

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair?

Our corporate parts manager is verifying pricing for competitiveness monthly, if not weekly. We are constantly adjusting pricing of certain items to ensure we stay competitive. That may mean we purchase a bulk amount at a reduced cost and adjust our cost accordingly.
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.

In our area we are one of the most competitive in the marketplace on commodity items.
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.

On a lot of the commodity items we don't make a large amount of profit.
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 multiple pricing structures based on the size and type of customer. The biggest area that we have potential in is wholesale. We currently do not list wholesale out as a separate line item so it is hard to differentiate their totals out of our GP%%
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 we do. We have a report that runs every morning that will list out any price changes that were made by a counter salesperson. Our service advisors do not have the ability to adjust parts pricing.
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))

All invoices from the OE are reviewed by our parts admin team to ensure that the total on the invoice is the same as the posting reference.
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?

Every posting reference must be the same cost as the vendor invoice. The only exception for this is purchase discount programs.

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?

They are listed as “other income” on our in house financial statement

9. Do you have an internet presence for your parts department?

Yes. We use OPC, or Online Parts Counter, that will allow customers to place orders 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?

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 currently have 3 OSS in our dealership. At the moment, sales are covering the cost of all three salespeople.

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?

Paccar uses a coupon system. We give the customer the full amount of the coupon for each qualifying purchase. Paccar will routinely audit the dealership to ensure that the coupons they are paying us for qualifying purchases are passed on to the customer on the invoice.

13. With the growing use of mobile smartphones by customers do you have a mobile ready website?

Yes we do.

14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated?

We do not have internet parts coupons.

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?

We review financial statements each month. At the moment we are covering our expenses with the new people we have added.

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not?

At the moment, a little over 80% of our sales are generated on the front counter through phone calls and OSS. Our shop parts sales are our biggest opportunity for growth

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?

Each truck salesman is allotted 250.00 in “add on’s” such as nut covers, floor mats, 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.

At the moment, we do not list out wholesale vs. retail customers in our system. We do have wholesale customers, but its all classified as retail. We have pricing structures in place for “wholesale type” customers in our DBS

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?

Right now we are the people to beat in town. We focus heavily on delivery to customers to ensure we can provide the best CS possible

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?)

Both the parts manager and corporate parts manager

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.

Most expense are charged on a control basis. Biggest variable is commissions.

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?

We outsource our credit department through a third party. We do not have an in house credit department.

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?
Yes. We have our own in house statement that is live and available at any time during the month.
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?
All special order parts must be prepaid at the time of order. Any parts that are returned must first be verified as returnable to the OE. If they are, there will be a 15% restock fee. If they are not returnable, the customer will not be refunded. It is part of our parts department policies that are constantly reinforced with employees.
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?
Most of the time yes. Dependent upon the customer and the dollar value of the order. In regards to service RO's it is dependent on whether the truck is staying here for repair or will be coming back. If the truck is leaving, then the parts will be prepaid.
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?
A 15% restock fee is applied to any parts that are returned that were SO. We review any ticket over 3 days old and begin talking with the customer and counter sales team to find out why the part has not been picked up. We try to keep all tickets open no longer than 12 days. We receive a report weekly of "non stock" or "SO" parts credited in the last 30 days
27. Who are the parties that are involved in the SOP process start to finish?
Counterman, cashier, warehouse manager, parts manager
28. Are special order forms completed in a legible manner so that the customer information can be read?
No. We print out a quote with a PIA, paid in advance, charge that the customer pays before the parts are 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?
There is a bin at the back counter that all parts ordered for the shop are placed when they arrive. Our DBS sends an automated email once any

part that is backordered to a repair order is filled. It notates the part number and repair order number on it. Parts that are removed from repair orders that were SO are subject to the same restocking fee that front counter is.

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?

They are not a separate part of inventory.

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?

Only the Parts manager, Asst manager, warehouse manager, and Inventory control manager have access to issue purchase orders in the system. There is not a dollar amount limit for these managers. Open PO's are reviewed monthly.

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 asst manager, warehouse manager, and inventory manager have access to issue these po's. The regional and corporate manager oversee the parts manager.

33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?

The corporate parts manager and regional manager are the only one that can set parts pricing for any customer in the company.

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 exceeds it

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)

No. An invoice may not be billed by a vendor for 20-30 days and then it will be posted to the GL

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)
Most stock replacement orders are controlled by the inventory control manager. All warehouse functions are performed by the inventory control manager and overseen by the parts manager
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?
We have a corporate training program for new employees as well as online training from our OE's. It is reviewed multiple times a year and adjusted as needed. It is not part of the employee's review. In order for a salesman to receive their spiff money they must be 100% complete with their online 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?
See the answer to 39.
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?
Typically, no. I am the parts manager for my branch and am currently going through the academy.
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?
At the moment we have the equipment we need.
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?
We use a vendor managed program for stock replenishment. It is very rare that much is changed or substituted on the suggested orders. Paccar is pushing for auto-acceptance of suggested orders beginning in 2019. Our inventory control manager is the only one that processes these orders.

44. Is the trend of those changes in question #42 a positive or negative trend?
Positive change being that we will be on auto-acceptance beginning 2019
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?
YTD stock order percentages is 56%
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?
They are not stored
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?
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time)
Price tapes are un bi-annually unless otherwise pushed by the vendor.
Quantity adjustments are made by the parts manager as needed.
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)
At the moment no. We run daily cycle counts, but the locations are not auto-generated. We have to manually chose the locations. We are working on an automated program to this will be done
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate?
Only the manager can make those adjustments.
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?
At the moment now. We are going to start tracking lost sales 12/1/19. Any person on the parts counters and OSS can log them.
53. Who reviews the Lost Sales? When are they reviewed?
At the moment they are not reviewed. Once we begin tracking them in December I will review them once a week.

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)?
Yes any part number that we sell that meets our phase in policy will be added to a suggested order for the manager to review.
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?
It is dependent on the dollar value and vendor code...but generally 3 hits in 6 months.
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?
They offer benefits based on acceptancy level. At the moment we are at 97.3%
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. All parts that are stocked are placed into inventory.
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 written. They are updated as needed by the warehouse manager and parts manager
59. Who files damage claims on parts shipments received?
The 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?
Most of the time it is the warehouse manager. We print a purchase order receiving slip from our DMS to cross check with the packing slip in the shipment. Any discrepancies are shown to the parts manager and credit is filed to that OE.
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?
Cycle counts are completed daily and we have 1 physical inventory a year
62. Who applies and loads the monthly price updates?
Our corporate 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)?
We have a parts admin team the verifies that the cost billed by the OE and the cost we show received on that order are correct. Any adjustments are applied to the department at that time.
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?
less than ½ of 1%
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?
Not at the moment
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
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 but it is a struggle
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?
Yes we have an internal report sent to all managers.
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 it is 38 days.
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
5.4 true turns. Yes it does
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.

No it is not. We are currently in the process of building additional warehouse space.

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?

It is online on the inter-company website. It was just revised in 2018

74. Is your Parts Department locked up each night? Who has keys?

Yes. The parts manager, assistant manager, and branch manager

75. Do your Counter-people have a cash drawer? Who balances the drawer?

No. Only the cashier has access to the cash drawer. It is balanced by the office manager and cashier each day and the totals are posted to an inter-company program that is reviewed by the CFO and controller.

76. Is there a policy in place for overages for the cash drawer/balancing?

Overages are posted to other income and shortages are posted to expense

77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?

Yes. All department managers as well as corporate managers have access.

78. What one thing can your organization do to help you do your job better?