

Parts Manager Questions – Filled out by Teri Wilson

Have your parts manager answer the **78** questions found in this zip file. Confer and provide suggestive actions. **(50 points) Provide your answers in a different color font.**

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? *Until this point, I had not evaluated the pricing levels. I had been asked to wait until attending NADA class prior to making the decisions on pricing. This will now be changed.*
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. *I have not done this yet. Adding to action plan to perform a quarterly check on pricing versus others in my area, jobber and dealership.*
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. *I have not done this yet. Adding to action plan to perform a quarterly check on pricing versus others in my area, jobber and dealership.*
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. *Wholesale pricing is what it is. There is a policy in place for staff, however I will also be rolling out a policy for "Friends and Family" and what that discount is. Retail will be based off of the new Price Matrix that I will have rolled out no later than 10//012018, as well as service pricing.*
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? What about Service Advisors? *At this time the Parts Advisors do have the ability to change pricing, and the service advisors do not. Parts advisors have been instructed that pricing discounts is only allowed in cases of the service advisor first discounting the labour, and then we will discount the price and this is only for cases of high dollar RO's where we are trying to get the job.*
6. Is there a process 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)) *Yes, there is. Cost, is cost, and all other +/- to cost are allocated to account 688 – Inventory Adjustm 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, if it has a Factory part number, then the price is what it is, and variance sent to account 688 – Inventory Adjustment Account.**
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? **Discounted parts, below factory cost, (Bulk buying etc) are inputted into account 687 – Inventory Discounts**
9. Do you have an internet presence for your parts department? **Yes, although poor. Am looking at revising again, and will address with the Web designer at the next meeting**
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? **We have the “Chevy Mall” which is mostly brand pride items. There is little mark up, but as it is inviting, people usually come around and look.**
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? **There are 3.0 parts people – Myself at 0.5, 2 full time and a parts driver who also does counter 0.5 of the time. One of the full time guys also does sales out on the Road 1 day a week and I cover the counter at this time as well.**
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? **There are CO-OP dollars through the brand, and the parts and service department typically go in together on the \$\$ refunds, which is 50% of the money spent on the ad.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **Yes, as well as the capability of booking your vehicle in online, however, I do see that there is no way to contact the parts department at this time.**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? **Checked and updated monthly**
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? **At this time, this has not been done. Will be adding to my action plan.**

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? *We have a healthy wholesale business of which has sustained the department at times when service and sales have not brought in the sales that are in a typical month. We do pursue new wholesale business as well.*
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? *Yes, we use a program called “Accessible Accessories” and the salespeople are spiffed on total sale of accessories.*
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. *No, this will be a newly implemented process*
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 are the major player for the mid island (within a 100 km radius)*
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?) *I do, and yes we verify the PST number, but have not done an audit yet of wholesale customers to ensure correct #'s. Part of the action plan*
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. *I was trained at previous dealership to manage the expenses as well as the gross. I continue those practices as good parts managers skill even though I am not paid on net.*
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? *The front receptionist, and final approval by the GM. Receivables are managed by the receptionist, and any problem customers get handed over to me to follow up.*
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? *No, but will be making sure to get a copy*

- monthly. I do have access to our dealership's 20Goup composite however and will be assessing on a monthly basis going forward.
24. What are the special parts ordering policies for SORs? Where is it written and posted? When was it reviewed and what level of management approved it? This is a spoken rule, and written within email once. I will be reassessing the rule and writing it out and getting signatures on process so that there is no longer any confusion.
 25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? Over the counter, yes, on an RO, no. Service manager will not bend on this.
 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? Parts are begun to be processed for return at 3 weeks. At 45 days, they are processed and sent back. The service advisor will be given weekly warnings (sporadic process to date at best) and will contact customer with a final warning that "If this part is returned, you will have to go through the process again to have your vehicle diagnosed and part ordered again"
 27. Who are the parties that are involved in the SOP process start to finish? Parts Manager, parts advisors, service writers, BDC, and technicians.
 28. Are special order forms completed in a legible manner so that the customer information can be read? SOP Forms are done by parts request through the DMS. Parts are supposed to be ordered only if ordered through DMS to create accountability for the part being ordered.
 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? Service Department SOP's are located directly behind the back counter for ease of access. The service advisor is to check daily if parts pertaining to their RO's have arrived, and are to contact the customer promptly that parts have arrived. Parts manager manages the process of flipping into returns.
 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? SOP Parts have a separate bin location, and are only inserted into regular inventory if is a stocking part at that point.
 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? No one does at this time. I do check the I\O's which are used when ordering parts to see what is open and why. PO's are only used internally.
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) Parts manager/advisors have authority to purchase from outside vendors. Parts manager handles all large purchases/orders.
 33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? Internal pricing is set at elevated dealer retail. Most internal are run through the department.
 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) Exceed by \$2000. Have a program within my DMS that shows me in real time how far out I am. It allows me to see large issues that might happen within a day of them happening.
 35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) Yes, I do look to see what has caused the discrepancy in inventory.,
 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, as long as it doesn't leap by a large amount. Increased Physical inventory will naturally occur when oil is billed out by round amounts, to the nearest liter.
 37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. LIFO is not used
 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? (Functions vs Employee Exercise) No. The department shares the tasks of the department. I am considering having it made up for the next set of reviews. Their last set of reviews did have a list attached of expected tasks to be performed.
 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? Training is done through GM and watched over by the Parts Manager. GM has a bonus plan to the dealership for 100% participation of which we achieve every year dealership wide.

