

R&CO WEBINAR SERIES FOR AUTO DEALERS

What You Don't Know Can Hurt You: Closing The Gaps In Parts Reconciliation



ROSENFELD & Co. PLLC
TRADITIONAL VALUES | EXTRAORDINARY RESULTS



Speakers



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Solutions

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Background

- Total Dealer Solutions founded in 2003
- Background in the automotive industry
- 30 years parts inventory management
- Leading 3rd party parts inventory provider in US



Reconciliation Sample

Date: 01/01/2022
Dealership: Anytown Buick GMC Kia

PartsCount™ 

Physical Inventory Summary (1/1)

	Total	24200-GM MAIN PARTS	24800-GM TIRES	24240-KIA MAIN PARTS	24300-KIA TIRES	24400-GOG
1. Parts and Accessories on Computer Printout	\$412,753.87	\$186,274.94	\$8,864.49	\$203,113.37	\$7,415.00	\$7,086.07
2. Core Charges in Stock (New)	\$11,961.00	\$6,671.00	\$0.00	\$5,310.00	\$0.00	\$0.00
3. Parts On Hand but Not in System Pad	\$131,100.00	\$100.00	\$0.00	\$131,000.00	\$0.00	\$0.00
4. Estimated Items (Hardware, Etc.)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Used Cores	\$100.00	\$0.00	\$0.00	\$100.00	\$0.00	\$0.00
6. Parts Sold during Inventory but Not Counted	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total In Stock	\$555,934.87	\$193,045.94	\$8,864.49	\$339,523.37	\$7,415.00	\$7,086.07
A) WORK IN PROCESS (PARTS ONLY)						
1. Body Shop	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Service	\$81,202.49	\$34,349.06	\$0.00	\$45,214.87	\$1,078.29	\$560.27
3. Counter Tickets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4. Closed R/O's not in Accounting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Work In Progress	\$81,202.49	\$34,349.06	\$0.00	\$45,214.87	\$1,078.29	\$560.27
B) CLAIMS AND RETURNS						
1. Parts Returned Where Credit has Not been Posted to Accounting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Shortage Damage Claims That Have Not Been Posted to Accounting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. Used Cores That Have Been Returned but Have Not Been Posted to Accounting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Claims and Returns	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Inventory Value Grand Total	\$637,137.36	\$227,395.00	\$8,864.49	\$384,738.24	\$8,493.29	\$7,646.34
C) OUTSTANDING INVOICES						
1. Parts Received Not Posted to Accounting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Parts Posted to Accounting but Have Not Been Received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. Prepaid Special Orders That Have Not Arrived Yet	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Not Booked to GL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
D) COMPARISON TO GENERAL LEDGER						
1. GL Value as of Inventory Date	\$781,618.17	\$199,327.06	\$17,016.42	\$554,879.37	\$0.00	\$10,395.32
2. + Total not booked to GL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. + Total Work In Progress	\$81,202.49	\$34,349.06	\$0.00	\$45,214.87	\$1,078.29	\$560.27
4. - Total Claims and Returns	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Adjusted General Ledger Book Value	\$700,415.68	\$164,978.00	\$17,016.42	\$509,664.50	(\$1,078.29)	\$9,835.05
6. Manufacturer Appreciation/Depreciation	\$18,840.17	\$10,268.64	\$147.82	\$7,445.81	\$826.00	\$151.90
7. Manual Appreciation/Depreciation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Adjusted GL including Manufacturer Appreciation/Depreciation	\$719,255.85	\$175,246.64	\$17,164.24	\$517,110.31	(\$252.29)	\$9,986.95
9. Adjusted GL including Manufacturer and Manual Appreciation/Depreciation	\$719,255.85	\$175,246.64	\$17,164.24	\$517,110.31	(\$252.29)	\$9,986.95
10. Physical Inventory Value as of Inventory Date	\$555,934.87	\$193,045.94	\$8,864.49	\$339,523.37	\$7,415.00	\$7,086.07
11a. Overage/Shortage including Manufacturer App/Dep (If App/Dep was Not already Booked)	(\$163,320.98)	\$17,799.30	(\$8,299.75)	(\$177,586.94)	\$7,667.29	(\$2,900.88)
11b. Overage/Shortage including Mfg and Manual App/Dep (If App/Dep was Not already Booked)	(\$163,320.98)	\$17,799.30	(\$8,299.75)	(\$177,586.94)	\$7,667.29	(\$2,900.88)
11c. Overage/Shortage excluding App/Dep (This is the net adjustment.)	(\$144,480.81)	\$28,067.94	(\$8,151.93)	(\$170,141.13)	\$8,493.29	(\$2,748.96)

Lack of Understanding/Knowledge



Reconciliation Sample

Date: 01/01/2022
Dealership: Anytown Buick GMC KIA

PartsCount™ 

Physical Inventory Summary (1/1)

	Total	24200-GM MAIN PARTS	24800-GM TIRES	2424B-KIA MAIN PARTS	24300-KIA TIRES	24400-GOG
1. Parts and Accessories on Computer Printout	\$412,753.87	\$196,274.94	\$8,864.49	\$203,113.37	\$7,415.00	\$7,086.07
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(\$163,320.98)

Reconciliation Sample

(\$163,320.98)

“Team lets get this WIP down and get these ROs closed out.”

