Reports for Major DMS Vendors

**Reynolds and Reynolds ERA System**
- Program 2226 (Stock Shortage/Surplus)

**ADP System**
- Programs RES (Excess Stock) and REV (Excess Value)

**ADP Month End Management Report has MNR**

<table>
<thead>
<tr>
<th></th>
<th>NBR OF PARTS</th>
<th>PERCENT PARTS PIECES</th>
<th>PERCENT PARTS COST</th>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Movement - Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 to 3 Months</td>
<td>1,975</td>
<td>23.46</td>
<td>3,111</td>
<td>57.13</td>
</tr>
<tr>
<td>4 to 6 Months</td>
<td>874</td>
<td>10.38</td>
<td>511</td>
<td>9.38</td>
</tr>
<tr>
<td>7 to 12 Months</td>
<td>1,396</td>
<td>16.58</td>
<td>711</td>
<td>13.05</td>
</tr>
<tr>
<td>Over 12 Months</td>
<td>845</td>
<td>10.04</td>
<td>662</td>
<td>12.15</td>
</tr>
<tr>
<td>New Parts No Sales</td>
<td>3,326</td>
<td>39.51</td>
<td>450</td>
<td>8.26</td>
</tr>
<tr>
<td>Inventory Movement - Receipts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 to 3 Months</td>
<td>1,895</td>
<td>22.51</td>
<td>2,878</td>
<td>52.85</td>
</tr>
<tr>
<td>4 to 6 Months</td>
<td>863</td>
<td>10.25</td>
<td>540</td>
<td>9.91</td>
</tr>
<tr>
<td>7 to 12 Months</td>
<td>1,571</td>
<td>18.66</td>
<td>891</td>
<td>16.36</td>
</tr>
<tr>
<td>Over 12 Months</td>
<td>1,060</td>
<td>12.59</td>
<td>1,088</td>
<td>19.98</td>
</tr>
<tr>
<td>New Parts No Receipts</td>
<td>3,027</td>
<td>36.96</td>
<td>48</td>
<td>0.88</td>
</tr>
</tbody>
</table>

*ERA—Go Into Branch Setup Program 2321, Option 35 and set it to “Y” to run 2213 Report by MNR after first running 2213 by MNS.
*Remember to Change 2321 Option 35 back to “N” after running by MNR

Most Excess Inventory isn't a overpurchasing issue, it is a slow down in demand issue.

<table>
<thead>
<tr>
<th>PART NUMBER</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>12344556</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Comments**
Ways to Control Excess Inventory Effectively

- Isolate Seasonal Parts Into a **specific source** and monitor the source weekly before scheduled stock order.
- Isolate high dollar excess inventory into a **separate source** and exclude this source from your regular stock order and monitor the sales, on-hand, and BSL levels on a regular basis.
- Reduce the variance between the **BRP** (Best Reorder Point / Low Days Supply) setting and the **BSL** (Best Stocking Level / High Days Supply) setting.
- Run Lost Sales Report to insure that Parts Advisors are doing these properly so as not to inflate inventory depth.

Comments
Technical Obsolescence: A Key Measurement

Technical Obsolescence Definition

For automotive inventory purposes, it is the inventory that has exceeded 6 months no sale and under 13 months no sale. The term “technical” means that the chances of selling parts in the 7 to 12 month no sale area are not very good and decrease as the part ages.

Technical Obsolescence Findings:

- Informal studies we have conducted show that 65% of all parts that reach the 7 month no sale stage will eventually find their way to the true obsolescence of 13 months no sale and greater.
- Each month from the 7th month on the percentage reduces considerably.
- Most technical obsolescence is a direct result of forced stock inventory, resulting from unfulfilled demand and/or bad special order tracking habits.

