

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? *We price source bi-annually to ensure we are competitive.*
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. *We use matrix pricing on some items and remain competitive in our market place as we price shop regularly.*
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. *As stated earlier we constantly price check with competitors.*
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 use pricing guides within our system to make sure parts employees are charging correct pricing to the correct customers.*
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? *We run reports weekly to make sure discounting is not happening more than it should. Advisors have discount buttons but are monitored and our discounting remains low as pay plans are affected by discounting.*
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 we have a process that is done through inventory adjustment accounts.*
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? *Yes all cost is the same.*

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? [We track discounts on RO's and verify discounted do not get out of hand.](#)
9. Do you have an internet presence for your parts department? [Yes we sell on amazon and have our own parts website, we are hoping to grow our internet presence in the next couple years.](#)
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 online programs and cost verses sales in low but gross is low.](#)
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? [Yes we have an outside sales person in our auto group that promotes wholesale business, sales has gone up since.](#)
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 are hoping with more internet and wholesale sales we will gain purchase incentives from the factory for returns to keep OBS inventory low.](#)
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? [We are in the works, hoping to have one shortly.](#)
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? [We update them monthly with service specials depending on time of year for hot items. Example batteries in the winter.](#)
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? [Yes we review gross and expenses monthly, currently our margins are profitable, hoping to add more personnel as we grow and will continue to monitor expenses.](#)
16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not? [We have wholesale and internent business along with decent retail counter business, service helps but parts has there our business as well.](#)
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 are leaving lots of money behind here, working on an accessories website for our customers going through sales to not miss out on sales of accessories.
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 trying to implement a gold, silver and bronze customer category for wholesale customer to make sure we have wholesale customers that positively help our bottom line.
 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 a large wholesale business at our sister stores with 7 delivery trucks, we are able to unseat competitors just trying to get the name out, other VW dealers in the area have been around for years and years.
 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 and fixed ops director.
 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. Pay plans are based off of gross
 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? Fixed ops director determines credit approvals for wholesale customers.
 23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? The parts manager does not have access to the F.S.
 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? Parts managers approve them.
 25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? Retail customers, service RO's and wholesale customers are all 100% pre-paid or not ordered.

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? [Yes we have a return policies for our customers, no returns on electronic parts.](#)
27. Who are the parties that are involved in the SOP process start to finish? [Parts counter personnel and service advisors.](#)
28. Are special order forms completed in a legible manner so that the customer information can be read? [We have the customer sign off on them before parts are ordered so they understand our SOP process.](#)
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? [Located on SOP bin in parts department, service advisor notifies customer. Advisors are managed by service manager to call on SOP customers.](#)
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 in there own inventory not with 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? [Parts managers and counter men can cut P.O's manager must sign off on P.O](#)
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) [All parts personnel can make outside purchases, fixed ops director over looks all purchases.](#)
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? [Service policy is cost +10% and internal sales is retail.](#)
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) [We do monthly reconciliations, inventory is accurate with F.S.](#)
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) N/A
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 for parts.*
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) *All employees have their own tasks, inventory management is left to the manager along with pricing. Small tasks such as stocking and bin checks are split between parts personnel.*
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? *Fixed ops director. We have annual reviews on training and pay plans with all parts employees.*
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? *We don't currently track training, after reviewing this question we may start to monitor it better and have more 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? *Never have, would definitely benefit from one of these classes.*
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 currently have an effective work space, recently re-organized our shipping space, much more practical.*
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? *There is rarely an adjustment if any it is done by the parts manager.*
44. Is the trend of those changes in question #42 a positive or negative trend? *Positive trend*

45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? [Average of about 5% emergency purchases from other VW dealers, not including aftermarket 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? [MGR report run monthly and reviewed by parts manager.](#)
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? [The DMS scorecard was introduced to the parts team to use and track issues that may arise. It helps keep inventory under control.](#)
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) [The monthly reconciliation helps and adjustments are made when there is an issue.](#)
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) [We try to bin check as often as possible, typically the more "active" bins are checked more often.](#)
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 they are tracked daily.](#)
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? [Yes everyone was close, besides a few of the "trick" questions.](#)
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? [We track them in the DMS and all parts personnel can log lost sales.](#)
53. Who reviews the Lost Sales? When are they reviewed? [Parts manager reviews them 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)? [We track emergency purchases and see if they need to be stocked items or phase in.](#)
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? [We try to stock an item after we have had a need for it over two times.](#)

56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?
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)? *All items run through inventory and then our sold out of inventory, shop supplies are the exception.*
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, our parts personnel share shipping and receiving duties.*
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? *The opener of the department which varies is the one to check in the stock order.*
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? *Physical inventory is done annually.*
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)? *The fixed ops director tracks parts cost adjustments.*
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? *The value was small in dollars but we were off in our gift shop, started locking it up after hours, so sales did not have access.*
65. Are all obsolete parts that are on the inventory physically in the store? *Yes we have them in general population with our inventory.*
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 not in a separate area, they are in general population inventory in there bin location.*
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? *Parts manager watched WIP.*
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? *They manage and review WP monthly for the month close.*
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? *Yes they have a management view on CDK they review daily for sales and gross tracking.*
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? *Month's day supply is 55, yes this matched the student's calculation. Trying to lower it!*
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? *6 true turns annually.*
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. *We need to increase our FTFR % by stocking the correct parts. We are improving and tracking this.*
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? *We have them posted in all departments and all employees have access to it.*
74. Is your Parts Department locked up each night? Who has keys? *Parts manager and assistant parts manager have keys to the department.*
75. Do your Counter-people have a cash drawer? Who balances the drawer? *One cash drawer, balanced by the closer of the department and the controller in the morning.*
76. Is there a policy in place for overages for the cash drawer/balancing? *Overages are reviewed by controller and found were the mistake is made.*
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? *Yes we do, executive management and fixed ops director have access to cameras.*
78. What one thing can your organization do to help you do your job better? *Hire one more part time employee to help when other employees are out or during busy times, Saturdays we have one person in parts....it is a lot on one person.*