Common Challenges

- Lack of Understanding/Knowledge
- Cutoff time understood by all
- Data being pulled from correct reports
- All outstanding reconciling items accounted for



Common Challenges

- Variances – No explanation for shortages or overages
- Up to 3% variance has become acceptable...**WHY?**
- Variance should = \$0.00 but this **NEVER** happens!



Common Causes

- Plus Minus Adjustments to Parts Counter pad
- In/Outs on Repair Orders
- Appreciation/Depreciation Not being recorded properly (Tariffs)
- Special Orders not being filled
- DMS Bugs



Why is it important?

No Accountability
=
High Vulnerability

// How Fix It

- Reconcile Monthly
- Turn to Technology



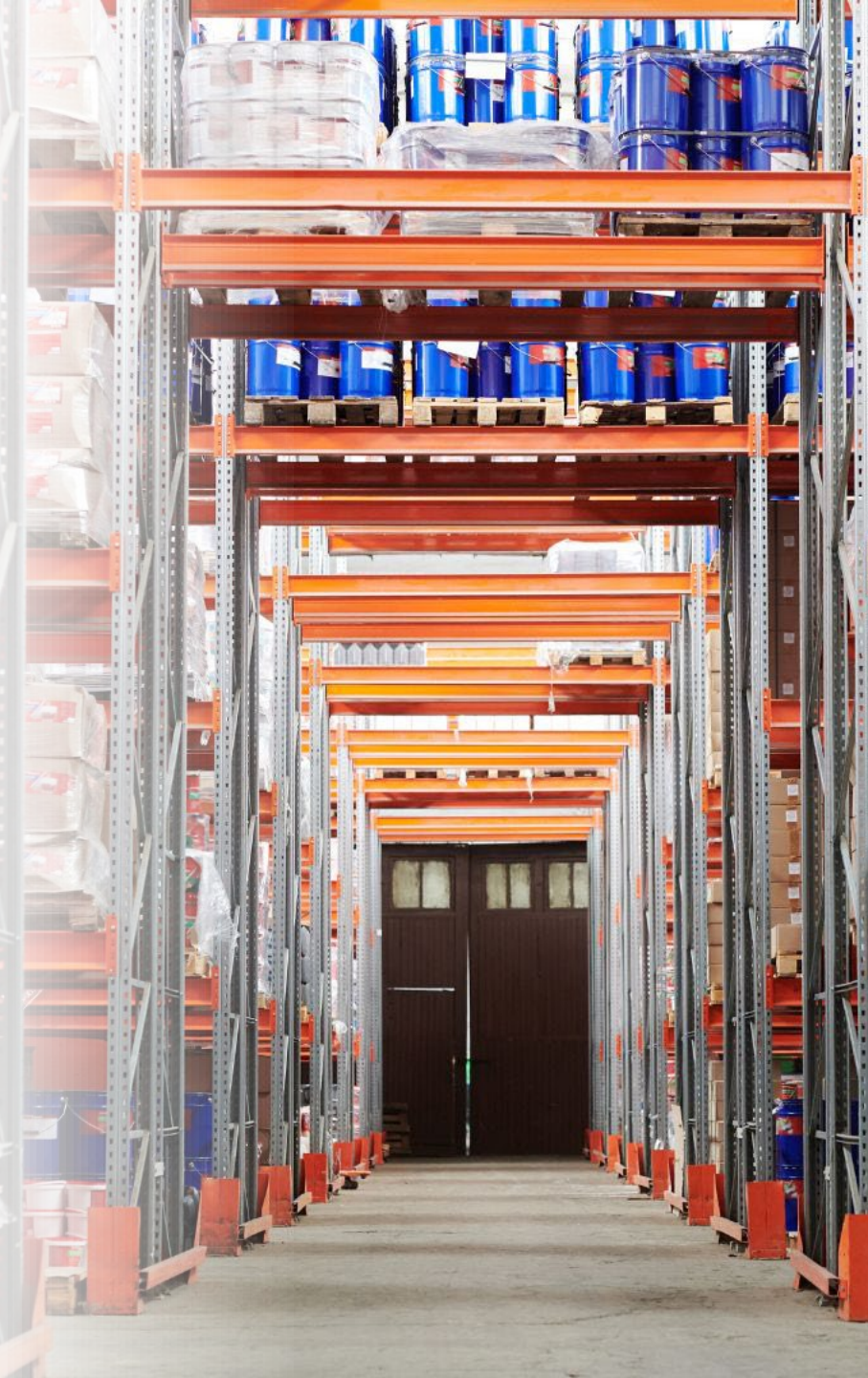
Optimize Your Parts Process

- Constantly tweak your ordering process — don't blindly follow the system.
- Adjust for unique events (e.g., recalls, weather surges).
- Monitor both dollar and unit turnover — aim for a 45-day supply.



Streamline Operations & Accountability

- Keep tight control of special orders — require prepayment and restocking fees.
- Implement internal parts delivery to techs by appointment time.
- Tie staff pay plans to obsolescence tracking.
- Maintain organization and cleanliness in the parts department.



Reconciliation and Oversight

- Review parts summary reports at least weekly.
- Perform counter pad reconciliations consistently throughout the year.
- Adjust in real time and investigate discrepancies.



Connect with Us!



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