Reversal of Fortunes

Table #1

<table>
<thead>
<tr>
<th>Inventory By MNS</th>
<th>Current Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Months No Sale</td>
<td>13214</td>
</tr>
<tr>
<td>8 Months No Sale</td>
<td>10814</td>
</tr>
<tr>
<td>9 Months No Sale</td>
<td>8726</td>
</tr>
<tr>
<td>10 Months No Sale</td>
<td>9786</td>
</tr>
<tr>
<td>11 Months No Sale</td>
<td>9742</td>
</tr>
<tr>
<td>12 Months No Sale</td>
<td>9178</td>
</tr>
<tr>
<td>13-24 Months No Sale</td>
<td>50141</td>
</tr>
<tr>
<td>25 Months No Sale &amp; Greater</td>
<td>1680</td>
</tr>
<tr>
<td>Total Inventory</td>
<td>113281</td>
</tr>
<tr>
<td>Technical Monthly Avg</td>
<td>10243</td>
</tr>
<tr>
<td>Avg Mfg Allowance Earned Monthly</td>
<td>5000</td>
</tr>
<tr>
<td>Decrease / Growth</td>
<td>5243</td>
</tr>
<tr>
<td>Obsolescence Growth / 10 Mos</td>
<td>52430</td>
</tr>
</tbody>
</table>

Table #2

<table>
<thead>
<tr>
<th>Inventory By MNS</th>
<th>Current Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Months No Sale</td>
<td>13214</td>
</tr>
<tr>
<td>8 Months No Sale</td>
<td>10814</td>
</tr>
<tr>
<td>9 Months No Sale</td>
<td>8726</td>
</tr>
<tr>
<td>10 Months No Sale</td>
<td>9786</td>
</tr>
<tr>
<td>11 Months No Sale</td>
<td>9742</td>
</tr>
<tr>
<td>12 Months No Sale</td>
<td>9178</td>
</tr>
<tr>
<td>13-24 Months No Sale</td>
<td>50141</td>
</tr>
<tr>
<td>25 Months No Sale &amp; Greater</td>
<td>1680</td>
</tr>
<tr>
<td>Total Inventory</td>
<td>113281</td>
</tr>
<tr>
<td>Technical Monthly Avg</td>
<td>10243</td>
</tr>
<tr>
<td>Avg Mfg Allowance Earned Monthly</td>
<td>15000</td>
</tr>
<tr>
<td>Decrease / Growth</td>
<td>-4757</td>
</tr>
<tr>
<td>Time to Eliminate Obsolescence</td>
<td>10 Months</td>
</tr>
</tbody>
</table>

Table #1 is going to double their true obsolescence in 10 short months while Table #2 is going to eliminate the true obsolescence in the same amount of time based on current ordering habits and dollar values. Physical Inventories are perpetual and are continually aging or turning, depending on policies and procedures implemented at the dealership.
Idle Capital
Innovative Ways to Measure it and get rid of it!

Technical Obsolescence Reports
ERA 6910 Report of Technical Obsolescence

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNS</td>
<td>GREATER THAN OR EQUAL</td>
<td>7</td>
<td>AND</td>
</tr>
<tr>
<td>MNS</td>
<td>LESS THAN OR EQUAL</td>
<td>12</td>
<td>AND</td>
</tr>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td></td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS[082] AGE;+EXT VAL;+EXT CORE-NEW;+COUNT～

ENTER DESCRIPTION FOR TOTAL LINE
PRINT TOTALS ONLY (Y/N) Y
FIELD(S) TO BREAK ON AGE
CHANGE PAGE AT EACH BREAK (Y/N) N
ENTER SPECIAL FORMAT (Y/N) N

ADP English Statement to Pull Technical Obsolescence

FROM FUNCTION CODE: ENG

? LIST PART-NO. BY MNS BREAK-ON MNS SPACE TOTAL OH.VALUE SPACE TOTAL CORE.VALUE SPACE
? TOTAL #ITEMS WITH MNS GE “7” AND WITH MNS LE “12” AND WITH O.H. GE “1” AND WITH P-U
? ID-SUPP DET-SUPP (P)
? HEADING “’C’ REPORT OF TECHNICAL OBSOLESCENCE   PAGE:’PLDT’”

