

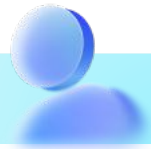
Cut Obsolescence, Right-Size Inventory, Own the Process



Your Monday Morning Outcome

By following this guide, you will have your source codes configured, stocking parameters set, and Auto Source Code Movement enabled – so ARC manages your inventory automatically, obsolescence stops before it starts, and your parts team owns the process without outside help.

Before You Start



Pre-Implementation Checklist

✔ Permissions confirmed

Verify your user role includes Source Code View, Source Code Edit, and Stocking Parameters Edit. Navigate to App Grid → Settings → Core Settings → Roles to confirm access.

Note: If you do not have access to view or modify Roles, contact your dealership's system administrator or group-level admin to verify and update your permissions.

✔ Source codes reviewed

Before creating new source codes, review your existing active and inactive list. Knowing what you already have prevents duplication and keeps your inventory structure clean.

✔ OEM integrations identified

Know which manufacturers use automatic replenishment programs (GM RIM, Stellantis ARO, Ford ASR, etc.). Parts managed by these programs behave differently from dealer-ordered parts and affect how you configure stocking parameters.

✔ Auto Source Code Movement eligibility confirmed

Navigate to App Grid → Settings → Parts Settings → Manufacturers and open any OEM.

If you see the Auto Source Code Movement toggle, the feature is enabled for your dealership. If the toggle is not present, contact your Customer Value Manager (CVM) to have the feature enabled.

✔ Baseline captured

Pull your Gross Profit by Source, Aging by Receipt, and Parts Performance reports now. You need a before number to measure what changes after configuration.



Set Up and Configure Source Codes

Time: 20 minutes | **Navigation:** App Grid > Settings > Parts Settings > Source Code

Setting	Configuration
Source Code & Description	Assign a short numeric or alphanumeric code and a clear description (e.g., “21 – GM Fast Movers”). Avoid generic names like “Source 1” – the person reading a report should immediately know what source they are looking at.
Manufacturer	Tie each source to the correct OEM. This is required for Auto Source Code Movement and OEM-specific stocking parameter fields to function correctly.
Track Lost Sales	Enable for all stocking sources. Lost sales data feeds demand calculations and Auto Source Code Movement rules. Without it, the system cannot accurately calculate how much to order.
Phase-In / Phase-Out & Inactivation Criteria	Phase-In: sales threshold a part must reach before ARC promotes it to stocking status. Phase-Out: inactivity threshold that removes stocking status. Inactivation: months before a non-stock part becomes inactive. Configure all three for every source – these are your primary obsolescence controls.

Configure Stocking Parameters (BRP & BSL)

Time: 20 minutes | **Navigation:** App Grid > Settings > Parts Settings > Source Code > Stocking Parameters

Setting	Configuration
BRP – Best Reorder Point (Quantity or Days)	<p>The alarm level. When On Hand + On Order falls below BRP, ARC triggers a stock order.</p> <p>Quantity type: fixed unit count – best for absolute control (stock 2, reorder at 1).</p> <p>Days type: days of demand converted to quantity via sales history – best for large inventories. BRP in days always rounds down.</p>
BSL – Best Stocking Level (Quantity or Days)	<p>The target.</p> <p>Formula: Order Qty = BSL - (On Hand + On Order)</p> <p>Example: BSL=20, On Hand=6, On Order=5</p> $20 - (6 + 5) = 9$ <p>Order Qty=9.</p> <p>BSL rounding is configurable in Parts Settings.</p> <p>BSL must always be \geq BRP.</p>
Quantity Type Best Practice	<p>Use your own sales history to calculate:</p> <p>Daily Demand = Units sold \div 365</p> <p>BRP = (Daily Demand \times Lead Time) + Safety Stock</p> <p>BSL = (Daily Demand \times (Lead Time + Order Cycle)) + Safety Stock</p> <p>Example: 240 units/yr, 3-day lead, 7-day cycle, safety stock 2 \rightarrow</p> <p>BRP=3, BSL=9.</p> $240 / 365 = 0.66$ $0.66 \times 3 + 2 = 3.98 - \text{rounds down to } 3$ $0.66 \times 10 + 2 = 8.6 - \text{rounds based on setups}$

Setting	Configuration
Weighted Average	<p>Configure which months to monitor and how heavily to weight each month in demand calculations.</p> <p>Heavier weighting on recent months → ARC more responsive to current trends</p> <p>Heavier weighting on seasonal months (e.g., winter for batteries, summer for A/C) → prevents stockouts during predictable demand spikes</p> <p>Review and adjust at seasonal transitions.</p>
Economic Order Quantity (EOQ)	<p>Adds buffer to BSL/BRP for parts within a price range</p> <p>Useful for inexpensive fast-movers (clips, bolts, O-rings) where too-frequent ordering is inefficient.</p> <p>Set the price threshold and additional days or units.</p>
OEM-Controlled Parts	<p>For manufacturers using automatic replenishment programs (GM RIM, Ford ASR, Stellantis ARO, and similar), the OEM pushes its own BSL/BRP via the monthly price tape, overriding all other settings.</p> <p>The Detailed Extended Value report shows OEM vs. system values side by side.</p>

