

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? **Currently not done**
2. Determine the written pricing policies at the parts department and see how competitive your Dealership is within your area. **There is no written policy. Competitive issues addressed on a one off basis. Subscribe to competitors monthly special list.**
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. **No market surveys. Subscribe to competitor monthly specials.**
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, computer system has guides set up. Annual review on wholesale, PM signs off on service department discounting.**
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? **Yes,**

All counter Cdk logins do not have access to change price structure. Counterman only has access to change individual parts pricing when doing a quote or invoice.
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)). **Discounted parts are listed at OE pricing, difference adjustment is held in 478005 account, Additional Discounts.**
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 all parts pricing are loaded the same as our Daimler Paragon cost.**
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? **When parts invoices are posted to factory cost any additional discounts are taken to account 478005.**
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? **Yes, counter**

staff always pushes sales from our monthly wheels and deal as well as monthly truck buck 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? [No internal merchandising program. TruckBucks through Freightliner is available to those who sign up for it. No cost to the dealer for Truck Bucks.](#)
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? [Yes, sales and customer base is enough to maintain full time status](#)
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? [Detroit Series 60 assistance program. Discounting available to help gain business. Email to factory and approval will result in credit on parts.](#)
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 have been pretty accurate but have been a little low in gross profit compared to budget.](#)
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? [Daily tracking to forecast done by PM, weekly, monthly and annual forecast comparisons done with GM. Goals set annually and discussed at least monthly making adjustments as needed.](#)
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? [Monthly reviews not done. All parts pay plans have been revised in the last 6 months.](#)
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? [We always seek out every aspect to gain sales in other areas besides the service department. Increase in counter sales, OPS staff out selling parts, growing existing customers and gaining new customers. Service Department sales are just a plus.](#)
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 display accessories to customer \(misc tools,gloves,hand clean,shop towels,hats,shirts.\)etc.](#)

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. [Weekly reviews not done. Wholesale business for our dealership major customers and justify the business.](#)
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? [Sales Manger very involved with OPS in determining opportunities with our AOR to unseat and/or compete in the market. Delivery constantly being assessed or adapted to gain new 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?) [Potential room for improvement here. Some current customers need to be removed from wholesale. Tax-ID updated in a timely manner.](#)
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. [Expenses discussed in monthly MOR review. Pay plan does reward effective expense control.](#)
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? [Credit approvals are determined by our credit department. Credit department reaches out to the customers and if assistance is needed they reach out to Parts Manager or OPS.](#)
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? [Yes, 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? [Written policy in place. Posted at back counter and in Elite Support binder. PM approval required for non-stocking parts with little history.](#)
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? [100% payment is required for non-stocking parts for P1 customers and cash customers. Charge customers and Service RO's are usually not prepaid unless specified by Managers in parts and service.](#)
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? [Once returned by customer we review part history to see if part is worth stocking or sending on return. Returns are done on a monthly basis. All customers are subject to a 10% restocking fee and return are allowed on electrical items.](#)

27. Who are the parties that are involved in the SOP process start to finish? **All parts and warehouse employees that are associated or come in contact with any aspect of the order or parts.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes and posted on a bulletin board to be viewed by all parts employees.**
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? **Back counter orders are delivered upon arrival, warehouse notifies special order front counter customers. SOP and will call checked and followed up on weekly by warehouse.**
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? **Once SOP arrives they are check for correct part and no damage. Then are separated from normal stock parts. They are received and all SOP tickets are printed out in warehouse. Once tickets print the warehouse then determines if parts are for Service department, body shop,will-call, or delivery.**
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 Admin and Parts Manager issue Purchase Orders. Any po's for non-part purchases greater than \$100.00 need Parts Manager approval and non-part purchases should greater than \$1,000 unless signed off by upper management above the 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) **Inventory Controller and all invoices are reviewed, received and posted by parts admin. Any issues or red flags are brought to parts manager attention.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Set up at the corporate level. 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) **Inventory has been running long.**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **N/A**
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) **Yes. Factory sending incorrect/additional parts and we notify them, so far they are not charging us for them. Could lead to exposure when they actually decide to process.**

