

## Parts Manager Questions

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? **One per annum**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We were below market, but have recently increased pricing to become more competitive.**
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 regularly call surrounding shops to make sure we are not too underpriced or too overpriced. Market surveys are a good consideration for the future.**
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 use pricing guides as provided by the manufacturer.**
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? **Yes, each end of day we get a report of any discounts used or adjustments made to sales prices.**
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 do not currently have a specific process in place for this.**
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? **These are brought to a different G/L account so that totals can be tracked.**
9. Do you have an internet presence for your parts department? **Not really – Ben showed me Sweeney BMW and we can definitely improve on how we are currently set up to sell parts online.**
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 use partseye in parts which greatly helps source parts, well worth the cost.**

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 not, we find the margins are hard to justify the body.**
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 get dollars back if we can hit certain purchase thresholds, we try to hit these targets as best we can.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **Yes our website is fully mobile accessible and compatible.**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? **Not often enough, we need better management over this area.**
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? **Yes, we look at this each month as accounting provides us reports if we are too high or low for employment expenses as a percentage of gross profit.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **Not really, the bulk of the departments sales are from customer repair orders. The other sources are very low margin.**
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 could probably do a better job of this as the sales reps don’t always let the customers know what accessories are available.**
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 not, but noted for future months good idea.**
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 do not, but noted for future months good idea.**

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?) **Most of our wholesale business goes to pre-existing relationships who we know will pay. The margins are very low so we generally don’t solicit new business.**
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. **Something to consider for future pay plan revisions for sure.**
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 CFO is responsible for this. He also sets and assesses limits.**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Yes, we use a software called Finex which distributes this to the parts manager each month once the statement has been finalized.**
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 hasn’t been reviewed in many years. Policies do not exist.**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **No since a lot of the times we have their cars.**
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? **We do not have issues with SOP returns.**
27. Who are the parties that are involved in the SOP process start to finish? **The parts manager and service manager oversee these orders.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes**
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? **The parts counterperson is responsible for these responsibilities.**

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? **These are placed into specific section of inventory (particular source) so that we can track them.**
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 the PO limits and monitors these levels.**
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 general manager at each store.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **These are set by the general manager, it is their discretion what they choose to charge internally. All are centralized yes.**
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 is very close to the financial statement dollar amount, slightly lower.**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **This appears to be a result of some parts that we have been invoiced for, but have not yet been received in the shop.**
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) **Not applicable.**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **We do not use LIFO in Canada.**
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, each employee has specific responsibilities and roles which are reviewed on an annual basis.**
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? **Our director of aftersales for the group manages most of the training. We can certainly review this and there is room to improve as we do not do enough training for our staff, especially in the parts department.**

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? **No**
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? **No. Last time was orientation when they joined the company 20 years ago.**
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? **This could be added as we do not currently have this in our parts department.**
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? **This does not exceed 10%. The parts counterperson would be responsible for this. It hasn't been changed in 5+ years.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Positive trend once implemented.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **We try to maintain above 70% as stock order purchases, right now we are well above that.**
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? **Yes, we review the MGR report to see how much inventory we have in each source on a daily basis. This is also how we track parts over 12 months and monitor our obsolescence.**
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 would like to start using the DMS scorecard immediately, as it can certainly help make us aware of inventory management issues.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Only once per year when we do our inventory count.**

49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **We do this once per year when we do our inventory count.**
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 through the end of day reports.**
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 – refer to the sponsor plan, we need to improve this greatly.**
53. Who reviews the Lost Sales? When are they reviewed? **Not currently being tracked properly, this will be our goal by Q1 2019.**
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**
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 /12 and 3 /12 is how we phase in and out.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **We try to hit our volume targets each quarter to maximize the money we get back from our vendors.**
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, always. We do stock those items yes.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **These are written, and are reviewed by our accounting department.**
59. Who files damage claims on parts shipments received? **The parts manager is responsible for this.**
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? **These are filed by the parts counterperson and are received by him/her. The original order is sent to accounting. Discrepancies are followed up with by accounting.**

61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes**
62. Who applies and loads the monthly price updates? **The parts manager**
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)? **This is only done once per year during the count.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **\$5,000 adjustment mostly due to the fact that we bill 5 litres of oil on an oil change but it only takes 4.5 litres for most cases.**
65. Are all obsolete parts that are on the inventory physically in the store? **Yes but are difficult to access for some of them.**
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 we do not currently do this.**
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 parts manager is responsible for this.**
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 each month end we review all the open repair orders.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Not being actively provided, but the parts manager can review it himself through DMS.**
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? **Right now we are close to 60 days, so we need to improve on this.**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **Our true turn of inventory was slightly better than calculated turn. This matched to the parts excel template.**
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, if anything we believe that it is too large. We had a very high percentage on first time fill.**
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? **We currently do not keep physical copies as these are all held electronically.**
74. Is your Parts Department locked up each night? Who has keys? **Parts and service managers lock the department and have the keys.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes, this is balanced by the parts manager and accounting each night.**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes, accounting has a process that needs to be followed in cases such as this.**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **No we do not, but perhaps something we should consider.**
78. What one thing can Hendrick as an organization do to help you do your job better? **Help track lost sales better.**