Avoiding the “Microwave” Mentality

In today’s business environment we all “want it now”. We want to “nuke” the problem and get it over with. In regards to retail inventory management, a year in the life of inventory is relatively short. You can implement and drastically make changes to the way you manage your parts inventory today, yet not see results for at least six months. Looking at your inventory in terms of the “Technical Obsolescence” measurement, changes today will not be reflected until the 7 month at minimum. Be patient and do not become discouraged that “instant” results are not being reflected in the monthly management reports MGR and 2213.
Forced Stock: Understood Yet UnMeasured
Parts Never Meeting The Phase-In Criteria

Forced Stock Factoid

- Forced Stock is a derivative almost exclusively from the special order process.
- A part that is forced into stock has “by far” the least chance of ever selling again.
- Forced Stock, in informal studies conducted, has approximately a 35% chance of selling again.
- Of the 35% of Forced Stock that does sell, Eighty percent (80%) of the parts that do sell usually go to the same customer it was originally ordered for in the first place.
- The average dealership has approximately 25% of it’s inventory tied up in forced stock. This means that the parts manager with 25% of his/her inventory tied up in forced stock only has a 75% chance of determining what should be in stock.
- Informal studies of a phase in guide of 3 months sales in a 9 month period will yield a 82% chance of reselling.

How Can I “Track and Measure” Forced Stock?

<table>
<thead>
<tr>
<th>ADP Month End Management Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Parts No Sales</td>
</tr>
</tbody>
</table>

**ADP’s Month End Management Report reports this line with the MNS report.**

- It “IS NOT” new parts that have met phase-in guide and are not selling all of the sudden.
- The equation for “New Parts No Sales” = Quantity On Hand is greater than Zero and the YRSL (12 month running total of sales) is equal to Zero and the MNS is less than 12 months.
- In short, it is a percentage of your forced stock, but not all of it!
- The Reynolds ERA system does not track this at all.

Comments

WD&S Teleconference January 27, 2004
## Idle Capital

*Innovative Ways to Measure it and get rid of it!*

### Reports to Identify Forced Stock Based on 3/9 Phase In Guide

#### Reynolds and Reynolds ERA

<table>
<thead>
<tr>
<th>Field</th>
<th>Condition</th>
<th>Value</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 MONTH HIST-</td>
<td>LESS THAN OR EQUAL</td>
<td>2</td>
<td>AND</td>
</tr>
<tr>
<td>QOH</td>
<td>GREATER THAN OR EQUAL</td>
<td>1</td>
<td>AND</td>
</tr>
<tr>
<td>STS</td>
<td>EQUAL</td>
<td>AP“”“”DP“”“”NS“”“”MO“”“”OB</td>
<td>AND</td>
</tr>
<tr>
<td>ENTRY</td>
<td>GREATER THAN OR EQUAL</td>
<td>27APR03</td>
<td></td>
</tr>
</tbody>
</table>

#### ADP

FROM FUNCTION CODE: ENG

? LIST PART-NO. DESCRIPTION BIN O.H. COST ABCD YRSL MNS MNR SS SO TOTAL OH.VALUE
? WITH YRSL LE “2” AND WITH O.H. GE “1” AND WITH MNS LE “12” AND WITH P-U BY PTNO (P)
? HEADING “ ’C’ REPORT OF FORCED STOCK SALES FOR REVIEW PAGE:’PLL’”

## Comments
**Getting Our Arms Around the Problem**

The Reports on the Prior Page give you a “ballpark” list of the forced inventory. How can we now begin to identify and control it more accurately?

---

**The Beauty of Computers**

**Steps To Create Measurability for Forced Inventory**

Our DMS systems are great for identifying common data, yet we fail to utilize common fields for recognizing like data in fields such as “Comments”, “Bin”, and “Description” just to name several.

