

## Parts Manager Questions

Have your parts manager answer the **78** questions found in this zip file. Confer and provide suggestive actions. **(10 points) Provide your answers in a different color font. Without the different font color there will be no credit.**

1. How often is your dealership's source pricing levels reviewed for competitive maintenance and heavy repair? **the dealership checks pricing levels on competitive maintenance and heavy repair every year.**
2. Determine the written pricing policies at the parts department and see how competitive your Dealership is within your area. **Fast Moving items oil filter, air filters, cabin filter are set for market value to stay competitive with the aftermarket pricing. All other items are priced at manufacturer's MSRP.**
3. Verify with the use of market surveys on selected parts prices in your area as to whether you are competitive with others. You don't have to be the lowest to sell more, but too little or too much profit can keep you from being competitive. **Midas \$19.99 oil change, front brakes replacement \$99.00 not including reface. recommend rotors \$89.00-\$120.00 ea. Dealership oil change \$24.95 front brakes + reface rotors \$256.74**
4. Does the computer system you have follow one or more of the pricing guides for various types of customers? Review the pricing structure with the manager and determine areas of profit potential. Policies in wholesale, retail counter, service department, employees, etc., need to be established. **Yes we have various pricing types for customer. Wholesale cost + 10%-30% retail counter MSRP. Employees cost + 10% service department. Discounted fast moving parts Msrp on all other.**
5. Do you have in place policies and DMS controls (via Exception or Deviation Reports) to prevent counter people from changing the pricing structure during daily transactions? **No**
6. What procedure is followed to prevent the costing of parts at other than the established factory (OE) cost within the dealership when parts are placed into the inventory? (done through the use of +/- inventory adjustment account(s)) **the manager handles the inventory adjustments. example picking part up the difference in cost would go to adjustment account.**
7. Regardless of parts cost (due to various sourcing opportunities (Jobber/Wholesale Distributor), are they all costed at the same factory price to maintain accurate inventory value?  
**Yes**
8. How are discount purchases tracked in the system to show additional profit based on the cost of the part from a particular source other than factory price?  
**Discount purchases are tracked using purchase discount account in accounting**
9. Make certain the selling mark-up to the other dealers of parts and parts you are purchasing from other dealers are not costing you profits. Do you use daily sales programs to encourage parts counter staff to sell more parts and seek additional business opportunities? **Parts advisors are advised to add hardware item to components for additional sales (i.e. nuts, bolts, hardware, gaskets, sealers, related items)**
10. What type of merchandising programs do you have in effect? What is the relative cost versus sales generated as a result of the programs? **Accessories displays, tires displays, minimal costs**
11. Is an outside salesperson active in your parts department? Are the sales at a level that "pays" for the employee or could the accounts be maintained on a part-time basis by the manager? **No**

12. Do you have factory merchandising dollars available, and if so, how much of those dollars have been spent year-to-date by the dealership? What must be done to qualify for more expense sharing in merchandising by the factory and the dealership? **No**
13. Do you use forecasting? If so what have the past two years of parts department forecasts been, and how do they compare to the performance on the financial statement for the past two years?  
**Yes, forecasts and department quarterly review. To compare if we are on track with the department goals.**
14. Are daily, weekly, monthly, and yearly forecasts versus actual sales comparisons made? Who makes them? If not made by the PM, who reviews them with the parts manager? What goals are set to improve the sales, expenses, etc., and how often are they discussed? **No . forecast is set at the beginning of the year and reviewed quarterly with management.**
15. Pay plan reviews should be made at least on a monthly basis. When has a comparison been made between departmental gross profit and the personnel expenses for the department? Is the current sales level providing a sufficient profit for the pay levels established for the parts employees? **last month, current sales level is not providing sufficient profit for parts employees .**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **parts looks for other sales from accessories and wholesale customer**
17. Is a program set up to sell accessories to the customer in the sales department as well as the parts area of the dealership? If not, are you leaving potential sales and gross profit on the table?  
**As of now we are working on this item.**
18. Do you review wholesale customers weekly to see if parts sales dollars per customer and returns justify the expense of conducting business with them? For example, delivery 30 miles out of town to a customer ordering \$300 a month of parts at Cost+20% may not justify the delivery service. **We review the wholesale operation and profitability and have made changes to how we do wholesale**
19. Do you study your wholesale market opportunity with the dealership’s area of influence? Who’s the major player and can you unseat them? Can you make a difference against your competition? Can you deliver 2-3 times a day? Within what mileage radius? **We have gotten out of the major wholesale and now a sticking to our back yard and taking care of local customers**
20. Who verifies the “wholesale” customer applications to make certain they are really true wholesale customers? Are your state Tax-ID/Wholesale Certificates current (within the last two years?)  
**the accounting office reviews the operation. Tax-ids are current**
21. Discuss monthly expense control with the parts manager and identify specific areas under the manager’s control. If expenses are allocated and not charged on a controlled basis, consider basing pay programs on sales or gross rather than net profit as part of the plan. **Supplies /expenses are not purchased for departments without managers approval on certain item.**
22. Who determines credit approval for parts customers and what screening system is applied? Who follows the receivables list in a timely manner to make certain payment is made by the customer without exceeding the account limits? **Accounting office screens and processes approval .accounting and parts manager . if account goes past limits or 30day credit is shut off**

