

Parts Manager Questions - Parts Manager answers My answers

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair?
General Motors dictates pricing – doesn't apply to us
I would say that this is never done. I think the answer is always going to RIM and what GM says. Although they do dictate a lot of the business we run, I think there is maybe a little bit we are missing out on by having this mindset.
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.
We use GM's suggested retail – I do have a matrix on smaller items like hardware (bolts) that is not on GM's pricing
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.
Price guarantees from GM – can't really compete with the small shops around because their labor is less, but they also buy parts from us
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 they are established. Employees all receive same discount, WS same 15 over cost, retail full price, service department – for GM accounting there is a 50/50 split parts and service if there is an RO
I agree mostly – I think the only we could potentially change is the set markup on WS accounts. Why do they all have to receive the same discount?
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?
One counter guy knows he has to answer to me, doesn't discount anything unless approved by me. Service advisors cannot change pricing.
I was glad to hear this – the discounting done in service is extremely too high, thankfully they cannot 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))
Yes there is, I do use an inventory adjustment 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?
It used to be like this – but doesn't pertain to us anymore
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?
Everything we buy from any place is put in the computer at cost/at the price we bought it for. There is a 687 account we used if there is certain discount from GM like on oil filters. The discount goes into 687 as a profit and the normal price goes into the 242 account for the full amount

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

Yes

I would disagree after attending class – our parts tab is of course under the service tab on our website AND we have a content card vs. our inventory... However after consulting with both stores and my dad I have learned that online ordering of parts is not always beneficial. Our sister store is one of the largest wholesale parts dealers in Ohio with 4 very large warehouses. The manager HATES his online ordering and says it's a complete disaster with returns. My dad said a friend in his 20 group was one of the few who had an online presence and someone out of KY ordered steps and he's in Indiana. Led to a return and the dealer had to drive down to KY to pick them up. There's barely any markup out there and then had to waste all that time and gas to get the boards back. I can see both sides of it and am for fixing our website, but at the same time kind of thankful we haven't been through these problems above.

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?

GM has the LAM account – use to have a free pen program

We have GM's IMR fund available if that is what you mean by merchandising programs. I don't think it affects us as much as it does our other store with the large amount of WS. They are able to use it for promotional programs and gifts to the body shops and such because of the larger amount of money it. We don't have the same here – just a couple grand here and there and it gets used up quickly.

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?

I am the outside salesperson if I have time to get out.

This is true for our store, but for our sister store we have a designated outside sales person and I think it pays for itself. We are pretty far from being at that level though..

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?

Used up this year – qualify through GM's extra programs

Again like in question 10 rarely have money available to spend. We get the money there by participating in the IMR match with turnkey vendors and GM's other program compliance like PASE.

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

Yes

Again, you can get to the parts section on our website through your phone, but there isn't a whole lot there to initiate sales.

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

We don't have any coupons right now

We don't typically do a lot of FixedOps promotions – but as of yesterday and signing up with our new digital advertising package we are beginning to include them. So really between my dad and I, we decide what coupons to use. On top of this we sometimes participate in GM's NRP with car care promotions so those coupons come from them.

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?

I go over them yearly

In my opinion, I like the volume pay plans and bonuses because it keeps employees motivated, however between my manager, our one counter guy, and one stock/delivery guy there pay is and has been on the lower side compared to our other stores employees. If anything changes with our WS situation and so on I could for see moving to that kind of pay.

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

We get additional sales with a few wholesale accounts, but we are currently slammed with our body shop orders. Service doesn't compare

I think we more so live off the sales for the body shop. Within about a year or 2 ago we jumped on board with CarStar and have been killing it in the body shop department. They keep parts busy all day every day.

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 there is. I tell my guys and sales they have to use the online Reichard Chevrolet guide, too many mistakes made by using all the other GM guides... There is hardly any markup in accessories – we're not leaving any GP on the table

Although I agree that there is minimal markup in accessories, I do think there is some missed opportunity at both of our stores. We have been being pushed with accessory quotas and attainment levels for SFE and EBE and have started to try more to do LPO's to help out there. We could definitely set up sales with better use of display cases and marketing certain things in our showroom.

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.

I don't really need to review, we only have a few WS accounts. We do what we can

I think my manager is correct here, but definitely something that could be done at our other store. We have about 20 to 25 trucks running every day from Michigan to KY to West Virginia. Makes me wonder what discounts they are receiving along with delivery...

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?

Same as above. The other store is the major player so there is not a lot we can do
We cannot really unseat them, but maybe work with them?

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?)

I do. Yes they are

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.

We don’t do bonus pay plans. My previous job took away my accounts when they saw how much money I was making so I quit that day and told Chet here when it was Boose Chevrolet I just wanted paid to do my job, no bonuses.

Again when the time comes (probably soon) for retirement, pay plans will be made accordingly.

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?

I do – kind of by trial and error. Just give a small approval of a couple hundred and see if they pay on time and then decide on whether they can have a bigger account.

A little scary to hear we do not have a screening process other than trial and error... but with the town we are in, everyone knows everyone so I guess it is a little different than being in elsewhere with many accounts.

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?

I have to ask for it monthly

I did not even know he went over it – I thought it was just for us!

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?

Pre-pay only and no returns. It is not written, my guys just know it.

Again something that should be documented for the future..

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?

Yes. No partials ever between retail, WS, 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?