- Begin by identifying a group of bins that you can use for forced stock.
- Set up 3 Sources
  - Source One for Retail Parts Forced into inventory
  - Source Two for Wholesale Parts Forced into inventory
  - Source Three for Speculative Inventory (You stocked regardless of a phase-in guide)
- The group of bins that you have set aside for forced stock could start with a “W” for wholesale; “R” for retail; and “S” for speculative parts.
- Consider using the comment field for inserting the technician or parts advisor number based on how the part came back into stock (retail shop, or retail counter wholesale for the parts advisor)
- Education Awareness is the next important step. Make sure whoever is in charge of putting parts away knows the source numbers and tech or advisor numbers and how to locate and input the forced inventory into the proper source and location.
- If you are going to use a updated field, such as Description, make sure you develop a map (PMU in ADP or Program 2335 for ERA) that makes sure the master does not update it with the monthly master update tape information.
- Begin creating reports that can identify the source and biggest offenders of the forced stock situation.

---

**ERA Report of Forced Stock from Technician 4321 Using Comment Field**

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMENT</td>
<td>EQUAL</td>
<td>4321</td>
<td>AND</td>
</tr>
<tr>
<td>BIN1</td>
<td>EQUAL</td>
<td>R]</td>
<td>AND</td>
</tr>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td></td>
</tr>
</tbody>
</table>

**ENTER COLUMN HEADINGS[082]**  
- AGE;PART NO;DESCRIPTION;BIN;QOH;COST;DETAIL;RC;SRC;ENTRY;STS;*EXT VAL

**ENTER DESCRIPTION FOR TOTAL LINE**  
- PRINT TOTALS ONLY (Y/N) N
- FIELD(S) TO BREAK ON AGE N
- CHANGE PAGE AT EACH BREAK (Y/N) N
- ENTER SPECIAL FORMAT (Y/N) N
Idle Capital
Innovative Ways to Measure it and get rid of it!

ADP Report of Forced Stock from Technician 4321 Using Comment Field

FROM FUNCTION CODE: ENG

? LIST PART-NO. AGE PTNO DESCRIPTION BIN O.H. COST ABCD YRSL MNS MNR SS SO SENTRY TOTAL OH.VALUE
? WITH COMMENT EQ "4321" AND WITH BIN1 EQ "W" AND WITH O.H. GE "1" AND WITH P-U
? BY-DSND AGE BY PTNO ID-SUPP (P)
? HEADING " 'C' REPORT OF FORCED STOCK BY DESENDING MNS FOR TECH 4321 PAGE:'PLL'"

These last two reports should give you an idea of what you can do to create and track specific information regarding forced stock. Now, let's build a report that can identify all the forced stock totals for each offender and total it.

ERA Report of Forced Stock Totals Using the Comment Field as the Identifier

REPORT NAME: FORCED STOCK SUMMARY REPORT
FILE NAME: PROD.MASTER
REPORT TYPE: SORT
ENTER FIELD(S) TO SORT BY: COMMENT
SELECT SORT SEQUENCE (A=ASCENDING D=DESCENDING) A

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMENT</td>
<td>GREATER THAN</td>
<td>&quot;&quot;</td>
<td>AND</td>
</tr>
<tr>
<td>BIN1</td>
<td>EQUAL</td>
<td>R&quot;&quot;W&quot;&quot;S</td>
<td>AND</td>
</tr>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td></td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS: COMMENT;+EXT VAL;+EXT CORE-NEW;+COUNT~
ENTER DESCRIPTION FOR TOTAL LINE
PRINT TOTALS ONLY (Y/N) Y
FIELD(S) TO BREAK ON COMMENT
CHANGE PAGE AT EACH BREAK (Y/N) N
ENTER SPECIAL FORMAT (Y/N) N

ADP Report of Forced Stock Totals Using the Comment Field as the Identifier

FROM FUNCTION CODE: ENG

? LIST PART-NO. BY COMMENT BREAK-ON COMMENT COUNT TOTAL OH.VALUE COUNT TOTAL CORE.VALUE
? COUNT TOTAL #ITEMS
? WITH COMMENT AND WITH O.H. GE "1" AND WITH P-U ID-SUPP DET-SUPP (P)
? HEADING " 'C' FORCED STOCK SUMMARY REPORT FOR REVIEW PAGE:'PLL'"
Idle Capital

Innovative Ways to Measure it and get rid of it!