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **No**
24. What are the special parts ordering policies for SOPs? Where is it written and posted? When was it reviewed and what level of management approved it? **A request is made at the parts counter via ro or phone an electronic so is filled out for processing with all information filled in with customer contact info and items requested. Order is placed at end on business day and depending on type of order arrives in as little as one day. Items are checked against packing slip and posted into DMS for sale. So requests are printed and delivered to service manager for scheduling of customers vehicles**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **This is done on a case by case basis. If a retail customer has older vehicle prepayment is required. For service ro's most of the time vehicle is here till part arrives**
26. What time is set to retain these parts and then initiate a return? Is a return charge made on customer pay parts that are returned because the customer did not return for them within a time limit? **There is a thirty day limit for SO parts on hold shelf. I it is a customer pre pay the parts can be sent to customer by any means possible.**
27. Who are the parties that are involved in the SOP process start to finish? **Parts counter personnel, management when needed, and techs.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **They are computer generated**
29. Where are special order parts for the service department located? Who notifies the customer the part is in, and who determines when to send the parts back if no response is made by the customer? Is anyone designated to follow up on SOP's, the lack of return? **SO parts are located next to service shop door. Service adviser contacts customer with arrival of parts. Service and Parts manager will determine if a return is warranted. Parts manager will reprint SO requests for follow up if still on shelf after 15 days.**
30. See if special order parts are carried in a separate section of the parts inventory to maintain control. Or they inserted into the regular inventory? **They are in regular inventory.**
31. Who administers and controls the Purchase Order system (DMS/book)? What dollar amount of fixed asset purchase can be made without approval above parts management level? Who sets and monitors these \$\$ levels and total open PO's and open PO \$'s? **accounting sets up dollar amount available to purchase. Parts manager monitors open po's and totals**
32. Does anyone other than the parts manager have direct purchasing authority from outside vendors? Who oversees the Parts Manager? (Double signatures, Perusing the Parts Dept. purchase invoices)  
**All parts counter personal. Service Manager**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?  
**The General manager. Yes parts purchases all internal items**
34. Does the value of the parts inventory on the parts computer exceed, or is it less than, the financial statement dollar amount? (Monthly Reconciliation Exercise)  
**it exceeds the financial statement**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)

36. If the accounting inventory value is less than that of the parts inventory value does this indicate an abnormal condition? (If not, why?) (Monthly Reconciliation Exercise)  
**No inventory correction were not made**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **n/a**
38. Is there an employee responsibility to function chart as was discussed in class? Are there specific inventory transactions (Grading, Ordering, Receipting, Posting, Adjustments, Bin Count Inventory, Returns, Cores/Dirty Cores) assigned to each of the employees in the parts department? **There wasn't, but now that we are paired with Lithia our processes are being overhauled and some of these questions are being addressed**
39. Who controls the training programs for the parts employees? When was it last reviewed? Is it part of a yearly review with the employee and is it part of the employee's pay plan? **Part Manager and GM - we review quarterly and discuss training goals and currently it is not part of the pay plan.**
40. Are records kept of the training for each person and when did someone last take online DMS refresher training? Parts Catalog training? OE/Manufacturer specific training?  
**training records are held online through the manufacturer**
41. Has your Parts Manager ever taken a departmental Financial Management class like the NADA Academy? When was the last time they attended any formal Parts Management training?  
**No**
42. A computer system diagram with specific terminal equipment positions should be made and a flowchart of work routine should be made. Determine if the equipment meets daily needs and if the equipment is in the right locations. Is the volume of business at a level that requires more system hardware, or does it require less?  
**Meet daily needs**
43. How much of the replenishment/daily order is manually adjusted? Does it exceed 10%? Who makes the stock replenishment changes, and what are the reasons for the majority of those adjustments? When was it changed last and by whom?  
**Parts manager makes adjustment. Got out of wholesale .**
44. Is the trend of those changes in question #42 a positive or negative trend?  
**unknown**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?  
**90%**
46. Where are the computer-generated management reports printed and stored are they used on a daily? (CDK MGR Report or R&R 2213, etc.) How are the management reports utilized?  
**These are archived .these are looked at monthly . they are utilized for inventory trend and returns**
47. Is the DMS Summary used to track inventory trends? When will you incorporate the DMS Scorecard that you learned about in class? Are there areas on the DMS scorecard that you couldn't find and if so who at the DMS is helping you to find those answers?  
**dms tracks inventory trends.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (4 Moments in Time Exercise) **Weekly**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (4 Moments in Time Exercise) **Yes, we have been audit in parts 3 times over the past 45-days by independent companies, Kia, and Lithia**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate?

