



The Importance of Comparing Months-No-Sale VS Months-No-Receipts

Parts“eze” vs Dealer’eze”

Two **very** different views of measuring inventory.

Parts“eze” is looking at the inventory from a **sales** perspective.

Dealer “eze” is looking at the inventory from a **investment** perspective.

Review this scenario

You stock a filter that you sell 12 times per year, once a month. Your current on hand is zero (0). The Manufacturer is offering a 10% discount from Dealer Net if you purchase 60 (5 cases). You make the purchase to get the discount, hoping demand might increase. In reality, based on current demand, you just purchased a 5 year supply of this filter.

Demand doesn't change, you continue to sell one filter per month. Each month that you sell a filter, the remaining balance of the inventory value stays in the 0-3 Months No Sale Value Category.

Each month you sell this filter, the remaining balance will continue to age in the Months No Receipt or Last Receipt Date category.

At the end of 25 months, since that filter purchase, you have 35 filters left. The balance of the 35 filters are in the 0-3 Month aging value. The balance of the 35 filters are in the 25 & Greater again value in Months No Receipt.

The Months-No-Sale Report

Inventory By Months No Sale

AGE	\$ VALUE	PCT%
0 TO 3 MONTHS = ACTIVE	\$159,794	49%
4 TO 6 MONTHS = ACTIVE	\$35,393	10%
7 TO 12 MONTHS = TECHNICAL	\$41,662	13%
OVER 12 MONTHS = OBSOLETE	\$53,696	17%
NEW PARTS NO SALES \$35,765 11%	\$35,765	11%

Forty-nine percent of the inventory appears to be active.

Flaws In The Months-No-Sale Report

MNS	MNR	YRSL	PART-ID.....	DESC....	BIN.....	O.H.	VALUE..
	204	2	27044	1/4 HOSE	HOSETRAY	3	2.85
	119	16	O1008	NUT	AKEND	411	69.87
	116	16	O1007	BOLT	AKEND	1251	562.95
	78	5	O1020	COTTERPI	AKEND	1083	173.28
	63	6	O1014	VAC-T	DNEND	254	251.46
	60	4	N-906-867-01	CLIP	VW2I	13	11.70
	53	2	7055GR	GREY/MAT	SU30E	1	18.96
	48	1	3357NA	BULB	BULBTRAY	2	4.16
	44	6	42060AA040	GASKET -	SU13G	43	144.05
	39	2	14786	PLAID CA	DISPLAY	1	10.95
	31	1	137238	STI CAP	SU20D	1	8.95
	31	4	3057	BULB	BULBTRAY	3	3.75
	31	6	N-017-752-2	BULB	VW2B	4	4.00
	30	3	1157NA	BULB	BULBTRAY	1	1.75

A 78- year
supply at
current
sales pace!

It has been over a year since any of these parts have been purchased.
The question: In the Month's No-Sale report, where would this \$2,280.05
value be?

A 78-year supply of stock...really?

MNS	MNR	YRSL	PART-ID.....	DESC....	BIN.....	O.H.	VALUE..
0	116	16	O1007	BOLT	AKEND	1251	\$562.95

There is such a thing as a part outliving us!

Months-No-Receipt

Modeling retail inventory obsolescence

To be better able to identify slow and non-moving merchandise, retailers would need to develop a practical yet effective model for merchandise-aging.

You must be capable of aging items and mapping obsolescence in a objective and timely manner.

Use the **supplier receipt date of merchandise** as the basis for its stock aging. This may be simplified as **last receipt date.**

You can find this information from your dealership's computer system.

Months-No-Receipts Close Up

Inventory By Months No Receipt		
AGE	\$ VALUE	PCT%
0 TO 3 MONTHS	176933	54%
4 TO 6 MONTHS	42192	13%
7 TO 12 MONTHS	44790	14%
OVER 12 MONTHS	59372	18%
NEW PARTS NO SALES	3023	1%
TOTAL	326310	100%



Sixty-seven percent of the inventory appears to be active by receipts, compared to fifty-nine percent by sales.

Comparing Months-No-Sale To Month-No-Receipts

Purchase-to-Sale Ratio

Inventory By Month's No Sale		
AGE	\$ VALUE	PCT%
0 TO 3 MONTHS	\$15,9794	49%
4 TO 6 MONTHS	\$35,393	10%
7 TO 12 MONTHS	\$4,1662	13%
OVER 12 MONTHS	\$53,696	17%
NEW PARTS NO SALES	\$3,5765	11%

Inventory By Month's No Receipt		
AGE	\$ VALUE	PCT%
0 TO 3 MONTHS	\$17,6933	54%
4 TO 6 MONTHS	\$42,192	13%
7 TO 12 MONTHS	\$44,790	14%
OVER 12 MONTHS	\$59,372	18%
NEW PARTS NO SALES	\$3,023	1%

Differences:

- Purchases are out gaining receipts in the critical 0-3 and 4-6 month's categories.
- Actual obsolete value is almost \$6,000 higher the receipt value than the month's value.
- What about New Parts No Sales?

What **effect** would this have on Inventory Reporting?

- It would show up in Receipts vs. Sales
- It would show up in a lower Inventory Turn Rate
- It would show up in Excess Inventory (On Hand is greater than Best Stocking Level)

Ready to simplify things?



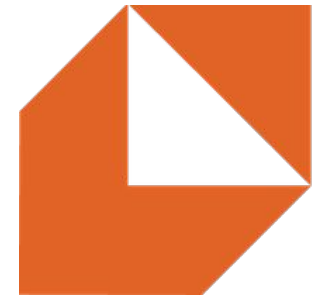
The **powertool**

for your Parts Department

What we do

We have the tools and systems to get your DMS to do what you want it to do.

- Getting your DMS to work efficiently takes more time than any one manager has
- Reporting that takes the guesswork out of managing the DMS
- Saves Parts Managers 4-6 hours a week
- Takes your inventory from reactive to proactive



How?

With remote access, we implement proven DMS and manufacturer specific setups to give you exceptional control over your parts inventory and pricing.

Our system analyzes every single part daily with any source and pricing changes carried out automatically.

Timely and accurate reports validate results and drive the process.

The Results

20% less total inventory

50% higher ROI

20% increase in parts sales

15% less idle inventory

PartsEdge is the perfect mix of human and robot. They will automatically optimize inventory based on the data AND they also take personal input from the everyday operations to create a hybrid of human and computer.

Jeff Denis, Parts Manager Marcotte Ford

In one year we have reduced total inventory by 35% while our productive inventory increased and obsolescence reduced by 58% and our technical obsolescence by 72%.

Greg Dimond, Parts Manager

With the tools offered by PartsEdge, I doubled my monthly gross profit dollar total within 16 months.

**Jason Boyd
Parts Manager at Tate Branch Auto Group**

(800) 825-7562

info@partsedg.com

www.partsedge.com

