

Parts Manager Questions

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? Annually, but this is an area that we are currently working on to separate to better track
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. We are competitive, we compare regularly with our other Myers Gm stores on opposite ends of the city
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. Compared pricing with other like brands and we are within small percentages of the other stores. Even with the matrix..
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. DMS has multiple pricing structures/levels depending on type of customer, area of opportunity on wholesale and fleet for the lower volume customers.
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? No written policy, but counter staff are accountable to maintain certain GP% with their sales mix, some guys are all back counter and others have a large mix of wholesale and retail. Service advisors are held accountable to service manager and their abilities to discount have been removed, they are very limited.
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 we have a process using our 687 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? May be misunderstanding this question... If we purchase a delco part from either general motors' or any other Delco supplier they are priced and costed the same, if we are using a jobber substitute its priced as per the jobber

standards and pricing levels. We don't price the jobber part equal to the oem or delco.

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? Discounts are tracked with the 687/688 account with the GL
9. Do you have an internet presence for your parts department? Yes but minimal, only on our website and not enough, current WIP
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? N/A
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 outside sales person, maintained by the manager
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 merchandising dollars available
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? Yes, its mobile ready but we are in the mix or improving
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? Yes, usually updated with manufacturers programs for seasonal offers, we also do coupons within our auto group
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? Review was completed on last new hire.
16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not? Seeks additional revenue with wholesale and counter retail
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? Sales floor spiff program currently in place, still lots of room to grow
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. Scheduled Reviewed semi annually

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 another GM dealer about 10 mins down the road who is aggressive in wholesale, they are a stand alone store, we have had discussions on hitting them head on to knock them down, they rely on their purchasing rebates as profit, we don't, we have the means to service, we just need to make the commitment for 2 years to lower wholesale profits to hurt their business.
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?) Parts manager duty, we are not a tax ID state
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. Counter people are paid on parts and service Gross
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? Normal credit application process, exceptions asked for by parts manager, receivable list followed by admin and reviewed with parts manager
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? Monthly basis
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? No written policy for service RO, over \$500 we usually want an authorization from foreman or management. Retail counter is 100% pre-paid with offer of free delivery to home or business. We have a written process that we sometimes refer to from the manufacturer
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? 100% 100% pre-payment on Counter retail
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? 45-60 days the return is generated for GM CSO protected parts, no fees

27. Who are the parties that are involved in the SOP process start to finish? Technicians, parts counter, shop foreman's, advisors, shipper/receiver, parts – service managers,
28. Are special order forms completed in a legible manner so that the customer information can be read? We use electronic ordering
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? Specific special order location, automated system with advisors making contact to customer, last try is service manager reviewing and decisions being made to return. No one is designated for follow up
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? Parts are stored in separate location designated special order
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? Parts manager with Assistant Parts manager
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) Counter staff have authority to purchase outside at designated suppliers set by PM, Parts manager reports to General Manager. No double signatures required
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? Internal pricing was set by ownership at full retail, majority is through parts dept, but used cars has been given some grace by GM to go outside
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) Its less than the computer value, about 25k
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) We are waiting on manufacturer credits for monthly returns that we done late month and the credits have not arrived yet.

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) N/A See question 35
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? (Functions vs Employee Exercise) We do not have a responsibility to function chart but we do have specific duties/responsibilities assigned to various counter staff, these duties are based on capabilities, the guys that have expressed the interest in growing and learning see more of the extra duties above counterman
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? Manufacturer and safety compliance training monitored by HR and parts manager, not part of review or 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? All tracked 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? Currently attending full sessions N338
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? We operate with everyone in a centralized parts hub that has the back counter right beside the retail counter. We are maximized for space with terminals in the hub and we had to move one terminal and set up a work station in the back of the parts dept, this one mainly handles calls, online collision orders and jumps in when required to help back counter when needed. Our quantity of equipment meets our needs right now, the quality and accessibility for day to day requirement does not fully meet the 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? Prob close to 10%, changes are determined by Parts manager and asst parts manager

during daily stock orders, adjustments are normally due to already pending receipts

44. Is the trend of those changes in question #42 a positive or negative trend? Positive as of late
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? June stock order percentage is 59.20%, emergency purchases less the (NS) items with three or less sales per year is 1.82%.
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? Reports are printed and stored in parts dept, we have a daily-weekly-monthly-quarterly list that we use 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? Yes, we input the DMS report into a excel file for tracking, this file is shared with the GM, controller and ownership. Looking at the start of 2019 to incorporate the scorecard with this current ongoing process
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) At time or cycle bin counts or as an error is found it is resolved
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) At N338 parts class idea was mentioned to have someone bin count the generated daily stock order from the DMS. We have put this into place as it counts our normal fastest moving parts
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? YES, by parts manager or assistant manager
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? Yes it was sent to counter team during the parts week
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? Yes, all counter staff can log a lost sale
53. Who reviews the Lost Sales? When are they reviewed? Reviewed by assistant manager weekly
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)? We have reports set up to run daily to track emergency purchases, these are reviewed by the parts manager and assistant manager

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? 2 sales in last four months
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? We used to run 87-92%, our inventory was ballooned and inflated, we decreased our compliance levels to average 25% and lowered our inventory dollars, with our consultant we decided to test these waters and step away from RIM
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 stocked that are sold, we assist with a lot of other parts for shop supplies that are kept in the dept in a designated area, as well as LPO's that we handle and track but are not in physical inventory and stored in other building
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? Written and parts manager is responsible
59. Who files damage claims on parts shipments received? Shipper/receiver, parts admin clerk, assistant manager and 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? Shipper receiver is responsible for checking stock order qty's. Orders are dropped overnight, receiver stock checks prior to start of business, discrepancies are reported and tracked starting with the reciever
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? Yes perpetual counts are done regularly
62. Who applies and loads the monthly price updates? Loaded by admin office for the entire group (13 stores)
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)? These are tracked by the parts manager as well as the controller tracks monthly

64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? There was a \$25638 pick-up, Majority of this was in bulk oils with some un-used LPO extras.
65. Are all obsolete parts that are on the inventory physically in the store? Yes, they are mixed in regular bin locations
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? We have separate bin locations for NS and AP parts as well as a non-returnable location and source. I try to force the guys to use the DMS to see what has the mentioned status
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? Service manager - controller
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? Each department manager is responsible for their departments open/unclosed invoices/RO's
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? 75% of the time
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 from DMS report is 1.27, the calculation in the FS 1.22, no too many parts are not being stocked
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? DMS true turns 8.4, FS calculations are 6.5
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, space is sufficient, we do have storage containers for bulk storage
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? Stored electronically on the group shared J drive
74. Is your Parts Department locked up each night? Who has keys? Locked each night, select people that are responsible for opening and closing have the keys including parts and asst manager

75. Do your Counter-people have a cash drawer? Who balances the drawer? Yes, we have a parts cash drawer and also handle cash from service as well as a cash for taxi's etc
76. Is there a policy in place for overages for the cash drawer/balancing? Yes, overages are monitored, if unclaimed money is sent to accounting office that handles the daily cash
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? Not at this time
78. What one thing can your organization do to help you do your job better? Better structured pay plans to keep good employees.