

Sandi Jerome
Computer Consulting

Advanced Profit Accounting Academy

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www.DealerStar.com

www.SandiJerome.com



Who are You?

- Name and Dealership(s) – city/state
- Position and how many years?
- Excel *guru or newbie*? Autofilter, Pivot tables, Vlookup?
- DMS system
 - ADP
 - R+R (Power/ERA)
 - Dealertrack/Arkona
 - ASI, Other

Advanced Workshop

- ▶ Data – Headers/Details
- ▶ Files – Transactional vs. Snapshot
- ▶ More Advanced Excel features – Match, embedded If, SubTotals, Duplicates
- ▶ Internal Control Case Studies
- ▶ TriMethod Payroll – how to determine Salary, Bonus, or Commissions
- ▶ “Dam” report for Frozen Cash

Repair Orders – Case Study

Dealer wants to know what kind of repairs do we do on the vehicle soon after the delivery date

Open AdvROExercise

Repair Orders – Header

Repair Order LaborLines – detail for labor

Understanding Headers and Detail

Sales (802) 223-9580 Parts & Service (800)
 TOLL FREE (800)
 www.DealerStar.com

Cust: 18863 Rogers

SERVICE ADVISOR:

Allen Smith

ohn Rogers 321 West Street Wainfield, VT 05667 Home: 888-328-6738 Work: 802-454-9924 Cellular: 802-224-6075 Email: sandi@crsauto.com	Year: 2009 Make: Subaru Model: Legacy Sedan Color: Grey VIN: 4S3BL616296227786 License: FEE741 Miles In: 34528 Miles Out:	Tag: Date Opened: 05/05/2014 Time Opened: 10:22:51 Last 6: 227786
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Customer Copy

Tech Prod

Job: A 01SAZ018 18000 MILE SERVICE TECH: Joe Tech 82.80

~~Sale Type: Customer Service~~

Rate: 69.00

Complaint: C/S ABS,TCS, BRAKE WARNINGS CAME ON-ERR SS, SEEMS LIKE ABS MAY BE KICKING IN PREMATURELY
 Cause: CHECKED FOR CODES C0071 STEERING ANGLE SENSOR POWER SUPPLY MALF C0026 RR ABS SENSOR SIGNAL FAULT, CHECKED CONNECTOR FOR TPM MOD FOR CORROSION, OK TEST DROVE WITH SCANNER COULDN'T SEE ANY DIFFERENCE IN SPEED SIGNAL FORM LEFT REAR TO RIGHT REAR. CHECKED VOLTAGE SWEEP OF STEERING ANGLE SENSOR FOND OPEN CIRCUIT WHEN STEERING BETWEEN 370-380 DEG. RECOMMEND REPLACING STEERING ANGLE SENSOR.

Correction: REMOVED AND REPLACED RIGHT REAR SPEED SENSOR, REMOVED STEERING WHEEL AND ROLL CONNECTOR. REPLACED STEERING ANGLE SENSOR AND RE-INSTALLED ROLL CONNECTOR, AND STEERING WHEEL RETESTED STEERING ANGLE SENSOR AND CLEARED CODES.

TEST DROVE. OK
 REPAIR PAID FOR BY FORMULA NISSAN

OpCodeLongDesc:

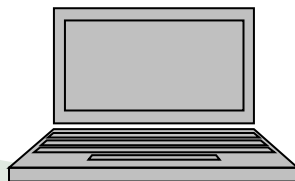
Parts Gross

Part Number	Description	Qty	List	Net	Total	Core
27540AG12B	ABS SENSOR RR	1	70.23	70.23	70.23	
27549AG010	STEERING ANGLE SENSOR	1	359.70	359.70	359.70	
01925	FLEX PIPE	1	34.09	34.09	34.09	0.00
TOTAL PARTS					464.02	

Exercise – AdvROExercise

21	755	C	Joe Tech	ROT	TIRE ROTATION	0.6	0.4	0.6
22	85755	B	Joe Tech	9999		0	0	0
23	85755	B	Joe Tech	2400	RFPI ACF MIRROR	1	0.7	1

- ▶ Working with clean data – if a row has no data then remove it – AutoFilter, delete
- ▶ Insert a Vlookup to put DeliveryDate on labor lines – **named range**
- ▶ Pivot table – of Tech Productivity.
- ▶ **Extra Credit** – What types of other reports can you create with this data? Productivity, Efficiency?