Enable Auto Source Code Movement

Time: 25 minutes | **Navigation:** App Grid > Settings > Parts Settings > Manufacturers

Setting	Configuration
Enable the Feature	<p>Navigate to App Grid → Settings → Parts Settings → Manufacturers and open any OEM.</p> <p>If the Auto Source Code Movement toggle is present → the feature is enabled. Turn it on for each OEM you want to configure.</p> <p>If the toggle is not present → contact your Customer Value Manager (CVM) to have the feature enabled.</p>
Configure Sourcing Rules	<p>Add criteria and assign each rule a priority (1 = highest)</p> <p>Universal criteria (all OEMs):</p> <ul style="list-style-type: none"> Sales quantity Months No Sale Part Prefix <p>Additional OEM-specific criteria may be available – refer to your OEM's Manufacturers application for all available options.</p>
Define Source Exclusions	<p>Exclude any source where automated movement should never apply</p> <p>Parts in excluded sources will not be moved regardless of whether they match a rule.</p> <p>Review your source code list and identify any sources that should be protected from automatic movement.</p>
Set Priority and Schedule the Run	<p>Run schedule:</p> <ul style="list-style-type: none"> Weekly – runs automatically by default On-demand – click Schedule Run to process inventory in off-business hours within 24 hours <p>All movements are captured in audit logs.</p>

Baseline Reports and Adoption Routine

Time: 15 minutes | **Navigation:** Parts > Reports > Inventory Performance

Routine	Configuration
Weekly – Source Code Review	After each OEM master update, check whether Auto Source Code Movement ran and review the audit log for any unexpected moves. If parts moved to the wrong source, adjust your rule priority or add source exclusions before the next run.
Weekly – Aging Report Check	Pull the Aging by Receipt report every Monday. Flag any part that has crossed your phase-out threshold and confirm ARC has removed stocking status. Parts that slip past your thresholds become obsolescence you pay for at month-end.
Monthly – BSL/BRP Calibration	Review your BRP and BSL settings for your highest-investment sources. If you are using Days type, confirm your monitoring period and weighted average configuration still reflects current demand. Seasonal transitions are the most common time to adjust.
Monthly – Detailed Extended Value Audit	Run the Detailed Extended Value report and filter for parts with high aging and low sales. Cross-reference against OEM return eligibility. Parts eligible for return should be actioned – not left to accumulate.

Measure Your Results



Report	Navigation	What to Look For
Aging by Receipt Report	Parts > Reports > Aging	View inventory bucketed by how long it has been in stock. Anything over 6-12 months with no recent sales activity should be flagged against your phase-out criteria.
Gross Profit by Source	Parts > Reports > Gross Profit	Confirm each source code has clean GP data. Any line showing unassigned or blank means a part is in the wrong source or a source code is missing. Fix before month-end.

Some KPIs are natively displayed in ARC reports. Others are calculated from data ARC provides. Either way, everything you need is in the reports listed. Benchmarks sourced from NADA 2025, KEA Advisors, and DealersEdge.

KPI	Formula	Industry Avg	NADA Target	Best-in-Class	Where to Find Data in ARC
Parts Inventory Turnover	$\text{Annual COGS} \div \text{Average Inventory Value}$	6-8 turns/yr	8 turns/yr	8+	Inventory Value Report / Monthly Inventory Transaction Report / Detailed Extended Value Report
Parts Fill Rate	$\text{Orders filled from on-hand} \div \text{Total orders}$	80-85%	90% first-time / 95% same-day	92-95%	Parts Performance Report

KPI	Formula	Industry Avg	NADA Target	Best-in-Class	Where to Find Data in ARC
Obsolescence Rate	Inventory value with zero movement ÷ Total inventory value	7-10%	<5%	<3%	Detailed Extended Value Report / Aging Reports / Phase-Out Report
Lost Sales Rate	Lost sale events ÷ Total demand events	15-20%	<10%	5-8%	Parts Performance Report / Sales Order / Repair Order
Parts Gross Profit %	Gross profit ÷ Parts sales	35-38%	40%	42%+	Gross Profit by Source / Employee Productivity Report
Purchase Discount Capture	% of OEM stock order discounts captured	85-92%	Maximize	95-98%	Parts Performance Report – Purchases Tab



Best Practices

✓ Use Days type and let ARC do the math for you.

ARC converts demand history into order quantities automatically and adjusts as sales velocity changes.

✓ If using Quantity type, calculate – don't guess.

Use your actual sales history to set BRP and BSL. The formulas and a worked example are in the Step 2 configuration table above.