

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? **Not often**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We have not checked to see how competitive. Heard from customers that we are lower.**
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. **Will have counter person call around to verify.**
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 a matrix**
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?- **Yes. Spot check RO's**
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))- **OE parts are to be at factory cost unless approved by Parts Manager. The only time we would change cost on an OE part is if there was special pricing from VW and an invoice showing the price.**
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?- **We would use the cost as listed on vendor invoice**
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?- **I don't believe ACS is set up to track that.**
9. Do you have an internet presence for your parts department?- **Yes. We have an internet site attached to www.vwofpuyallup.com provided by SimplePart.**

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? - **No outside. With having 3 people now, I would like to be able to go and visit wholesale accounts.**
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 merchandising dollars.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **Yes.**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? - **Yes. Checked weekly. Updated monthly.**
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? **Have not reviewed or change pay plan.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? - **Service is our primary customer.**
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. We could always do better.**
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 review weekly.**
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? - **There is a tool within VWHub that I am learning about. (Wholesale CRM)**
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?) – We forward Reseller Permits to the office. We check to see if accounts have a current one on file.
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 plan does include advertising and promo. Have not looked at other expenses.
 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 apps are sent to the office for review. The references are contacted to see if the applicant is in good standing. I check the Parts A/R screen in Reverse Risk to see if there are any outstanding customers and follow up with the office to see if we need to call the customer.
 23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?- Yes
 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?- Not sure what a SOR is.
 25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? We do require pre-payment on Special Order parts for Counter Retail and for new Wholesale accounts.
 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? No return on electrical, must have invoice, and no returns on SOP after 30 days. 15% restocking for on SOP. No restocking on normal stocked parts.
 27. Who are the parties that are involved in the SOP process start to finish? Parts counter person.
 28. Are special order forms completed in a legible manner so that the customer information can be read?- We don't use a special order form. We do use tape to tag the part with the customer name, arrival date, and RO/Invoice number.
 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?- We have a SOP bin. It is broken down by first letter of the last

- name. For Counter Retail customers, one of the parts personnel will call to notify the customer that their part has arrived. For Service SOPs, Reverse Risk is updated, or we give the service advisor a copy of the SOP report for the day so that they can contact the customer and schedule. We need to work on the follow up.
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? **We write our PO's through the DMS.**
 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)- **We check with GM for large purchases**
 33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **GM determines that internal pricing should be the same as counter and be sold at 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) **Inventory is scheduled for April.**
 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). **Yes, and we need to do a monthly Reconciliation. Maybe a few bins a month to make sure it's accurate.**
 37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **Not 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). **We don't have specific employees' responsible duties.**

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 through the VW Hub. It is updated by VW quarterly. We make sure that training is done for each quarter. Parts manager is responsible to train counter sales 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? **OE training through the VW Hub**
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? **No. I attended a required VW management training course in 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? **System is adequate.**
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?- **We manually receive the daily order into the system because some items may be coming from other PDC's. Changes to stock levels are made by the me based on needs.**
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)?- **We usually don't have to do very much for emergency purchases from other VW Dealers due to next day stock order. Maybe once or twice a month at most.**
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? **We have reverse-risk**
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? **We have ACS and there is not a scorecard for that specific DMS.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time). **Once a year we do a full inventory and**

adjustments will be made then. Bin counts are done once a quarter and errors will be corrected then.

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? **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?- **No. We need to be better at tracking lost sales. It wasn't done at my previous store either and thus not something that I did much of. Any Parts personnel can track lost sales.**
53. Who reviews the Lost Sales? When are they reviewed? **It should be the Parts Manager. I will start reviewing 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)? **Yes.**
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? **3 hits in 12 months**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **Based on VW numbers our parts breath is 87.3% and our parts loyalty is 99.28%**
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 the parts sold by the parts department are in inventory.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?- **All verbal**
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?- **All parts personnel can order or receive the stock order. We check that the order has been transmitted to VW and that there isn't duplicates or major overages.**

61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?- **We have just started doing perpetual inventory counts.**
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)?- **Not sure**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **Inventory is scheduled for April.**
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.**
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**
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)? **Yes. We also use Reverse Risk that shows daily activity, gross, sales, etc. We have a weekly meeting as well.**
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? **49 days supply and Yes**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **7.3**
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? **Handbook is online with Compli. Job description is with the Part's Manager.**
74. Is your Parts Department locked up each night? Who has keys? – **Yes. Parts personnel and Service manger**
75. Do your Counter-people have a cash drawer? Who balances the drawer?- **We have a cash drawer. The person closing balances the cash drawer.**
76. Is there a policy in place for overages for the cash drawer/balancing?- **Nothing written.**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes. GM and Dealer principals.**
78. What one thing can your organization do to help you do your job better?
Management Training for parts manager.