Hands On
RO Exercise



Data Extraction Made Easy

- ▶ **Transactional Files** – checks, repair orders, parts tickets, receipts, JVs
- ▶ **Snapshot files** – customers, vehicle inventory, parts inventory

- ▶ **Module Files vs. Accounting**
Inventory vs. Schedules
F&I deals, parts tickets vs. Journals

Starting with a “Who”

- ▶ I just know something is going on between Jack and that used car wholesaler – Quick Used Cars
 - “I’ll handle him”
 - Bundled cars on one PO

“I can just smell a thief”
What and How?

Discussion

- ▶ How many ways are there to “steal”?
- ▶ What is some of the best theft stories



Discussion

Vin Check – Duplicates – How

- Wholesaled very soon after traded in
 - Zero profit
 - Purchased back and Retailed at very little profit

Buyer	DealDate	Stock#	VIN	Yr	Mk	Model	Gross
Hernandez	11/20/2009	160651A	1B3HB48A49D160651	2009	Dodge	Caliber	2060
Quick Used Cars	11/20/2009	160651B	1B3HB48B48D724323	2008	Dodge	Caliber	0
Bell	2/20/2010	P724323	1B3HB48B48D724323	2008	Dodge	Caliber	47



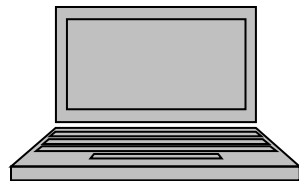
Hands On
Lien Payoffs

Lien Payoffs – How and What?

- ▶ Who – New car biller
- ▶ She just built a new house
 - No vacations
 - Lots of journal vouchers
- ▶ How – by checks – but what???
 - Big pile of all checks written by the clerk
 - Lots of payoff checks to Chase
 - Dealer added “why does every trade seem to have a payoff to Chase?”
- ▶ Ran a report of all the payoffs from F&I, didn't match up!

Lien payoffs

- ▶ Using the **SubTotals** to make a “Schedule”
 - ▶ Studying Data – what is wrong with this data?
 - ▶ Making Rules for the data
 - ▶ **Embedded IF** statements
-
- ▶ Extra Credit – how many days does it take to payoff loans? *What is the BEST process for payoffs?*



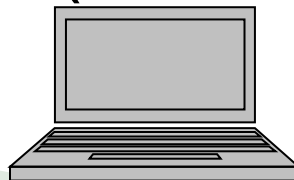
Hands On
Lien Payoffs

Embedded If Statement – Exercise

- ▶ If someone's gross profit average is less than \$900 in a month, they get 20% commission.
- ▶ For gross between \$900 and \$1500, they get 25% commission.
- ▶ For gross between \$1500 and \$2000, they get 27.5%
- ▶ For gross over \$2000, they get 30%

Easy method =IF(B4<900,"Yes","No")

=IF(B4<900,B4*20%,IF(B4<1500,B4*25%,IF(B4<2000,B4*27.5%,B4*30%)))



Hands On If –
blank spreadsheet

Tri-Method of Pay Plans

Salary, Commissions, Bonus

Step 3: Use remainder for a bonus

	High	Low
Desired Pay	\$ 12,000.00	\$ 8,000.00
Proposed Salary (rounded)	\$ 2,300.00	\$ 2,300.00
Proposed Commission	\$ 7,040.59	\$ 4,089.76
Bonus Budget	\$ 2,659.41	\$ 1,610.25

	High	Low	High	Low
High CSI/QCP	\$ 700.00	\$ 250.00	>80	>75
Increased volume	\$ 700.00	\$ 150.00	400 sold	250 sold
Gross Profit per unit	\$ 1,500.00	\$ 500.00	over \$1500	Over \$1100
Sales per Salesperson	\$ 500.00	\$ 300.00	Over 15	Over 10 units
Inventory age	\$ 1,500.00	\$ 400.00	None over 60	None over 90 days
Closing ratios	\$ 250.00	\$ 150.00	Over 30%	Over 25%
Total Bonus	\$ 5,150.00	\$ 1,750.00		

What are your Objectives?

My Objectives in Service

- ❑ High CSI
- ❑ More sales
- ❑ Spend more time with customer – upsell
- ❑ Less warranty rejections
- ❑ Train the technicians better
- ❑ Less policy expense
- ❑ Dress and act professionally

Salary, Commissions, Bonus?

