

Purchasing Policies

Purpose of Purchasing Policies

The purpose of these purchasing policies is to provide guidance and instruction to all employees concerning the purchasing philosophy, business practices, processes and controls employed in the purchase of capital items, supplies and services. It is the responsibility of all employees to adhere to the company's policies defined herein.

Purchasing Philosophy and Approach

Our organization seeks to procure the highest quality equipment, supplies and services, at the most competitive price. Category Owners are decision-makers with purchasing, contracting and/or invoice authority for a category. Our employees will avoid entering into supplier contracts whenever possible as contracts usually contain terms and conditions that are not favorable. Our preferred approach is to enter into a pricing agreement with our suppliers through the quote process, in which they agree to honor all quoted price, terms and conditions for 12 – 36 months.

Quoting Policy

It is the policy of our organizations to formally quote all purchases that meet the following criteria:

- Capital purchases in excess of \$1,000.00
- Repetitive purchases of supplies and services

Request for Quote (RFQ's)

RFQs is an information gathering and quoting tool, used by organizations for all purchases defined above. The RFQ is not a bid process and as such, does not obligate the company to accept the lowest quote of all the quotes received.

Use of Purchase Orders

An authorized company purchase order number must accompany all purchases/orders. This number is used to control and track purchases and will facilitate supplier payment. Any supplier invoice that does not contain an authorized purchase order number may be refused for payment.

Approval Authority – Purchase Orders, Contracts & Invoices

The only employees authorized to commit company funds through purchase orders, authorized to enter into contracts with suppliers or authorized to approve supplier invoices are those employees identified below. Employees who violate these policies could be subject to disciplinary action and could be personally responsible for any unauthorized commitments to suppliers. Category owners are those employees authorized to define initial business requirements and select suppliers in their designated categories.

The following list of personnel are the only employees authorized to commit company funds through contracts, purchase orders or who are authorized to approve supplier invoices. Invoices can only be approved by Category owners or their designees.

Title	Contracts	Purchase Orders	Invoice Approvals
CEO			
President/COO			
Chief Financial Officer(CFO)			
V.P. Finance			
Controller			
V.P. Operations			
Director Operations			
V.P. – Corporate – (Officers)			

Category Owners – Supplier Selections

Category owners are responsible for defining category requirements and supplier selection for their respective categories. Management, at their discretion, may delegate the responsibility for supplier selections.

Expense Category	Owner	Expense Category	Owner
Aftermarket Accessories		Marketing Products	
Aftermarket Services		Marketing Services-Call	
Auto Body Repair		Marketing Services-CRM	
Auto Parts		Marketing Services-Digital	
Auto Parts/Service		Marketing Services-DMS	
Auto Rentals		Marketing Services-Events	
Auto Tires		Marketing Services-FOS	
Background Checks		Marketing Services-Inventory Pricing	
Body Shop Supplies		Marketing Services-Lead Response	
Business Services		Marketing Services-Miscellaneous	
Call Marketing		Marketing Services-New Car Leads	
Call Tracking		Marketing Services-Online Chat	
Car Wash		Marketing Services-Owner Marketing	
Check Processing Services		Marketing Services-Rep	
Chemicals		Marketing Services-SEM	
Computer Products		Marketing Services-SEO	
Courier Services		Marketing Services-Used Car Ad	
Credit Bureau		Marketing Services-Web	
Credit Card Processing Services		Music/Messaging Systems	
Detailing Services		Office Equipment	
Detailing Supplies		Office Furnishings	
Employee Benefits		Office Supplies	
Equipment		Online Manuals	
Fire Safety-Monitoring		Pest Control	
First Aid		Postage	
Food & Beverage Services		Printed Materials	
Fuel		Records Management	
Fuel/Lubricants		Records Management - Shredding	
Glass and Installation		Security	
Human Resources		Shop Supplies	
Information Systems		Signage	
Information Systems/Office Supplies/Print		Software	
Information Technology		Specialty Gases	
Insurance, Dental		Storage	
Insurance, Health		Supplies	
Insurance, Life		Telecommunication -Cellular	
Insurance, Other		Telecommunication-Local, LD, Data	
Insurance, Property & Casualty		Temporary Help	
Insurance, Workers Comp.		Tooling	
Janitorial Services		Towing	
Janitorial Supplies		Transportation -Auto	
Key Management Systems		Transportation -Other	
Landscape Services		Transportation -Small Package	
Locksmith		Uniforms & Laundry	
Lubricants & Fluids		Utilities	
Maintenance - Door Services		Vehicle History	
Maintenance - Electrical		Waste & Recycling	
Maintenance - HVAC-Mechanical		Waste - Hazardous(Oil, fluids)	
Maintenance - Lighting		Window Washing	