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? [GM training is managed by GM online.](#)
41. Has your Parts Manager ever taken a departmental Financial Management class like the ATD Academy? When was the last time they attended any formal Parts Management training? [Yes – 2010 – Advanced Parts Management through NADA as well as the plan to attend again in 2019](#)
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? [The equipment that we have at our disposal is sufficient to meet our needs. We have leased computers through SNAPON that is managed by them to meet the catalogue needs and leaves us with some of the best computers in the dealership. I am considering moving to scanned freight set up though, and that may require more hardware.](#)
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? [AT this time, daily orders beyond RIM are manually handled as there is something broken with in the DMS> every time I try to do an order through the DMS it tells me to order something I haven't sold in 3 years, and no lost sale hits. I have a call into tech support to figure out why this system isn't properly working.](#)
44. Is the trend of those changes in question #42 a positive or negative trend? [Do not understand this question](#)
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? [Do not have an accurate way of tracking this at this time due to limitations of the DMS.](#)
46. Where are the computer-generated management reports printed and stored are they used on a daily? (CDK MGR Report) How are the management reports utilized? [I can pull the DMS Management report at any time from the DMS](#)
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? [IT hasn't prior to this, but will be doing so going forward](#)
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) [20-30 per month \(supercessions, price adjustments \(AM parts can only be adjusted this way for one time purchases\)](#)

49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) No. It is on my list of "To DO"
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? This is done on a weekly basis at this time.
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? The lost sale quiz has been filled out by both the parts manager and the parts advisers. I have gone over the quiz and put in place how I want lost sales reported.
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? Anyone in the parts department. Lost sales are tracked by my DMS and I pull and monthly report and asses.
53. Who reviews the Lost Sales? When are they reviewed? I review them on a monthly basis.
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)? I have been working with Quorum to best utilize the phase in criteri and have since discovered that the program is not functioning well, so am having to manage while a new program is under development.
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? Demand is 3 hits in 12 months with a minimum spacing of 5 days. At this time RIM is still managing RIM managed parts and I will begin to tackle it's recommendations once Quorum has fixed their phase in program.
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? 85-86%
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)? No, Parts that are behind the counter are stocked in and sold. NPN part numbers are not allowed. Shop supplies has their own shelf on the tech side of the back counter where shop supplies live.
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? I am the shipper/receiver at this time, and I manage/change policy as needed.
59. Who files damage claims on parts shipments received? I do

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? [At this time, the RIM orders are let stand. When receiving the orders, report any discrepancies.](#)
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? [Yes, physical yearly, perpetual as time allows ongoing.](#)
62. Who applies and loads the monthly price updates? [I do](#)
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)? [Quorum runs real time for this, it is automatically updating the accounting values.](#)
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? [Positive \\$17814.98 – Mostly in GOG overages.](#)
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, at this time they are managed on a weekly basis with returns.](#)
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 through the weekly top ten report](#)
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? [The service manager manages this process and has to justify biweekly why WIP work orders are still open.](#)
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? [Yes, I have access and look at this every day.](#)
70. What is the months' supply of the inventory? Does this match the students calculations found in their FS Parts Excel template? Are too many parts stocked in the inventory based on this calculation? [Months supply is sitting at 2.0. yes I am stocking too much, however this will get better as I get obsolescence more under control as well as managing the DMS order set up.](#)

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **True turn is 4.17 and yes matches**
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. **Yes it is. There is still enough space for inventory on hand, particularly as I continue to lower obsolescence shelf space. When needed we will invest in finishing the parts department by putting in the full mezzanine.**
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? **Every staff member has a copy of the policies and procedures manual to refer to.**
74. Is your Parts Department locked up each night? Who has keys? **Yes, and the staff of the parts department has the keys as well as the General Manager and Sales Manager(SM is first response to alarms)**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **No. There is a separate cashier for the dealership**
76. Is there a policy in place for overages for the cash drawer/balancing? **The cashier takes care of this.**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes, locked server room hard drive, dealership management staff**
78. What one thing can Hendrick as an organization do to help you do your job better?