ERA Report of Forced Stock Totals Based on Wholesale, Retail, or Speculative

**REPORT NAME:** FORCED STOCK SUMMARY REPORT BASED ON SALE TYPE

**FILE NAME:** PROD.MASTER

**REPORT TYPE:** SORT

ENTER FIELD(S) TO SORT BY: SRC

SELECT SORT SEQUENCE (A=ASCENDING  D=DESCENDING) A

<table>
<thead>
<tr>
<th>FIELD</th>
<th>CONDITION</th>
<th>VALUE</th>
<th>AND/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRC</td>
<td>EQUAL</td>
<td>1””2””3</td>
<td>AND</td>
</tr>
<tr>
<td>EXT VAL</td>
<td>GREATER THAN OR EQUAL</td>
<td>.01</td>
<td></td>
</tr>
</tbody>
</table>

ENTER COLUMN HEADINGS[082] SRC;+EXT VAL;+EXT CORE-NEW;+COUNT~

ENTER DESCRIPTION FOR TOTAL LINE

PRINT TOTALS ONLY (Y/N) Y

FIELD(S) TO BREAK ON SRC

CHANGE PAGE AT EACH BREAK (Y/N) N

ENTER SPECIAL FORMAT (Y/N) N

ADP Report of Forced Stock Totals Based on Wholesale, Retail, or Speculative

FROM FUNCTION CODE: ENG

? LIST PART-NOS. BY SRC BREAK-ON SRC COUNT TOTAL OH.VALUE COUNT TOTAL CORE.VALUE
? COUNT TOTAL #ITEMS
? WITH SRC EQ “1” “2” “3” AND WITH O.H. GE “1” AND WITH P-U ID-SUPP DET-SUPP (P)
? HEADING “ ‘C’ FORCED STOCK SUMMARY REPORT BASED ON SALE TYPE  PAGE:’PLL’”

The 6910 and English Reports Enclosed above should give you a good idea of how using common data can make report generation and tracking of forced stock a much easier process.

Comments
Special Order Control Is the Secret to Controlling Forced Stock Inventory

ERA Report of Special Order Parts For Review

REPORT NAME: SPECIAL ORDER REPORT OF PARTS WITH ONHAND QTY BY LRDATE
FILE NAME: PROD.MASTER
REPORT TYPE: SORT
ENTER FIELD(S) TO SORT BY: LRDATE; PART NO
SELECT SORT SEQUENCE (A=ASCENDING D=DESCENDING) D

FIELD | CONDITION | VALUE | AND/OR
B1N1  | EQUAL     | SP-ORD| AND
EXT VAL | GREATER THAN OR EQUAL | .01 |

ENTER COLUMN HEADINGS[082] LRDATE; PART NO; DESCRIPTION; BIN1; QOH; DETAIL; RC; AGE; SRC; STS; +EXT VAL
ENTER DESCRIPTION FOR TOTAL LINE
PRINT TOTALS ONLY (Y/N) N
FIELD(S) TO BREAK ON
CHANGE PAGE AT EACH BREAK (Y/N) N
ENTER SPECIAL FORMAT (Y/N) N

ADP Report of Special Order Parts For Review

FROM FUNCTION CODE: ENG

? LIST PART-NO. LDTDATE PTNO DESC BIN O.H. COST ABCD YRSL MNS MNR SS SO TOTAL OH,VALUE
? WITH BIN1 EQ “SP-ORD” AND WITH O.H. GE “1” AND WITH P-U BY LDTDATE BY PTNO ID-SUPP (P)
? HEADING “‘C’ SPECIAL ORDER REPORT BY LAST TRANSACTION DATE PAGE:’PLL’”

The Part Number File Wins!

