

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 try for once a month through BDC price shopping.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We are very competitive with our market with other MB dealers.**
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 very competitive with our market with other MB dealers.**
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? **Yes. The only employees allowed to adjust prices are parts personnel. No other employees and access to make any changes to prices. The manager reviews the daily exception report run each night in the job stack.**
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)) **All parts added to inventory are done with the CDK scanner.**
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? **No. If a part is secured from another source (which is rare) and the price is different from the mfg. the cost is changed to reflect the actual cost.**
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? **It is not tracked individually. It will reflect in the gross profit of the sale.**
9. Do you have an internet presence for your parts department? **We have a link to the parts department on our website. We do not have a separate internet site.**

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? **Almost all advertising that we do is in conjunction with service. Some are factory program marketing.**
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 have an outside sales representative. We also have one of my wholesale counterman make outside calls when ever possible.**
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? **The factory will do email merchandising for no charge to the dealer. Any direct mail pieces we are charged for. We have asked the factory to step with the wholesale marking to help with the cost. Work in process.**
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 we do. Done weekly and we update ever 4-6 weeks by our in house marketing department.**
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? **It is done weekly when commissions are done. However the overall comparison is done when the statement is complete.**
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 in wholesale and counter sales.**
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? **No it is not. We do have a F&I doing up sell but we do not have display areas throughout the dealership. Yes we are leaving potential profit on the table.**
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. **Yes we do monthly and break them down into A,B and C customers based on the above.**
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 are**

in a very competitive market with 5 MB dealers in a 13 mile radius. We do not have a large presence of repair shops in our area however we are up against independent wholesale suppliers. We try our best to make 2 delivers per day within 10 mile radius.

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?) **The Parts Manger and Wholesale Manager review them and then the accounting office will do a credit check. Our resale certificates last update was 2018.**
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.
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? **The Parts Manger and Wholesale Manager review them and then the accounting office will do a credit check. The wholesale manager and the person in accounting speak each day and are in control of the receivables.**
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? **Yes there is a special order process for all SORs that was written by the parts and service managers. It is posted in the parts and service department and all employees are educated on the process. All SOR orders must be signed for by a shop foreman and service advisor.**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **Customer pay parts we do a deposit/pre pay and an appointment date. We do differentiate and have them in separate bins.**
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 return after 45 days. If it is a customer pay part that is pre-paid we send it to them. We do not charge a return fee.**
27. Who are the parties that are involved in the SOP process start to finish? **The parts counterman, service writer, shop foreman, BDC and parts manager.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes they are computer generated.**
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? They are kept within 10 feet of the parts counter. The service writer contacts the client to come in. The parts manager along with the service manager determines when to send the part back along with input from the advisor. The parts manager follows up to make sure there is no lapse in the returns.

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 do not go in with the regular stock inventory and are a Non Sock source.
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? The parts manager controls the PO/order system. The dollar amount is \$10,000 .
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) The service manager also has authority. The parts and service director along with the accounting department oversee.
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? The management team sets pricing and all purchases go through parts.
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) The value on the system is less.
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) Monthly reconciliation is done.
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) It is not less.
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. No
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. Certain employees have different functions as per 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? **The parts manager and one parts employee oversee training on a quarterly basis. It is not part of the pay plan. All training must be meet quarterly.**
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? **Records are kept for all training. The last on line DMS training was in 2017. OE training is done quarterly.**
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? **The financial training was given by MBUSA. The last formal training was NADA training 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? **They systems are properly located for the flow of work in the department, are up to date and meet the level based on the current volume of business.**
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? **The daily replenishment order is adjusted each morning by 9:00am by the parts manager and the adjustments are between 2-3% of total order and mostly based on room constraints.**
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)? **99% from OEM 1% from other MB dealers.**
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? **They are printed monthly in parts and kept with the parts manager. The monthly are reviewed to see the health of the inventory and trends over the 12 months. The MIS is printed daily to see how the parts and service department is trending for the month.**
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? **Yes. 5/1/2019. No**

48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **When a discrepancy is found with an on hand issue it is investigated and adjusted that day.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **Yes they have. If any issue ever does a come up with an incorrect bin location it is fixed at that time by the parts manager.**
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. Any adjustments must be approved by the parts manager.**
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? **Yes they are. The parts manager can log lost sales.**
53. Who reviews the Lost Sales? When are they reviewed? **The parts manager reviews lost sales with the counterman requesting it.**
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? **With Mercedes Benz Stock Pro we are aggressive on phase in to see if we should stock it. After 1 hit it will come up on the daily order to review. The MB Stock Pro system does override the DMS.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **100%**
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 parts are on the DMS including washer solvent and brake clean. Shop supplies, rags, carb spray etc. are not.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **All procedures are written. The parts manager and assistant manager review and update.**
59. Who files damage claims on parts shipments received? **The assistant 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 shipping and receiving clerks and assistant manager scan all orders. The orders are reconciled between the scanning and the factory order. All discrepancies are filed that day with the OEM.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **We do perpetual and conduct a yearly physical inventory.**
62. Who applies and loads the monthly price updates? **The 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 adjustments are done monthly with the parts manager and CFO.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **Net Variance \$19.215**
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 in the regular inventory in a NS source or AP status in a stock source.**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **The department 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? **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? **55 days.**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **5.0 FS WORKSHEET 5.4**
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. **No, we could use more storage space to be better organized.**

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? **They are kept with the HR department, Company employee website and in the managers office.**
74. Is your Parts Department locked up each night? Who has keys? **Yes. The parts and service manager and**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes, at the wholesale/retail counter. The wholesale manager balances the drawer daily.**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes. The IT department and the security monitoring company.**
78. What one thing can your organization do to help you do your job better? **We could use more storage space for the inventory which would make the department more efficient to serve the techs.**