

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? **Annually**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **Parts pricing is average for our 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. **We are middle of the pack for most parts**
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 separate pricing in place for Customer RO, internal RO, customer wholesale, staff, <\$20 counter parts, and warranty parts**
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? **Only parts Manager and Fixed Ops Mgr have permissions attached to their logins to change 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)) **Parts are matched to invoice pricing whenever they are received**
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? **Parts are received at true cost of item, if sourced from alternate supplier they receive alternate part number to maintain 100% accuracy**
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 purchases would be received into a distinct source and part number to be separately tracked**
9. Do you have an internet presence for your parts department? **Yes – Mazda fitting room for parts and accessories, as well as on-site chat helpers that forward parts oriented customers direct to me**

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 only a small merchandise presence – mostly for promo, charity, and give-aways, it is rare for customer purchases other than the odd coffee mug. Cost of maintaining program is under \$1000 in inventory, some shelf space. Limited sales, mostly advertising / charity.**
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? **There is no outside parts salesperson**
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? **No factory parts merchandising dollars are available**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **Our website and fitting room is mobile compatible**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? **We do not have any online parts coupons, periodically some are attached to our newsletter**
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 plan reviews are done on a per-ask basis, the department is currently profitable**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **Parts is currently mostly living off sales of service department, additional revenue is generally sought through tire advertising**
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 previously had a program, but there is currently nothing in place. Plans are being drawn up for a sales-spiff program to incentivize OE accessory sales**
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. **Our costs of doing business to wholesale customers are quite low, max delivery is about 10KM away, and many pick up in store. We will not deliver high distances if it is not profitable to do so.**
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 have done multiple market viability studies and come to the conclusion that the increased gross would be nowhere near the increased costs incurred for hiring both extra staff and having to pay to join distribution networks**

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?) **Parts Manager verifies whether customers are true wholesale**
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 are allocated, pay program is sales based**
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 approval is determined by dealership controller**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **No**
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? **SORs are prepaid only and non-returnable. Approved parts manager level, reviewed within last 12 months**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **All parts are 100% pre-payment required**
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? **While most parts are prepaid, some aren’t such as warranty special orders. We return these generally after 3-6 months if no contact can be made with customer**
27. Who are the parties that are involved in the SOP process start to finish? **Technician requests part, service advisor sells part, parts desk orders part, parts desk receives part and distributes SOR lists, service advisor calls customer to arrange appointment**

28. Are special order forms completed in a legible manner so that the customer information can be read? **Our system is digital, there are no special order forms**
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? **Parts has a dedicated customer order shelf. Service calls and sets appointment for shop SOPs, parts department calls parts customers. Parts manager decides what to return on a monthly basis, and also coordinates customer re-contacts.**
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? **Both of these ways are utilized. Special order parts are placed on the special order shelf, sometimes we order extra pieces of normally stocked parts to allocate to an upcoming appointment so no stock shortages are incurred. In these situations, the SOP is stored in the regular stock bin.**
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? **Purchase orders and purchases are made at part manager level. Parts mgr will authorize up to about \$300-\$500 depending on the item, higher will require GM approval.**
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) **Parts Mgr and Fixed Ops Mgr have purchasing authority. Parts manager is directly overseen by Fixed Operations Manager, accounting is overseen by dealership controller.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Generic parts pricing policies are set by a Parts Director who oversees all the pricing matrixes for all dealerships in the group. Individual pricing decisions made by parts mgr in dealership. Parts only handles purchases for the fixed operations department, and does limited purchasing for sales, generally only things that can be ordered from the OEM using an actual part number (brochures, etc.)**
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) **Parts accounting generally exceeds parts inventory**
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) **Parts department staff is one employee, handles all of the above**
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? **Training is done through Mazda offered programs**
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? **Paper records are not kept re: 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? **Parts manager is journeyman certified (Canadian red seal) certified around 2012. No supplemental courses have been taken since**
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? **We have an adequate amount of hardware for business volume, 1 front counter station 1 back**
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? **Daily order is manually controlled by parts mgr to keep control of inventory. Special orders are analyzed for phase-in status, stock orders analyzed for phase-out.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Negative**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **41% of purchases were made to non-Mazda OE sources in 2018 – most of these would be for off-brand internal sales units**

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? **Management reports are generally produced and stored digitally, there is a mix of daily and monthly reports performed**
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? **Volume Parts Analysis report is utilized to track inventory trends.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Parts inventory is adjusted yearly for quantity errors, periodic counts of high volume parts are also taken, and part cost is adjusted on every receipt.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **Yes**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **No**
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? **Lost sale is logged by parts manager**
53. Who reviews the Lost Sales? When are they reviewed? **Lost sales reviewed monthly**
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)? **All special order parts are reviewed for phase in status. This is performed manually without part status**
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? **Average of 3 sales per 12 month period, maintenance parts like brakes for new models would be phased in faster.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **N/A**

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)? **Everything ordered by parts is sold from inventory, some things like bulk shop supplies are billed directly to the shop supplies account, but the physical items are still distributed from parts to maintain controls.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **Verbal procedures, parts department is one-person operation. Parts manager responsible for procedures.**
59. Who files damage claims on parts shipments received? **Parts manager, all claims must be entered same day**
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? **Parts manager receives by physically checking off order against included packing list, prices are checked while receipting. Packing list matched to invoice by accounts payable.**
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? **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)? **Once a year periodic inventory adjustment is utilized, high movement parts also counted on a regular basis.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **\$1000 adjustment on \$88000 of inventory**
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 to all**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **N/A**
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? **N/A shop too small for WIP Tickets, average between 800-2500 WIP**

69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Yes**
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? **42.74 days inventory on hand**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **Average 7.8 over last 360 days**
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**
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? **Digital employee server**
74. Is your Parts Department locked up each night? Who has keys? **It is locked, but every manager level employee has keys**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes – controller periodically balances**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes – all balancing is done by dealership Controller**