

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?
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.
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.
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.
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?
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))
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?
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?
9. Do you have an internet presence for your parts department?
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?

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?
13. With the growing use of mobile smartphones by customers do you have a mobile ready website?
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated?
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?
16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not?
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?
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.
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?
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?)
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.
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?

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/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?
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?
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?
27. Who are the parties that are involved in the SOP process start to finish?
28. Are special order forms completed in a legible manner so that the customer information can be read?
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?
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?
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?
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)
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?
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)
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)

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)
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.
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)
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?
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?
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?
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?
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?
44. Is the trend of those changes in question #42 a positive or negative trend?
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?
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?
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

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)?
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?
65. Are all obsolete parts that are on the inventory physically in the store?
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?
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status?
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?
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?
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?
71. What is the true turn of the inventory? Does that match the students calculations found in their FS 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.
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?
74. Is your Parts Department locked up each night? Who has keys?
75. Do your Counter-people have a cash drawer? Who balances the drawer?
76. Is there a policy in place for overages for the cash drawer/balancing?

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

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

PARTS MANAGER QUESTIONS:

1. YEARLY
4. YES. WHOLESALE = LIST - %, RETAIL & SERVICE USES MATRIX PRICING, EMPLOYEES = COST + 10%.
5. POLICY IS MATRIX PRICING FIRST THEN ADJUST AS NEEDED. CDK HAS "ROV" (REPORT OVERRIDES). SERVICE ADVISORS HAVE NO ACCESS TO ADJUST PRICES.
6. ALL PARTS ENTERED INTO THE DMS SYSTEM ARE ADDED AT THE PURCHASE PRICE OF THE PART. PARTS PURCHASED AT LESS THAN OE COST WOULD BE INPUT AT DEALER COST AND THE DIFFERENCE WOULD GO TO 687.
7. YES
8. DISCOUNTS ON PARTS PURCHASES WOULD BE ACCOUNTED FOR DIRECTLY ON THE VENDOR INVOICE

PRIOR TO BEING TURNED IN TO THE BUSINESS OFFICE.

9. NO
10. SALES HAS INITIATED A NEW CAR SALES KIT FOR CUSTOMERS WHO PURCHASE A VEHICLE. THE KIT COST IS \$79.20 AND SELLS FOR \$179.00 (INTERNAL TO SALES DEPT). SALE PRICE TO THE CUSTOMER IS \$299.00
11. NO OUTSIDE SALES REP AT THE DEALERSHIP. ACCOUNTS CAN BE MAINTAINED BY THE PARTS MANAGER.
12. MERCHANDISING DOLLARS?? TO INCREASE MERCHANDISING DOLLARS WE NEED TO INCREASE PARTS AND ACCESSORY SALES.
13. YES
14. NO COUPONS OFFERED AT THIS TIME
15. NO REVIEW PROCESS IN PLACE AT THIS TIME. DEPARTMENT IS CLOSE

TO A BREAK EVEN POINT.
FOCUSING ON BUILDING PARTS
AND SERVICE BUSINESS TO
INCREASE GROSS PROFIT.

16. HIGHLY COMPETITIVE AREA FOR WHOLESALE. IMMEDIATE PLAN IN PLACE TO GENERATE NEW WHOLESALE BUSINESS.
17. WITH HELP FROM THE GM ADI / ACCESSORY CENTER, THE DEALERSHIP IS PUTTING TOGETHER A LAMINATED CARD DISPLAYING GM ACCESSORIES TO BE USED AS A SELLING TOOL DURING THE SALES PROCESS.
18. OUR WHOLESALE CLIENTELE IS SMALL AND IN THE BUILDING STAGE. WE ARE TRYING TO FOCUS ON LOCAL CUSTOMERS AND SERVICE.
19. OUR WHOLESALE MARKET IS BEING INFLUENCED BY SEVERAL LARGE WHOLESALE DEALERSHIP. HUGH

VOLUMES GIVES THEM THE POWER TO SELL AT A COST + FACTORY. ONE IS EVEN SELLING AT A COST - FACTORY. AT THIS TIME OUR ONLY OPTION IS TO SELL OURSELVES AS A EXCELLENT SECOND CHOICE AND WOW THEM WITH SERVICE.