Regardless of whether or not you use the automated special order features of your DMS system, the above reports give you the detail of what your DMS system says you have in special order parts. In the above statements, you may have to substitute your default bin location(s) where you store your special order parts.

A real key to remember when locating special order parts for specific customers is that, to re-iterate, using common bin locations makes it easy to pull reports and measure it. If you simply locate special orders in the general inventory, it becomes next to impossible to track your special orders unless you put a tremendous amount of trust in the special order file.

Always remember that the Part Number file (PROD.MASTER for ERA and PART-NO. for ADP) will win when it comes to physical inventory and reconciliation time at month end. No matter how the special order file looks, the Part Number file reflects what you reconcile to!
Creative Ways to Purge Idle Capital

Ok, Now that we have gone through some best practices on identifying idle capital and measurement reports, I want to accelerate removing the idle capital I have now so that I can realize a clean inventory in a year or less. In other words, I can’t wait and I am a “Microwave Mentality” person. Here are some suggestions for making it happen sooner rather than later.

Purchase Discounts -
- Always a very unpopular suggestion but one that should make a lot of sense if your not depending on this “facetious” dollar amount. Purchase Discounts are an automatic injection to the gross profit and net profit of the parts department. But, with obsolescence in your inventory, you are merely writing a check for commission and interest on that idle inventory! Take the purchase discounts earned monthly and apply this toward your inventory adjustment account until your idle inventory is reduced to nothing. Once your idle inventory is under control, your purchase discount become a true profit for the department. Purchase discount dollars are the best way to purge yourself of non-returnable inventory that there is.

Setting Up a Percentage of Gross Profit Monthly-
- Taking a fixed dollar amount or a percentage of the gross profit at month end is another way to “bank” some reserve for purging idle inventory. With the reduction in return allowance and return privileges being offered by most manufacturers today, this becomes almost a necessity in the unpredictable world of reactionary retail sales. Looking at your price break escalation tables and potentially the reduction in discounts to wholesale customers is a great way to work a few dollars back into the gross so as not to drastically reduce gross in the name of idle capital.

Maximizing Stock Order Purchases -
- Too many non-critical parts are purchased through the special order process that earns very little or no return reserve from the manufacturer. Communication with your service department and/or wholesale customers as to time frame can help you maximize putting parts easily accessible from your facing depot on the weekly or daily stock order to earn the maximum return allowance. Watch your return reserves grow if you can master and control this process.

Getting Twice the Bang for the Buck -
- Rather than “trash” your returnable inventory with the first two suggestions above, consider working with the several companies out there that are now partnering those dealerships with idle capital with dealerships who are buying idle capital. Typically, you can sell idle inventory for approximately .50 to .60 cents on the dollar. Selling off idle inventory this way and using any accrued dollars from purchase discounts or a set amount from gross profit will only enable you to sell twice as obsolete inventory as you could throw away.
## Idle Capital

*Innovative Ways to Measure it and get rid of it!*

### REYNOLDS AND REYNOLDS REPORT OF PARTS BY MNR (LRDATE)

Report Name: PARTS BY MNR  
File Name: PROD.MASTER  
Report Type: SORT  
Enter Field(s) to Sort by: LRDATE  
Select Sort Sequence (A=ASCENDING  D=DESCENDING): D  
Enter Selection Criteria:
- **QOH**: Greater Than or Equal to 0
- **STS**: Not Equal to DLT  
Enter Column Headings: LRDATE; EXT VAL; CNT  
Enter Description for Total Line:  
Print Totals Only (Y/N): Y  
Enter Field(s) to Break On: LRDATE  
Change Page at Each Break (Y/N): N  
Enter Special Format (Y/N): N

