IMPROVING YOUR ACCOUNTING DEPARTMENT

When was the last time you took a look at your accounting department? How is it staffed? Do you have too many, too few or just enough people to complete the work? Is your office efficient?

The dealership office is normally the "forgotten" department of the store. The office staff normally feels as if no one cares about them. They don't produce gross profit for the bottom line, so why should you spend any time with them or tell them you appreciate them for what they do for the store? They are always telling you what everyone else is doing wrong and complaining about all the work they have to do.

Well, if I were you, I would keep listening to them and pay attention to what they are saying. They are the "police force" of the dealership who watches your back and keeps everyone from taking advantage of you. They keep watch on your money, your assets, personnel, vendors and customers. They pay your bills, complete payroll, listen to all the managers complain about what you won't do for them, clean up all the paperwork from all the other departments and try to show you a profit at month end on your financial statement, even though their job is not to create sales and gross profit to pay the bills.

Sometimes doing all of the above wears down the morale of the office staff. Most office staff work very hard to complete everything on a timely basis and as accurately as possible. They feel underappreciated for the work they do to "clean up" the other dealership employees and managers' messy paperwork.

The best thing you can do is reinforce the job your accounting department does each and every day. Meet with them on a regular basis to find out what everyone else in the dealership is doing, or trying to get away with. Sit down with them to review your expenses each month and ask them what needs to be done to reduce or eliminate them. By reviewing all expenses, and making sure they are approved, you can increase your profits.

Your accounting office doesn't produce gross profit, but it can help you save money in various areas which will go directly to the bottom line. By letting you know the gross profits in the various departments are not up to speed or meet industry minimums, you can reduce the number of low or lost gross profit transactions which take place each month.

When was the last time you provided training for your office staff? Are you getting the efficiency from your office you should? Have you talked with your staff to find out how they can get more done with the same people? There are many ways to improve your office.

One of the first things you can do is to keep everyone who doesn't need to be in the office out of there. All it does in increase the distractions the office staff must deal with on a regular basis and interrupt their concentration when dealing with your money. Make sense? It should, as interruptions and distractions have a greater possibility of increasing errors in your accounting records.

Another thing you can do is review what paperwork the office staff is always cleaning up for the other departments. One of the gripes I hear the most from the office staff is the condition of the car deals which arrive in the office. They seem to be missing some stip or signed document to get the deal funded timely or the tax, title and registration completed. Most of this is due to either the sales or F&I staff not doing their job as best as they can. I know F&I managers need to be good at selling and getting the deal bought for you to make money, but you also need to collect the contract proceeds timely to stay in business and

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pay off the floor plan within the guidelines to avoid audit problems.

Your office can tell you when the service department is not closing their RO's timely and not submitting warranty claims timely. There is normally a time frame to submit and obtain payment from the factory for the warranty claims. When you don't collect it, your office will charge it off to policy expense. You may or may not see this expense on your financial statement because it is normally buried among other expenses in an area you don't study very closely.

Writing off unapplied time or excess work in process can cost you money called "lost gross profits". Any time you write off could have been turned into labor sales which would have produced gross profit for the service department. Any adjustment besides a small one should be reviewed each month to figure out why you have it. Doing so can increase your profits and make more of your customers happier because their vehicle was worked on more timely.

Having your office manager run and review various reports for the parts department, which your parts manager doesn't have time to do, can alert you to problems early so they can be addressed and corrected. This can be problems with overage inventory, excess inventory, excessive negative parts on hand, a large amount of non-stocking parts, and discrepancies between the parts counter pad and the general ledger, etc.

Another problem I see frequently is the office continually having to answer the phone calls which come in. This is a problem as it breaks their concentration from what they are doing and can contribute to mistakes and inefficiency in the office. I know it sometimes can't be avoided due to the lack of enough staff, the cost to hire a receptionist, or the time of day, but you should take a hard look at what this is doing to your accounting department. It could be just as easy to make sure a sales person or manager is available to answer the phones during heavy peak periods, as the phone calls are normally either for the sales, service or parts departments anyhow. The number of phone calls directly for the accounting department is normally very low in relation to the other departments.

Use their abilities to the fullest to aid you in increasing the profitability of your store. Let them know you care about their contributions to your bottom line and your well being.

TAX TIP

SURFACE TRANSPORTATION & VETERANS HEALTH CARE CHOICE ACT

PRESIDENT OBAMA SIGNED THE SURFACE TRANSPORTATION AND VETERANS HEALTH CARE CHOICE IMPROVEMENT ACT OF 2015 ON JULY 31

The Act revises return due dates and changes the automatic extension periods for some returns.

The due date for Form 1065, U.S. Return of Partnership Income, will be the 15th day of the third month following the close of he partnership's tax year. The change will be applicable to returns for tax years beginning after December 31, 2015. Previously, partnership returns were due the 15th day of the fourth month (April 15 calendar-year taxpayers). The new law also codifies the existing 15th-day-of-the-third-month due date for Form 1120S, U.S. Income Tax Return for an S corporation, so that both Form 1065 and Form 1120S will have the same due date (March 15 for calendar-year entities).

The change in the due date for partnership returns to March 15 will enable partners who are individuals to receive their Schedule K-1, Partner's Share of Income, Deductions, Credits, etc., in time to report the information on their Form 1040, U.S. Individual Income Tax Return (like individuals who are S corporation shareholders). Without this change, many individuals who are partners are forced to file a six-month extension to file their Form 1040, U.S. Individual Income Tax Return.

Filing Extensions

The Act directs the IRS to provide for a maximum six-month extension (previously five months) for partnerships filing Form 1065 (ending on September 15 for calendar-year taxpayers). The new law applies to returns for tax years beginning after December 31, 2015.

If you have any questions regarding these new provisions, you should direct them to your ATA representative.