20. ALL NEW CUSTOMERS MUST PROVIDE A RESALE NUMBER / TAX-ID.
21. N/A
22. CREDIT APPROVAL FOR NEW CUSTOMERS IS HANDLED BY THE BUSINESS OFFICE. IT IS BASED ON STANDARDS SET BY THE COMPANY. THE PAYABLES PERSON AND PARTS MANAGER ARE TASKED TO REVIEW AND MAINTAIN CUSTOMER ACCOUNTS.
23. FINANCIAL STATEMENT REVIEW IS PART ON THE DEALERSHIP MONTHLY MANAGERS MEETING.

24. POLICY FOR SOR'S IS THAT EXCEPT FOR WARRANTY ALL SPECIAL ORDER PARTS MUST BE PREPAID. THE POLICY ON SOR'S IS NOT CURRENTLY WRITTEN OR POSTED. ALL PARTS PERSONEL ARE AWARE OF THE POLICY. THE GM WOULD APPROVE ALL DEPARTMENT POLICIES.
25. YES. WHOLESAL ACCOUNT ARE NOT REQUIRED TO PREPAY. SERVICE RO'S THAT ARE WARRANTY ARE NOT PREPAID. ALL OTHERS ARE PREPAID.
26. SOP PARTS ARE REVIEWED PRIOR TO THE 30 DAY MARK. ITEMS MAY BE RETURNED TO THE FACTORY AT NO CHARGE IF SUBMITTED PRIOR TO 30 DAYS FROM FACTORY BILLING. NO RETURN FEES ARE CHARGED TO THE CUSTOMER.
27. SHIPPING/RECEIVING PERSON, SERVICE ADVISOR WHO INITIATED

THE PARTS ORDER, AND SERVICE APPOINTMENT COORDINATOR / BDC.

28. SOP FORMS ARE CREATED BASED ON RO INFORMATION AND PRINTED VIA A LASER PRINTER.
29. SERVICE DEPARTMENT SOP PARTS ARE KEPT IN A DESIGNATED AREA. PARTS ARE LOCATED BY BIN LOCATION. SOP FORMS ARE GIVEN TO THE SERVICE ADVISOR THAT DEALT WITH THE CUSTOMER. THE PARTS MANAGER REVIEWS THE SOP PARTS AND SUBMITS RETURNS AS NEEDED. THE BDC IS TASKED TO CALL CUSTOMER, AS A REMINDER, THAT SOP PARTS ARE HERE FOR VEHICLE REPAIRS.
30. SOP PARTS ARE LOCATED IN A SINGLE AREA.
31. THE PO SYSTEM IS ADMINISTRATED BY THE PARTS MANAGER. AT THIS TIME THERE IS

NOT A DOLLAR VALUE OF A SET AMOUNT THAT WOULD NEED APPROVAL TO MOVE FORWARD WITH THE PURCHASE. OPEN PO'S WOULD BE REVIEWED BY THE DEPARTMENT MANAGER AND ENFORCED BY THE BUSINESS MANAGER.

32. ONLY THE GM HAS AUTHORITY TO PURCHASE PARTS FROM OUTSIDE VENDORS, UNLESS IT WAS SOMETHING SOLD DURING THE VEHICLE SALE THAT WOULD REQUIRE CONTACTING THE OUTSIDE VENDOR FOR THE INSTALL. THE PARTS MANAGER ANSWERS TO THE GM.
33. PRICING STRATEGIES FOR INTERNAL SALES ARE BASED ON COMPANY POLICY. ALL INTERNAL PURCHASES ARE RUN THROUGH THE PARTS DEPARTMENT UNLESS IT IS A SUBLET REPAIR/INSTALL.

34. THE PART INVENTORY, AT THIS TIME, IS LESS THAN THE FINANCIAL STATEMENT. THE PARTS MANAGER AND BUSINESS MANAGER ARE REVIEWING / INVESTIGATING POSSIBLE REASON FOR THE DIFFERENCE.
35. REVIEWING
36. AT THIS TIME THE VALUE IS NOT LESS THAN.
37. ???
38. THE PARTS ORDERING IS HANDLED BY THE BACK COUNTERMAN AND THE PARTS MANAGER. ALL OTHER INVENTORY TRANSACTIONS ARE CONTROLLED BY THE PARTS MANAGER. BIN CHECK CAN BE PERFORMED BY STAFF BUT ALL CORRECTIONS ARE MADE BY THE PARTS MANAGER.
39. TRAINING IS MANDATED BY THE MANUFACTURER AND MONITERED BY THE PARTS MANAGER. IT IS

REVIEWED QUARTERLY AND IS NOT
A FACTORY IN THE STAFF
PAYPLANS.