Requested Business Requirements

The purpose of defining our company business requirements is to ensure that we articulate and obtain the most favorable business terms, pricing and service in the purchase of all goods and services. All quotes for equipment, supplies and services should specify the following business requirements at a minimum:

Requirements	Our Organization Requirements
Agreement/Term	12 or 24 month pricing agreement
Authorization	All service-repair work must be pre-approved
Bonding – Insurance	Bond/insurance required for all service providers(proof)
Brands	Specific brands if applicable
Customer Service	Available M-S, 8:00 to 5:00 P.M
Credit Card Payment	Will accept credit card payment of invoices
Delivery - Transportation	Delivered pricing (transportation included)
Early Payment Discount Terms	2% 10, Net 30
Information	Supplier provided usage report provided monthly
Inventory	Minimal inventory levels, next day delivery if possible
Invoicing	Monthly summary invoicing
Pricing	Fixed for length of agreement, 12 – 24 months
Purchase Orders	Authorized P.O. or contract referenced on all invoices
References	List of supplier references
Sales Contact	Single sales contact for all locations
Warranties - Returns	Goods and services fully warranted for full credit

Supplier Business Practices

Management and employees will observe the following supplier business practices:

- Employees will not accept cash, gifts, discounts, meals, entertainment, logo bearing merchandise or anything of value from suppliers without express consent of the General Manager/CFO or designee. Any employee receiving anything of value must first seek approval and/or be reported to management at once.
- Employees will treat supplier pricing as proprietary information and will not share prices with existing or competing suppliers for the purposes of price matching.
- Suppliers will be treated with the same professionalism and courtesy that we extend to our employees and customers.

Supplier Selection Criteria

Our organization seeks to do business with a limited number of high performing suppliers who meet the following criteria:

- Favorable references
- Competitive price and terms – lowest total cost
- Profitability and financial strength
- Ability to meet all stated business requirements and specifications
- Reputation for product and service quality
- Nationally based supplier with a local presence will be given preference.

Supplier Performance

Suppliers must meet the following performance expectations to retain our business:

- Committed pricing must remain consistent for length of the agreement
- Product & service specifications will not change unless pre-approved by management
- Supplier will not up-sell or sell to those who are not category owners
- Supplier deliveries must be timely and predictable
- Supplier invoicing must be timely and accurate, subject to periodic audits
- Service and supplies must meet specifications consistently
- Returns and credits must occur on a timely basis

Preferred Suppliers

In most categories, we will attempt to partner with a single preferred supplier in a designated category. The use of a narrow, high performing supplier base in each category will leverage our competitive pricing and reduce soft costs associated with the purchase, receipt and payment for goods and services.

Preferred suppliers by category will be communicated frequently to employees via memo or through our internal web-site. Preferred suppliers represent cross marketing and sales opportunities, which should also be explored.

Contracts – Pricing Agreements

To ensure proper control of our commitments and to prevent automatic renewals, original copies of all contracts, pricing agreements and any form of commitment to suppliers will be maintained with the AP Clerk or the Controller.

Accounts Payable will only pay invoices approved by Category Owners. The Accounts Payable Clerk will maintain all agreements in a document management system designed to store all agreements by category, or on a web-portal accessible with password protection.

Employee Acknowledgement

I acknowledge receipt of the Company Purchasing Policies. The policies contain important information about the purchasing structure at <<Company Name>> and I understand that I should consult the <<POSITION TITLE>> or <<POSITION TITLE>> regarding any questions not answered in the policies. I understand that it is my responsibility to read and comply with the policies. I also understand the policies are subject to change, and that revisions may occur without notice. I agree to abide by, and I consent to all the policies.

EMPLOYEE'S SIGNATURE

<<Employee Name (Printed / Typed)>>

<<Date>>