

## Parts Manager Questions

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? **Every Quarter**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **The last mystery shop occurred in September 2018. We reviewed our strategy on fast moving maintenance items and found that a slight increase on some of the items will net an additional \$3,000 in gross per month.**
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 did that in September. We started with a complete gross profit report on every part sold in the past 3 months. As a result, we adjusted our matrix.**
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.**
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? **For the counter people, we have GP% margins set up in executable 2565 (price level codes) to alert the SCR of gross margins, however, the cost and sales price can be over-ridden. This is monitored by reviewing executable 2542 (override list) and customer report in ERA Ignite. Service advisors have guidelines (attached to pay plans) for discounting parts and labor.**
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)). **Yes, all OE parts and GST accessory part numbers reflect the current factory master load. GST has their disc as well which is updated monthly. Appreciation/depreciation is taken each month as well. In regard to plus/minus adjustments (executable 2010), the manager and assistant manager are the only two with access. Any adjustments should show plus or minus (not "V" for validate quantity of a part) only. Validation code should only be used on physical inventory day. Only the controller can make any adjustments/entries to the GL concerning a parts inventory account.**
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? Our policy is not to purchase any said “OE part numbers” from any distributor other than our facing PDC for normal stock.
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? From/with the GM and controller, a couple of examples would be bulk oil purchases (reconciled monthly) and wholesale incentive funds directed back to the appropriate cost account.
  9. Do you have an internet presence for your parts department? This is part of our game plan for increasing Parts gross profit for 2019.
  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? Our Toyota Parts Center at the store for retail and internal accessories. STAR program with Toyota for wholesale prospecting and current customers. Counter personnel cost roughly \$50K per year. The retail counter generated more on the STAR program.
  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, this salesperson is not employed by the dealership. That expense is shared with our other stores in town. I don’t think so, based on his involvement with logistics for all stores.
  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 \$3K a year for wholesale merchandise. Our GM and the area manager have those discussions.
  13. With the growing use of mobile smartphones by customers do you have a mobile ready website? This is an area for improvement. We have a mobile site, but it definitely needs work.
  14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? Yes, it could use a little bit more creativity. New Internet Manager will be tasked with keeping this current.
  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? Personnel expenses are reviewed monthly. Yes.

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **Yes, we are always looking for additional revenue streams.**
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? **Part of my game plan for improvement for 2019.**
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 are reviewing all of our wholesale customers. Currently, we created a report by delivery zone and sales from each of our stores to identify areas we may discontinue.**
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? **Yes, we have several major players that solicit in our area. They are offering very large discounts and service as well.**
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?) **Our accounting office.**
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. **Complete.**
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? **Our office manager. Parts manger and accounts receivable personnel in our office all get involved.**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Yes (DOC) and weekly meetings.**
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? **On file in Parts and Service Managers office. We reviewed and updated a few areas in December. GM approved.**

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **We do on the retail counter, but not on ROs.**
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 monthly returns to GST. No return charge.**
27. Who are the parties that are involved in the SOP process start to finish? **Service advisors, counter people, parts manager, assistant manager, assistant service manager, warehouse supervisor and appointment coordinators. Just about everyone.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **We do not use 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? **In the Parts Department. We send mail notifications, appointments are set by appointment coordinators and service advisors. Should a customer not show for their appointment, the coordinators reschedule.**
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? **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? **Parts Manager and Assistant Manager for purchases to do with fixed operations. Any assets or service type equipment is approved by the GM.**
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) **Yes, each purchase order and invoice are checked and coded to the proper account, signed off and sent to accounting.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **GM and Managers. Most of the time.**
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 usually exceeds the GL.**

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). **If it's a tremendous amount, yes, but parts inventory is typically more. Pick up on bulk oil and oil changes can be one example. At any given month our WIP could be #30 - \$50K before close.**
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.**
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.**
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? **Parts Manager, yes.**
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**
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? **Yes, September 2018.**
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? **Just right.**
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? **Maybe 5 – 6 numbers edited off the order daily. Typically, these are high dollar engine blocks, hybrid batteries, recall parts, etc. Last change 3/29/18 by Parts Manager.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Neutral.**

45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **Stock orders 57.1%. Customer orders (on stock orders) 32.4%. Other orders are 1.1%.**
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? **Parts Manager, Office Manager. Reviewed weekly.**
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? **Found them all.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **2-3 times per week.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time). **Checked once per month. Since out top sellers move fast, it is tough to bin check due to our Express Service Dept. (bulk oil, oil filter, cabin air filter, wiper blades, etc.).**
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.**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes. No uniformity in their initial answers. We've since gotten everyone on the same page.**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes, all parts counter personnel, parts manager and assistant parts manager.**
53. Who reviews the Lost Sales? When are they reviewed? **Parts Manager and Assistant Parts Manager. Executable 2244 is queued to run daily with the stock order.**
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, executable 2242 is queued to run daily. Yes, looked at with daily stock orders.**
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? **GEN TOY source have demand in 3 months out of the last 12 months.**

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)? **Yes, with the exception of non OE parts with a cost of \$20 or less. This is a sell only. All others are added to inventory. Some washer solvent, detail supplies are stored in parts.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **Both written and verbal. Parts Manager and Assistant Manager.**
59. Who files damage claims on parts shipments received? **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? **Daily orders are posted from packing list (GST) by Parts Manager and Assistant Manager. Backorder releases are scanned into system daily by warehouse supervisor. Any discrepancy is noted on packing list, claimed with shipper or GST. Copies filed in Parts Manager office awaiting credit memo on parts/service statement or check from carrier.**
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? **IT support person. Parts will then run 2161 (on line update) and print appreciation report, suppressions, etc.**
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)? **Every month.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **A manual entry by the controller (pick up). Also some write downs to 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? **No, we review age of parts monthly.**

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 and controller.**
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.**
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? **1.2 months'supply**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **5.7 times per year**
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? **In all manager's offices, copies supplied to all employees.**
74. Is your Parts Department locked up each night? Who has keys? **Yes. Parts Manager, Assistant Manager and Warehouse Supervisor.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes, one on the retail counter. Retail counterperson or Assistant Manager.**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes. There's a reason, so find it! Usually a pay type error when this occurs.**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes.**
78. What one thing can your organization do to help you do your job better? **Better Communication and executing upon the ideas that we discuss.**