40. TRAINING STATUS IS KEPT BY THE
MANUFACTURERS WEBSITE.
TRAINING PATHS CAN BE REVIEWED
AND TRACKED VIA THE WEBSITE.
41. NO. THE ONLY MANGEMENT
TRAINING TAKEN WOULD BE PART
OF THE TRAINING PATH SET FORTH
ON THE MANUFACTURERS WEBSITE
FOR "PARTS MANAGERS".
42. N/A
43. THE DEALERSHIP IS ON THE RIM
PROGRAM. NO ADJUSTMENTS ARE
MADE TO REPLENISHMENT ORDERS.
AS PARTS ARE SUGGESTED FOR
STOCK BASED ON RIM PHASE-IN
SPECS, THESE PARTS ARE REVIEWED
AND APPROVED AS NEEDED. THE
PARTS MANAGER IS THE ONLY
PERSON WHO WOULD MAKE ANY

NEEDED ADJUSTMENTS. IT IS
REVIEWED DAILY.

44. POSITIVE
45. 90 +
46. THE MGR REPORTS ARE STORED IN
THE PARTS MANAGERS OFFICE.
AGING AND INVENTORY VALUE
TRENDS ARE REVIEWED.
47. ???
48. CORECTIONS TO THE PARTS
INVENTORY ARE MADE AS SOON AS
THEY ARE DISCOVERED. ANY
ACCOUNTING ADJUSTMENTS
WOULD BE MADE FOLLOWING THE
ANNUAL PHYSICAL INVENTORY.
49. NO. CORRECTION AS MADE AS THEY
ARE DISCOVERED.
50. NO. ADJUSTMENTS ARE MADE BY
THE MANAGER ONLY.
51. YES
52. YES, BUT NOT CONSISTANTLY.
53. MANAGER. PART OF THE MGR AT
MONTH END.

54. BEING PART OF RIM THE PARTS DEPARTMENT FOLLOWING RIM RECOMMENDED STOCKING SUGGESTIONS BASED IN THE RIM PHASE-IN CRITERIA.
55. CURRENT SETUP IN DMS FOR PHASE-IN IS: 2 IN 12 MONTHS.
56. AS OF 11/2018: 84%
57. NO. AFTERMARKET ITEMS ARE NOT ADDED PRIOR TO SALE. ALL STOCKING ITEMS ARE ADDED TO INVENTORY.
58. VERBAL. ANY POLICY UPDATED WOULD BE MADE BY THE PARTS MANAGER.
59. PARTS MANAGER.
60. ALL PARTS STAFF HAD KNOWLEDGE AND ABILITY TO RECEIVE PARTS ORDERS. STOCK ORDERES ARE CONTROLLED BY RIM. SUPPLEMENTAL ORDERS, IF NEEDED, ARE MANUALLY RECEIVED AND

CHECK BY MANAGER. PARTS
MANAGER FILES ALL SHORTAGES.

61. NO. ADJUSTMENTS/CORRECTIONS
ARE MADE AS THEY ARE
DISCOVERED.
62. UPDATE RUNS AUTOMATICALLY BY
DMS PROVIDER.
63. APPRECIATION/DEPRECIATION IS
NOTED AT MONTH END WHEN THE
MONTH END PARTS
RECONCILIATION IS TURNED IN TO
THE BUSINESS OFFICE.
64. PHYSICAL INVENTORY WAS LESS
THAN ACCOUNTING FIGURE.
65. YES
66. OBSOLETE PARTS ARE NOT
SEPARATED AND DO NOT HAVE A
SEPARATE SOURCE.
67. RO'S THAT ARE PART OF WIP ARE
REVIEWED BY THE SERVICE
MANAGER, AND ENFORCED BY THE
OFFICE MANAGER AND GM.
68. YES

69. YES
70. 2.1
71. 3.77 / FROM 11/2018 MGR
72. YES
73. ??
74. YES. PARTS BACK COUNTERMAN,
PARTS MANAGER AND GM
75. NO
76. POLICY WOULD FOLLOW COMPANY
POLICY
77. NO
78. HAVE REGULAR ONE ON ONE
MEETINGS TO GO OVER STRENGTHS
AND WEAKNESSES AND DISCUSS
WAYS TO MAKE
ADJUSTMENTS/IMPROVEMENTS TO
HELP MAKE THE DEPARTMENT MORE
EFFICIENT AND PROFITABLE.