

Time to Get Real

Eliminate Sales vs Accounting Gross Profit Contentions

If the finger pointing between Sales and Accounting about what happened to the gross that the Sales Department thought they produced and the lower grosses as reported by accounting feels as if it has become a month end ritual at your dealership maybe it is time for an intervention.

It is frustrating to witness the explaining away of profits during the often contentious end-of-month reconciliation process. This is especially frustrating when grosses are so skinny to begin with and in most cases there is no recovery; the gross is simply lost.



Most would agree that logically the numbers should be in agreement.

It is expensive to allow the Sales vs Accounting problems to persist.

- ☼ Lost gross due to lost opportunity to recover costs that sales did not consider at the time of the sale.
- ☼ Loses due to staff time spent on reconciling old business instead of seeking and dealing with new business.
- ☼ Delaying the month end accounting close.
- ☼ Excessive staff time processing charge backs and correcting sales commissions.
- ☼ Lower staff moral due to the negativity engendered participating in such a contentious process.

In my experience with helping dealers eliminate Sales vs Accounting differences the number one problem to overcome is lack of communication between the two departments.

Hopefully you will agree that a prime purpose of accounting is to audit and certify the correctness of the operational department's transaction processes. This imperative is the validation for the rule I use when engaged in this type of issue.

“Sales gross is opinion until validated by accounting. “

So, “sales gross is opinion, accounting gross is fact” is a good rule for everyone to understand and acknowledge.

When I am working with a client to eliminate “sales vs accounting” issues I use a detailed “handshake” process between sales and accounting to instantly find differences which allows

immediate corrective action which tends to produce more gross and yields a month-end reconciliation between sales and accounting that involves only the deals processed on the last day of the month.

Or the way I like to put it. For reconciling deals the end of month is just another day.

The first step is to quantify the problem with a deal by deal report of sales vs accounting differences. Run your report as described below and start with isolating repetitive errors, in my experience inaccurate costing for etch or other products are the most common as well as inaccurate we-owe costs.

If the problems are pervasive and you have been struggling with corrective action the resolution may require some basic process changes in the way accounting and sales interact during the processing and validating of deals and of course better utilization of your computer tools would probably be required to streamline the processes.

Please don't wait, start now. After all the best point in time to start cutting costs and increasing gross is with the next deal!

For ADP Users

ADPs Accounting vs. Sales Gross Profit (CI-AVS/CI-JED) application provides two customizable reports for comparing the gross profit figures tracked in the F&I and the Accounting applications — for any deal entered in your ADP system. CI-AVS produces a report of exceptions (variances) between the F&I account balances and the Accounting balances for deals entered on your system. CI-JED produces a listing of F&I vehicle deals that have been posted to Accounting, with data broken out by F&I income grouping. *Submitted by Jim Skeans of Jim Skeans Consulting Group LLC*

For Auto/Mate Users

To create the report, Click on Sales/Mate, Click on New report, Click on the fields you would like on the report ex. Stk #, RO cost, Sales Price, Total Cost and any other fields you would like on the report. Name the report "Whatever" and save it. To run the report, Click on Sales/Mate, Enter the dates of interest, Click Open Reports, Click on the "Whatever". The report will be on your screen. You can view it, print it or with one click move it to Excel. *Submitted by Michael Esposito of Auto/Mate Dealership Systems*

For PBS Users

The PBS GL Profit Comparison Report can be run at any time of day for one or a series of deals within a specific date range. Selection criteria allow for New or Used only reporting, and give the user the ability to print the report directly to the printer or simply view to screen. Based on the make/model of the vehicle being posted, predefined templates will direct deal dollars to specific accounts during the posting process. If any numbers need to be verified, the GL Profit Comparison report can be run for the deal directly from the posting screen. To run the GL Profit Comparison from the posting screen, simply click the Query button at the bottom of the screen, and select Comparison. This will run a report to show the Stock Number, all Vehicle

information, the customer name, address, phone number, the date of the posting, the account number and/or description of each posting line, the amount F&I sent to Accounting, the amount Accounting posted, and the Variance. Also, at the end of the report, the system will total each column (IE F&I Deal Total, Accounting Deal Total, and Variance Total). Running the GL Profit Comparison from within the main Accounting Reports can be done at any time of day, and will give the user the ability to review multiple deals within a date range, or specify to report on only New or Used vehicles. *Submitted by: Shelly Bradley of the PBS Systems Group*

For Reynolds + Reynolds Users

To isolate the difference between the sales cost and accounting cost use the F&I report Accounting Sales Cost Comparison (4070). The report reports the sales cost, balance in inventory along with basic information such as stock number, deal status and items that influence commissions such as holdback and pack. *Submitted by Jim Skeans of Jim Skeans Consulting Group LLC*