The only time we return or have the chance to is if it was a warranty part and the customer never brought their car back. I bug the service department usually monthly for 3 months and then it goes on our shelves unless there is any return reserve. But there usually never is.

27. Who are the parties that are involved in the SOP process start to finish?
Counter guy initiates the order, cashier collects the money, I approve and actually order the part, and Brad checks it in back.
28. Are special order forms completed in a legible manner so that the customer information can be read?
Yes they're printed off the computer
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 back. If it's a parts dept order – we call the customer, if service needed it, they call. Again we try for 3 months and it gets put on our shelves. I follow up. I'll never understand how something was prepaid and not picked up, but it does happen and maybe should be stored somewhere else? I know we rarely have the return reserve to send stuff back.
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?
Yes they are in back
In back, right by the back door...
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?
I do. I decide but if there is anything I question I ask you or your dad.
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)
You do
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?
I do – yes they are
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)
Exceeds
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)
If this is the case, theft?
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
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.
No LIFO 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)
Yes
There are, but with only 3 employees they all help out with everything for the most part.
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?
I do – when we made our last hire. Not yearly – more like daily... They know what they should be doing and if they don't they have to answer to me.
I wouldn't say we have a set training program, things have been working well for now, but this is something I know I need to put in place with managers along with processes for hiring/firing, write-ups, job descriptions, and so on.
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. Me and James have to take GM training through Center of Learning which is tracked online. We do in house training and catalog training.
Training is required for Global Connect for the parts manager and counter sales. I don't think we have DMS training, but we be beneficial to have.
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?
I attended UAM (united automotive management) Parts Management College in 1997
If it were not for the age of our mangers, including our parts manger I would have loved to include them in the academy courses, but knowing retirement is near for many of them it's hard to justify the expense!
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 3 computers – one for me at my desk, one at the front counter and one at the back counter. They are all we need, no more no less.
We could probably get away with 2 PC's currently, but with hopes to grow 3 is good for now.
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?
Not adjusted. If GM says we need it, we take it. I check RIM everyday
44. Is the trend of those changes in question #42 a positive or negative trend?
No trend

45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?
99% stock order
 We have different opinions here, seeing how much we do not track and what is considered lost sales to different people. However with RIM it is not a huge amount of emergency purchases, but I know it is not 99% stock orders.
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?
Reports are printed daily so I can check the dollar amounts and I store them in my drawer. At the end of the month they go into a file cabinet and then at the end of the year they go into a box and upstairs for 7 years.
 Also used for times like these in school!
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?
No
 With Autosoft – I was not able to complete the scorecard in class.. Only the inventory section.
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time)
As it is found, ASAP.
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)
No
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 I do it as it needs to be done
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?
I did it and had my 2 guys take it
 During class, my manager, counter guy, and stocking guy took it. Would be interesting to see what the other stores parts guys answers would be.
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?
No
 I am assuming both the manager and counter guy can both log a lost sale, but they do not do it.
53. Who reviews the Lost Sales? When are they reviewed?
Never
 If they were tracked, my manager should review them with the counter man.
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)?
We just use RIM-what GM tells us to stock
 No they are not utilized if Autosoft has them available.

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?
Again we stock what RIM tells us to.
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?
98.98% RIM compliance
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 they are and no we do not stock shop supplies or bulk fluids.
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 verbal, I am
Another item that should be documented that isn't.
59. Who files damage claims on parts shipments received?
I do
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?
Brad. The carrier checks them off the truck and Brad cross checks them with our list. Any discrepancies are claimed after 7 days.
Everything is checked as much as it could be without a scanner. Something that will be looked into getting to save time. We got a bin delivered a month ago and the driver must have scanned everything before delivery – a dealer north of us got out bin and we got their bin.
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?
We do a physical yearly
I am a fan of the perpetual inventory count from here on out – though the biggest discrepancy we ever have is oil. It comes in a drum that can only be measured standing on a certain side, but it has to lie on a different side. Caused a variance the past 2 inventories.
62. Who applies and loads the monthly price updates?
I do
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)?
Yearly
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?
Yes they are

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?
They are on the shelves with all our parts but marked with yellow tags.
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 works on the WIP
 Neither of us really knew this answer besides the fact we know our service manager gets a print out each month to remind him of WIP and receivables.
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?
Not as we should
 This is a hot topic here. In my opinion there is too much WIP and money owed from the factory that enough people are not getting involved in. The service manager passes it off as he is too busy; the employee it is passed on to is too busy to help, and so on...
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?
No
 It could be, but some of Autosoft's futures do not work like they should. I am not versed in this, but am currently dealing with getting a new server so maybe this will be something we can do soon.
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?
2.5 - Yes
 There is room for improvement here
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
Yes
 3.8 – yes it matches
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
 The FTFR would probably say otherwise; however I think that we rely too much on "RIM controlling everything" than working the system and marking lost sales and controlling the inventory.
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?
I have parts here in the parts dept. The dealerships are kept in the safe in the office which remains open during the day.

Dealership policies and procedures are kept in the safe in our office, but are probably quite old and should be updated. GM has their own policies and procedures that are online in Global Connect.

74. Is your Parts Department locked up each night? Who has keys?
Yes. Me, sales manager, you, and service manager
75. Do your Counter-people have a cash drawer? Who balances the drawer?
No- just cashier.
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?
We have a fake one
Luckily theft is something we have never had to mess with here as compared to our other store where we have recently gotten cameras outside and inside....
78. What one thing can your organization do to help you do your job better?
More vacation time