Cash Dams

- ▶ What “dams” up your cash? – Using the Cash Flow to find where your cash went – usual suspects;

1. Used Vehicles
2. Contracts in Transit
3. Vehicle Receivables
4. Fixed Assets
5. PrePaid/Parts

		Cash Flow Statement	
Cash provided by;			
Profit and retained earnings		\$	1,969,839
Add'l debt and capital		\$	894,798
Increase in AP/Notes		\$	1,917,792
Depreciation		\$	76,110
Total inflows		\$	4,858,539
Cash used by;			
Vehicle and other receivables		\$	3,448,820
New and used equity		\$	1,568,067
Parts and other inventories		\$	31,935
Fixed assets and other		\$	636,177
Total outflow		\$	5,684,999
Cash decrease		\$	(826,460)

Cash Dam Report – Exercise

Day Supply vs Days Old

Cost of sales Used Retail \$ _____

X 2 = \$ _____

Used Vehicles in Stock \$ _____

Over (Under) \$ _____

Hands On
Cash Dam

Used Vehicle Process Wholesale

- ▶ Vehicle comes in Trade
- ▶ Wholesale determined \$10,000
- ▶ Wholesale order in deal jacket \$10,000
- ▶ No key tags, no repair orders, no purchase orders, no jacket, no stocking in, advertising
what else?

Used Trade-in, Hold for 45 days

- ▶ \$10,000
- ▶ -----
- ▶ -----
- ▶ -----
- ▶ -----
- ▶ ___ hrs X ___ \$hr -----
- ▶ -----
- ▶ Wholesaled at day 45 for \$9500

Total Loss \$-----

and what else? Oh dam...! Broken processes cost us \$\$\$\$ Profit!

Discussion

Sublet Process

- ▶ Tow truck driver arrives with vehicle
- ▶ Obtains a purchase order# from parts department
- ▶ **Parts** dept **writes PO#** on invoice and tells driver to leave the invoice with service – **why parts?**
- ▶ Tow truck give invoice to cashier, top of a random advisor desk, service manager's office or leaves it with _____ (fill in blank obscure location!)

*Can you Design a Better Process that **does not** give access to the Purchase order system to a service advisor?*

New Process – Sublet needs an RO not a PO

- ▶ Tow truck driver goes to an advisor that is free and asks for an RO#
 - ▶ Advisor opens the Repair order (VIN, Lic#, Customer) – often Customer is standing there or if they called in already, looks up RO#
 - ▶ Writes RO# on the invoice
 - ▶ Sends Tow truck along on his merry way!
1. Even better – AP checks RO before posting
 2. Cashier gets a bonus for any missing sublet
 3. Advisor see sublet on labor screens

Sublet Pain Solutions – AP

Before – no Sublet

				Acct#	Invoice Line Amt	Control	Description	Type
Inline Edit	Copy/Split	View	<input type="checkbox"/>	246	\$60.00	40738	Fix windshield	Parts
				Total: 60				

Use Parts Invoices to verify amounts and update to posted

After – Sublet was added!

				Acct#	Line Amt	Control	Line Description	Order Type	Control Name	CC Alter
Inline Edit	Copy/Split	View	<input type="checkbox"/>	246	\$60.00	40738	Fix	Parts		

Use Parts Invoices to verify amounts and update to posted

Sublet on ROs

Details found: 1.

Cost	Sale	Repair Order Number	GLDetail ID	Posting Date
60.00	60.00	40738		

Sublet **Pain** Solutions – RO

Edit Labor [Parts with Search/Add \(1\)](#)
[Other Charges](#)
[Sublet -add to Other Charges \(1\)](#)
[Enter Add'l Flags \(1\)](#)
[Sell Only Parts](#)
[Total Tech Time/Edit \(2\)](#)
[Add/Edit Tech Time](#)

Edit Labor [Parts with Search/Add \(2\)](#)
[Other Charges \(1\)](#)
[Sublet -add to Other Charges \(1\)](#)
[Enter Add'l Flags \(1\)](#)
[Sell Only Parts](#)

[Post Customer Pay](#) [Post Warranty](#) [Post Internal](#)

Advisor hover to see sublet

Sublet

Details found: 1.