<table>
<thead>
<tr>
<th>LRCV DTE</th>
<th>EXT-VAL</th>
<th>CNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/26/00</td>
<td>948.10</td>
<td>22</td>
</tr>
<tr>
<td>05/25/00</td>
<td>652.87</td>
<td>37</td>
</tr>
<tr>
<td>05/24/00</td>
<td>11789.72</td>
<td>185</td>
</tr>
<tr>
<td>05/23/00</td>
<td>709.10</td>
<td>23</td>
</tr>
<tr>
<td>05/22/00</td>
<td>413.00</td>
<td>19</td>
</tr>
<tr>
<td>05/19/00</td>
<td>592.60</td>
<td>22</td>
</tr>
<tr>
<td>05/18/00</td>
<td>86.95</td>
<td>17</td>
</tr>
<tr>
<td>05/17/00</td>
<td>5263.95</td>
<td>121</td>
</tr>
<tr>
<td>05/16/00</td>
<td>350.30</td>
<td>35</td>
</tr>
<tr>
<td>05/15/00</td>
<td>1175.30</td>
<td>15</td>
</tr>
<tr>
<td>05/12/00</td>
<td>43.25</td>
<td>17</td>
</tr>
<tr>
<td>05/11/00</td>
<td>96.45</td>
<td>42</td>
</tr>
<tr>
<td>05/10/00</td>
<td>6573.05</td>
<td>169</td>
</tr>
<tr>
<td>05/09/00</td>
<td>597.56</td>
<td>28</td>
</tr>
<tr>
<td>05/08/00</td>
<td>25.25</td>
<td>16</td>
</tr>
<tr>
<td>05/05/00</td>
<td>268.25</td>
<td>29</td>
</tr>
<tr>
<td>05/04/00</td>
<td>405.50</td>
<td>31</td>
</tr>
</tbody>
</table>

Total = $29,991.20 (This is the total for all receipts month to date in May)

Your Report should almost look exactly as it does above. You may have some numbers directly under the EXT VAL and CNT field. Please see report number #1 for guidance. Because your ERA system does not have a MNR field to total this for you, you will need to group your part number dollar totals by each month to determine the table below. Please see the example of the report above.

**TOTAL YOUR DOLLAR AMOUNTS BY THE GROUPING BELOW**

- 0 TO 3 MONTHS
- 4 TO 6 MONTHS
- 7 MONTHS
- 8 MONTHS
- 9 MONTHS
- 10 MONTHS
- 11 MONTHS
- 12 MONTHS
- 13 TO 24 MONTHS
- 25+ MONTHS
General Motors RIM Report of Parts Not Controlled By GM

ERA Report of Special Order Parts For Review

REPORT NAME: REPORT OF RIM STATE CODES NOT CONTROLLED BY GM OVER 12 MONTHS OLD
FILE NAME: PROD.MASTER
REPORT TYPE: SORT
ENTER FIELD(S) TO SORT BY: MFR STATUS
SELECT SORT SEQUENCE (A=ASCENDING D=DESCENDING) A

FIELD | CONDITION | VALUE | AND/OR
MFR STATUS | EQUAL | 00""01""03""07""08""09 | AND
EXT VAL | GREATER THAN OR EQUAL | .01 | AND
AGE | GREATER THAN OR EQUAL | 13

ENTER COLUMN HEADINGS[082] MFR STATUS;PART NO;DESCRIPTION;BIN1;QOH;COST;DETAIL;RC;AGE;LRDATE;SRC;

ADP Report of RIM Non-Controlled Parts Over 12 MNS

FROM FUNCTION CODE: ENG

? LIST PART-NO, BREAK-ON GM.STATE PART-NO. DESC BIN O.H. COST ABCD MNS MNR SS SO TOTAL OH.VALUE
?WITH GM.STATE EQ "00" "01" "03" "07" "08" "09" BY GM.STATE BY PTO NO ID-SUPP (P)
? HEADING ' 'C' REPORT OF NON-RIM INVENTORY OVER 12 MNS FOR REVIEW PAGE:'PLL'"

Comments

WD&S Teleconference January 27, 2004
Idle Capital
Innovative Ways to Measure it and get rid of it!

Presenter Contact Information

Chuck Hartle’
PartsEdge, Inc.
12925 Pomerado Road Suite F
Poway, CA.  92064
(800) 825-7562

Thank You for Participating!