Parts Manager makes adjustment when a discrepancy is found

51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?  
Yes
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?  
No
53. Who reviews the Lost Sales? When are they reviewed?  
Nobody yet . but They will
54. Are emergency ordered part numbers reviewed to see if they qualify to be phased in? Is the Test/Non Stock/Watch feature of the computer system utilized to test which parts to stock (Phase In)?  
No manufacturer program used
55. What demand history does it take to place a part on the inventory stock order or in inventory? Time limit and quantity are generally managed by Vendor Managed Inventory systems?  
3 demand in 9 months
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIM, ARO, Parts EYE, etc?  
78%
57. Are all parts sold by the department placed in the Parts inventory and then sold from the inventory? Do you stock any items that aren't in your inventory (Shop supplies, get ready, bulk fluids like washer solvent)? all parts are inventoried to be sold . no
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?  
No written policy
59. Who files damage claims on parts shipments received?  
Parts Manager
60. Who receives parts orders, and how are they received? Is the original stock order transmitted to the factory cross-checked? What do you do about discrepancies?  
Parts manager receives parts order on a nightly drop . original stock order is transmitted to cross-check . claims are filed if there is a discrepancies
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?  
Perpetual inventories are done 3 times a year
62. Who applies and loads the monthly price updates?  
cdk applies and loads price updates
63. Are parts cost adjustments (monthly price updates, bin count irregularities and emergency purchases at more or less than OE cost) tracked by someone in the dealership or is a periodic inventory adjustment method utilized (like once a year)?  
No on parts cost adjustments . bin counts and emergency purchases are tracked by the parts manager
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?  
an increase to the book value
65. Are all obsolete parts that are on the inventory physically in the store?  
yes
66. Are they separated into a special area to be controlled and tracked for sales history? Separate source? Change bin location by adding a J for easy identification by counter persons?  
No
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status?  
The Service Manager handle completion of work in process .
68. Do the Parts, Service and Body Shop Managers along with the Office Manager/Controller together follow up on all Work in Process (WIP) tickets and verify that they are closed out in a timely manner?

Yes

69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?

No

70. What is the months' supply of the inventory? **58- days** Does this match the students calculations found in their FS Parts Excel template? **Yes**. Are too many parts stocked in the inventory based on this calculation?

71. What is the true turn of the inventory? **6** Does that match the students calculations found in their FS Parts Excel template? **No, my true turn shows as 7.1**

72. Is the inventory area large enough for the current level of business? Answers to this question can be obtained when the student does the FTFR (First Time Fill Rate) exercise. **Currently, no due to the buy sell and taking advantage of return credits that new ownership can take advantage of**

73. Where are the Dealership's policy and procedures manuals located and who handles the review with the manager and his employees? Who has verified that the manual is located in an area that allows for easy access? **mailed to all employees uploaded to a central location for access to all**

74. Is your Parts Department locked up each night? Who has keys?

**Yes parts personal**

75. Do your Counter-people have a cash drawer? Who balances the drawer?

**yes . Cashier**

76. Is there a policy in place for overages for the cash drawer/balancing?

**No, but one will be coming soon**

77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?

**No**

78. Have you discussed, reviewed and implemented the Student's MNOP process?

**Yes, will be a nice tool/process to implement to current process**