Invoice Date	Vendor ID	Line Description	Control	Control Name	Amount
4/16/2014	5219	Fix windshield	40738		60.00

Print

Inline Edit [Enter Flags \(2\)](#)
[SMS Notify \(1\)](#)
[Sublet \(1\)](#)
[Rental Charge](#)
[Email Repair](#)

Cashier Hover to see sublet

Sublet

Details found: 1.

Invoice Date	Vendor ID	Line Description	Control	Control Name	Amount
4/16/2014	5219	Fix windshield	40738		60.00

Process and Procedures

Name 5 common processes (we'll use them later)

1. _____
2. _____
3. _____
4. _____
5. _____

Payroll and Pizza – Case Study

- ▶ Who? Payroll clerk's husband had a pizza restaurant that was struggling
- ▶ What? Payroll expense higher, more EFT for payroll taxes – “just didn't look right”
- ▶ Why? She had not gotten a raise she wanted
- ▶ How? She “made” his payroll tax payments to his tax accounts FROM the dealership cash accounts and then expensed to payroll taxes.

*Over \$14,000 in \$\$ taken, 4 bad cash in bank entries and we're going to find it! I'll introduce Excel function **Match** and the **Column** in a Pivot Table.*

Payroll Tax Hands On

Part 1 – Metrics

- ▶ Total payroll \$ _____
 - Total salaries
 - Total bonus
 - Total commission
 - Cost of sales – labor
 - Payroll tax expense % _____

Payroll transactions Part 2 – Hands On

- ▶ EFT vs Deposits required
- ▶ Pivot table the credits by date
- ▶ Compare to EFT



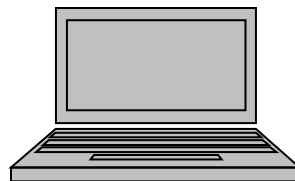
Extra Credit

Your metric _____%

Total Payroll \$ _____

Total payroll tax expense on your Financial Statement

Variance?



**Hands On
Payroll**

Process Reduction

- ▶ Pick one of your 5 processes
- ▶ List the steps involved – page 11
- ▶ * Note any areas that have risks
- ▶ Can you eliminate a step without increasing risk?

Discussion

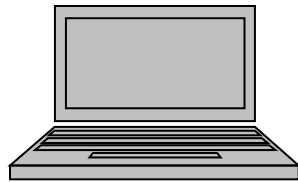
Top 10 Risk Areas

1. Vehicle Inventory
2. Parts inventory
3. Slush funds (pack, due bills)
4. Factory accounts / statement – “funny money”
5. Accounts Payable / Other Payables
6. Payroll – at least 4 ways *1.4 million – 41 mos – What was the Expense Metric? Item Expense method*
7. Cash in bank; Who should do the reconciliation? **Bank should be higher** – get balance emailed – daily bank reconciliation
8. Receivables – intercompany, review statements
9. Floorplan – large timing difference
10. Profit – Gross, Expense, Other Income / Deductions – Financial vs. Operational

Working with Bad Data

When I export the trail balance from Automate, the credit amounts are shown as “100.00CR” instead of “-100.00” or “(100.00)”, is there a way to remove the “CR” and replace with a negative sign and ultimately number format?

- ▶ `=IF(RIGHT(A1)="-",-LEFT(A1,LEN(A1)-1),A1)`



Hands On
Text to Number

Shop Supplies – What

- ▶ Customer wrote a letter complaining about the charges on the repair order AND included a copy of the repair order – controller couldn't read and got their copy – total was different – Customer shop supplies \$67.04 – dealership showed zero.
- ▶ Discussion:
 - What
 - Who
 - How
- ▶ *How do we catch?*

Discussion

Best spreadsheet

To Learn More...

Training – how to get it and use it

- DMS system ADP, R+R – coached, Internet training
- Super Excel/Super DOC – Learn standardized reporting
- **Super Controller Guide**, 117 pages – whole dealership
- **Super Controller 2 & 3** – 101 pages– Expenses & Employees
- Pay Plan Wizard – Excel – what if?
- Taskmaster – Over 300 Tasks – are you doing everything you should? Nadine's consulting
- ***New! Super Reporting*** –Operational/Outside and financial reports for you to create – detail on Top 10+ Risk areas
- **Profit Accounting Academy**
- **DealerStar** – the newest DMS – looking for GM, KIA, VW, Chrysler and investors. Email sandi@dealerstar.net for a prospectus.

