

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 are your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? **Service reviews pricing for repair orders. I leave customer repair priced at Chrysler list price. Standard wholesale is list minus 20% unless we have a high volume or new account with volume potential.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We compare to other dealerships by calling them. All stores I have spoken to sell at Chrysler list price.**
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 have not used market surveys to compare prices**
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? **Parts counterpersons can adjust pricing. They all know this is monitored by the parts manager. Service advisors cannot adjust parts prices.**
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 using +/- inventory adjustment account(s)) Cost **is never adjusted. Only the parts manager has access to cost adjustments. Purchase discounts are handled in the 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? **Yes**
8. How are discount purchases tracked in the system to show additional profit based on the cost of the part from a source other than factory price? **They are put into a purchase discount account**

9. Do you have an internet presence for your parts department? **Yes, but needs improvement**
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? **Displays throughout the dealership and online. In store carries little cost because most of the displays are in the new car showroom or already on vehicles. They do a good job with moving these accessorized vehicles, online carries no cost**
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**
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? **Not to my knowledge**
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, once a month for each**
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 an enough profit for the pay levels established for the parts employees? **Never as far as I know. Not something we go over**
16. Does the parts department seek additional revenue or “live off” the sales of the service department only? If not, why not? **The parts department seeks out additional options for parts 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? **Yes. We have a system in place for years.**
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**
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 do. Several major players including Hendrick Automotive. We have unseated some. Yes, in most cases we can deliver 2-3 times a day. Usually a 20 -25-mile radius.**
20. Who verifies the “wholesale” customer applications to make certain they are true wholesale customers? Are your state Tax-ID/Wholesale Certificates current (within the last two years?) **Either the parts manager or assistant parts manager verifies the request for wholesale status**
 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. **Never discussed**
 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? **Parts Manager. Often based on feedback from other dealers in the area. Office manager will notify the parts manager on any/all delinquent customer accounts. Parts manager contacts customer by phone or in person to collect past due monies. Customer generally loses privilege to charge after account is made current.**
 23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **No**
 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? **We now have a written policy put in place by Dave. Each member of the parts department, service advisors, and service managers have a copy. Reviewed weekly at our service and parts meeting.**
 25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **We now require 100% prepayment on all non-warranty work.**
 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? **Any/all returns must be made within 30 days of the sale. Special orders are generally not returnable. In the exception a 20% handling fee is imposed.**
 27. Who are the parties that are involved in the SOP process start to finish? **Counter person, service advisors, service manager, shipping/receiving clerk and the parts manager.**

28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes**
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? **SOP's for service customers are kept in the service parts area. They are separated from inventory with an identifying bin location upon receipt. The service manager ensures follow up for the service customers (additionally, parts manager will address any/ service SOP's over 30 days).**
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 separated from 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, parts counter people, service advisors, service manager, admin staff, and office manager. The parts manager regularly checks open PO's and is the contact for the accounting office.**
32. Does anyone other than the parts manager has direct purchasing authority from outside vendors? Who oversees the Parts Manager? (Double signatures, Perusing the Parts Dept. purchase invoices) Everyone **mentioned in question 31. Office manager oversees the parts manager.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Upper management established the internal pricing. Most, but not all. Sublets may or not be referred to the parts department.**
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 not get to see the financial statement.**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) We **do not uncontrolled inventory**
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) Not **necessarily. Items could have been filled/collected.**

37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **No idea**
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. **Each member of the parts department has additional responsibilities assigned to them. They are scheduled and each employee knows what their responsibilities are and when they need to be done.**
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 ensures any/all required training (manufacturer or other) is completed timely. No, not part of the pay plan.**
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. No has done a refresher class for the DMS or parts catalog. Monthly for the OE 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? **No. Just last year at the Mopar Parts and Service Expo.**
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? **Equipment number is correct, however updating of this equipment is necessary.**
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 most of those adjustments? When was it changed last and by whom? **Very little. No, it does not exceed 10%. Parts manager. Inventory control or variables. By the parts manager.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Positive**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **94%**

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? **Not sure.**
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. Haven't really looked at it yet.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) When **an error occurs. Not very often.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) We **use a bin count method we came up with bi-monthly.**
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 need**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes, to the parts department staff. No one else.**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes. Parts manager and parts advisors.**
53. Who reviews the Lost Sales? When are they reviewed? **The parts manager. Reviewed weekly**
54. Is 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)? **Chrysler's ARO system monitors all of this for us. Parts manager reviews, adjusts, and submits.**
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? **Generally, 3 sales in 3 months. ARO is much more generous.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **99.9%**
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. Yes, we do.**

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **Written. The entire parts department**
59. Who files damage claims on parts shipments received? **Parts manager and parts advisors.**
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? **Parts manager receives the daily order and checks them in. Yes. File a MRA**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **We count the entire inventory two to three times a year not including the yearly physical.**
62. Who applies and loads the monthly price updates? **The DMS provider**
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)? **Bin checks are run and checked by the parts manager throughout the year. Plus/Minus adjustments are made at time of reconciliation. Some adjustments require policy adjustment by the parts manager.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **We had to write off \$9,629.71 after the inventory was done.**
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? **No. The parts department does not make requests to the service department to close tickets.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **No**

70. What is the months' supply of the inventory? Does this match the student's calculations found in their FS Parts Excel template? Are too many parts stocked in the inventory based on this calculation? 2.2 months supply. It does not match. Too many parts are stocked.
71. What is the true turn of the inventory? Does that match the student's calculations found in their FS Parts Excel template? 7.37. It does not match.
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 in an area that allows for easy access? Parts manager's office
74. Is your Parts Department locked up each night? Who has keys? Yes. Parts staff. Operations Manager (one of the owners)
75. Do your Counter-people have a cash drawer? Who balances the drawer? Yes. The counter staff does followed by the accounting office.
76. Is there a policy in place for overages for the cash drawer/balancing? Yes, all differences are reported to the accounting office.
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? No
78. What one thing can your organization do to help you do your job better? Give us more insight to the financials to better understand how to measure our department.