37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **LIFO 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) **There is no chart. All functions are assigned to specific employees or teams.**
39. Who controls the training programs for the parts employees? When it was last reviewed? Is it part of a yearly review with the employee and is it part of the employee's pay plan? **The only training program is through Freightliner Part Expert training and is completed in the first 12 months of employment. We have an opportunity to improve in additional ongoing training.**
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? **Yes on records keeping. New courses required to keep Elite Support Certification, emails of needed updates received by PM and CIC.**
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? **PM has not been through formal training like ATD or any other formal PM training but should.**
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? **Counter is sufficient. Additional needs in the warehouse determined and have ordered additional terminals.**
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? **RIMPro it job to maintain a good inventory stock level. Only time we need to order extra is an increase in sales of certain items.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Positive. Additional stations needed to process additional business and functions recently transferred from S. Dallas. Will also provide functionality for projected growth.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **91% stock order 9% outside.**

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? *MGR keeps copy and submits to GM and controller with monthly manager checklist.*
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? *Will begin implementation in June.*
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) *Once discovered this is addressed and can be a daily process.*
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) *We check top 50 highest moving engine parts quantity and dollar amount. We started doing this on a daily basis since these were the items that had the most variances.*
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, Plus and Minus are performed by the Inventory Controller and any issue that he can't resolve or is a concern is brought to the Parts Manager*
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? *Yes, any one that's on a CDK invoice screen can log.*
53. Who reviews the Lost Sales? When are they reviewed? *Parts manager on a weekly basis if time permitted on a daily 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)? *3 Part number hits on CDK and it becomes a regular stocking item with RIMPRO. Also, on test and non-stock items we manually look at sales history to see if it worth stocking.*
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 or lost sales and it is managed thru Rimpro.*
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? *90.85%*
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 ordered are received into inventory then billed out as needed.

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? Verbal and hands on training. Parts Manager and Warehouse Supervisor
59. Who files damage claims on parts shipments received? Christopher Ochoa files all damaged claims for damages, processes them Daimler and does MSR to remove from system until credit is issued.
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? All stock is received by warehouse staff. They are manually received cross checking what they have physically to what Daimler packing slips states. Any discrepancies are filed as shortages thru Daimler. A Return To Vendor is created to remove from stock until credit is issued to offset RTV.
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? All parts employees have designated area to inventory on a monthly basis.
62. Who applies and loads the monthly price updates? CDK and our parts admin verifies that the prices match when she receives parts.
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)? Monthly basis by PM and Inventory Control.
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? \$1800 long in the physical inventory, additional plus/minus adjustments still being determined. N. Dallas inventory done on May 6, 2017.
65. Are all obsolete parts that are on the inventory physically in the store? All obsolete parts should have been returned or scrap per Daimler during one of the monthly obsolescence returns.
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. Separate source. Bin locations also changed.
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? Back counter and PM.

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? [PM tracks with other dept. managers.](#)
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? [PM has personal access to all reporting.](#)
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? [Calculations were accurate. Inventory levels are correct.](#)
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? [True turns were accurate.](#)
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. [First time fill rate was good. Additional opportunity identified lack of lost sale reporting.](#)
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? [Kept in the Elite Support binder. This binder is held by the CIC and is not easily accessed by all the employees.](#)
74. Is your Parts Department locked up each night? Who has keys? [Yes, GM, Parts Manager, Warehouse Supervisor, lead men, and 2 weekend employees for Saturday and Sunday](#)
75. Do your Counter-people have a cash drawer? Who balances the drawer? [No](#)
76. Is there a policy in place for overages for the cash drawer/balancing? [N/A](#)
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? [YES, GM and Department Managers](#)
78. Have you discussed, reviewed and implemented the Student's MNOP process? [Reviewed with PM. June implementation with completion date of July 31.](#)