

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? **We source prices at a minimum once a year. Often we will catch a red flag and adjust accordingly. This might be 2-3 times a year.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We are very similar to other competitors in the area. We dominate our market though, so we have many conveniences others don't.**
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. **We check around other stores and use suggestions from Ford.**
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. **We have a comprehensive pricing guide, depending on the customer type. We grade our wholesale accounts by volume, and value of the account. We may also do something special to gain an account. Retail and back counter get the same 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? **Counter people can adjust pricing, but we monitor this closely. Advisors cannot adjust parts costs.**
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)) **We use the actual cost, then have an adjustment/discount 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, always the same!**
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? **We use our discounts and adjustments account and use reports within that account.**

9. Do you have an internet presence for your parts department? *We do but it needs improvement. Customers can buy parts through us online with Ford, that is linked through our dealer website.*
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 a super accessorized f-150 that has been boosting sales. We market hats and cloths, but it needs improvement.*
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? *We do have an outside sales rep, this is required by Ford. It would be challenging with our presence to have the manager service these accounts.*
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? *We have \$1000 in diesel merchandise coop dollars, we have maxed this out year to date.*
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? *A weak presence This is a work in progress*
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? *Yes but upon further review it hadn't been changed for a few months. I am tracking down our digital company that never updated the specials. The parts manager knows now to inspect what you expect. I will help him hold them accountable.*
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? *Pay plans are reviewed once a month. We have regular meetings reviewing the statement and trying to keep things inline.*
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? *NOOOO!!! They have a huge wholesale business and are always expanding. They go out all over.*
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? *We have a super accessorized f-150 that has helped us increase sales immensely. We keep this on display in the store.*

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 do review and grade our customers. We dominate the area and drive all over the place. We try and make it work for us on long distance trips. Make multiple stops etc...*
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 in our area and are trying to move into Tacoma. This is a much larger town 20 miles up the congested I-5. We have daily drivers so no issues there.*
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?) *We have a 3 step verification spearheaded by our corporate offices in Florida. They don't mess around.*
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. *Manager pay does incorporate net profit and expenses. We have weekly meetings discussing these topics.*
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 parts manager and our corporate offices in Florida. We have a multi stage system including calling referrals and credit ratings. Florida follows receivables and the manager steps in when it appears suspect at any point.*
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? *We discuss the financial statement, and NADA percentages weekly.*
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? *We require payment upfront and are working on getting the service advisors to do the same. We may be a little more lax if its easily returnable. The customer has limited time to conduct the work.*
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? *We do differentiate but try and get*

100% payment up front. This is an area of current attention. This is written in the parts department and the manager reviews it.

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 days and then we will charge but try and get a credit card up front so that the advisors collect payment, or the parts counter does.*
27. Who are the parties that are involved in the SOP process start to finish? *Counter guy, clerk, advisors, managers, techs, dang near everyone. We are still working on fine tuning this because we found some issues after class 😊*
28. Are special order forms completed in a legible manner so that the customer information can be read? *Yes or there is a write up poor work. This isn't an issue though.*
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? *We have two areas, one for shop, and one for counter retail. The parts manager takes care of the details around returns and coordinating with the team to let the customers know.*
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? *We have a separate area!*
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? *Our parts manager handles all buying power, we reconcile at the end of the month.*
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) *Only the parts manager, and he doesn't need authorization.*
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? *Our Florida Corporate office sets all pricing and it is a current battle of mine. Everything goes through the parts 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) **We generally exceed.**
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 have the opposite problem. No issue on missing 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) **This could be an issue, but we are normally .04-1% so generally not a huge problem.**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **NO LIFO**
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) **Yes everyone has specific daily tasks.**
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? **The manager controls training, and we are working on increasing this. It is part of reviews, but it doesn't tie with pay plans much.**
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? **We teach CDK the old-fashioned way, jump on a computer and learn! We have training with Ford that is tracked.**
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 7/1/17 he took a class for financial management.**
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 parts department is in good shape with equipment and layout. They are setup to grow and expand.**
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**

one point we had a 13% deviation because of some system issues. We corrected this and have been good ever since. Our parts manager monitors this and makes corrections if he notices a red flag.

44. Is the trend of those changes in question #42 a positive or negative trend? **A positive trend, we are trying to grow.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **95% but I want to investigate this number further. Our first-time fill rate seems to not coincide with this number.**
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? **Printed with our manager and stored on everything you can think of. We use them daily.**
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? **We track trends, and my parts manager has his own variation of the scorecard.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Daily**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **Daily**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **Daily**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes, and it lead us to tracking lost sales.**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **They are now!!! All parts people can log a lost sale.**
53. Who reviews the Lost Sales? When are they reviewed? **Randy our parts manager reviews them 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)? **The computer helps us track this, and we review every 1-2 months.**

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 sales in 6 months or 2 in 3 months. NO vendor managed**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **Don't Use**
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)? **Yes all parts are put in inventory, and we don't manage shop supplies in parts.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **They are all written, and the manager oversees them.**
59. Who files damage claims on parts shipments received? **Randy our 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? **Our Shipper/receiver gets in the parts, he scans them in, they are cross checked daily, and Randy makes corrections.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **We do a paper check monthly, and physical yearly.**
62. Who applies and loads the monthly price updates? **Ford Automatically**
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)? **Our office and Randy track all credits and adjustments. We have daily and monthly checks.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **\$800 adjustment**
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? **Yes they are marked and incentivized.**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **Our service manager.**

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 shop, office, and parts department all work together to try and make this process easy. It is still challenging.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **DAILY!**
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? **30 Days yes**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **3.7 months yes**
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 and we have room to expand.**
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? **In Randy's office, and I saw them (Zach).**
74. Is your Parts Department locked up each night? Who has keys? **Everynight, and a few senior guys with the managers.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **No cash drawer we use a cashier.**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes and our office manager is all over it!!!**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **We do have cameras, and managers have the access.**
78. What one thing can your organization do to help you do your job better? **Randy feels he generally gets what he needs to do his best at running the department. No complaints, or requests....**