

Parts Manager Questions

Have your parts manager answer the **78** questions found in the 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 level reviews for competitive maintenance and heavy repair? **Usually every 6 months but we do not have a lot of competition since pricing is the same.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We use the standard Maserati pricing, we are the same as other local dealerships.**
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, we sell the most the most parts in our area.**
4. Does your computer system you have 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, we use cdk as our dms and we are able to control and review price codes for different customer types**
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 transitions? What about Service Advisors? **I am able to see whenever prices are changed but advisors cannot see the 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 places into the inventory? (Done through the use of +/- inventory adjustments account(s)). **No cost is adjusted on any part.**
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 particular source other than factory price? **We do not purchase discounted parts or bulk pricing.**
9. Do you have internet presence for your parts department? **No**
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? **None**
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 available.**

13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **No**
14. Do you periodically check your online internet Parts coupons? How often are the check? How often are they updated? **We do not have coupons but we are planning to get them in the future.**
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, it is commission based.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not, why not? **No, we also do wholesale business**
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 other gross profit on the table? **We have a display for the customers to view on the showroom floor.**
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 ship parts via FedEx to the customer outside of our delivery radius.**
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 the major player at this moment and we are trying to grow more so we do study the area 70-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)? **the parts manger and accounting department**
21. Discuss monthly expense control with the parts manager and identify specific areas under the manager’s control. Are 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 are commission based and are paid off gross not net and we keep monthly expenses at a minimum**
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 controller**
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? **There is no written policy all special orders and prepaid if they are nonreturnable or customer pay**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/ Wholesale and Service RO? **Yes, if they are nonreturnable then they are prepaid or if the job is customer pay**
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 do not have a return charge and our return policy is 6 months. Customers can only make 2 returns a year.**
27. What are the parties that are involved in the SOP process start to finish? **Service Advisor and Parts Advisor**
28. Are special order forms completed in a legible manner so that the customer information can be read? **It's electronic.**
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? **The parts manager follows up with the service manager before all parts are returned. The service advisor is also notified when all parts arrive.**
30. See if special order parts are carried in a separate section of the parts inventory to maintain control. Or they are inserted into the regular inventory? **They are in regular inventory, but the locations are changed**
31. Who administers and controls the Purchase Order system (DMS/book)? What dollar amount of fixed asset purchase can be made without approval about parts management level? Who sets and monitors these \$\$ levels and total open PO's and open PO \$'s? **the parts manager monitors it and makes the final say but all parts advisors can order with a po**
32. Does anyone other than the parts manager has direct purchasing authority from outside vendors? Who oversees the Parts Manager? (Double signatures, Perusing the Part Dept. purchase invoices). **Yes, parts advisors can purchase from outside vendors the general manger 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? **The owners make the internal policies and pricing**
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) **Yes.**
35. Is the accounting inventory value higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). Monthly Reconciliation Exercise) **yes, it is higher no adjustments have been made yet since the parts 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) **The accounting value is higher. We have not made any adjustments yes from inventory.**

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**
38. Is there an employee responsibility to function chart as was discussed in class? Are there specific inventory transaction (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) **No we only have 2 parts employees**
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? **Maserati does quarterly training. The managers control it if external.**
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.**
41. Has your parts manager ever taken a department Financial Management class like the ATD Academy? When was the last time the attended and formal Parts Management training? **No**
42. A computer system diagram with specific terminal equipment positions should be made and a flowchart of work routine should be made. Determine is 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 2 computers and 2 guys, 1 in each shop so it is perfect for our needs.**
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 the adjustments? When was it changed last and by whom? **All our order in manual we do not have a stock order program through Maserati, so we reorder, and we need**
44. Is the trend of those changed 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)? **95% factory and 5% outside**
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? **It is ran every month and we keep the reports until the following 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 find those answers? **We track all lost sales and we adjust our cost on every part as needed, weather is be an emergency purchase or a normal purchase.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **we do pre-inventory adjustments monthly and full inventory once a year**

49. Have the fifty most active parts numbers been checks for parts bin count accuracy? (Moments in Time) **yes, they are accurate**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **Not every day.**
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 and all parts employees.**
53. Who reviews Lost Sales? When are the reviewed? **Parts manager / Service Manger**
54. Are emergency ordered part numbers reviews to see if the 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 all lost sales and emergency purchase to see if they meet the phase in status or stock status**
55. What demanded 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 Manages Inventory systems? **3 consecutive sales in 3 months**
56. What is your Compliance % level for you inventory with your Vendor Managed Inventory, RIMPRO? **We do not use 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)? **Yes and yes, 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 set by the manufacture but personal policies are told to the staff verbally.**
59. Who files damage claims on parts shipments received? **The parts manager**
60. Who receives parts orders and how are the received? Is the original stock order transmitted to the factory cross-checked? What do you do about discrepancies? **The parts advisor checks it in with the package slip then compares it to the order. If there is a discrepancy, the part manager handles it.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes, bi-weekly or monthly.**
62. Who applies and loads the monthly price updates? **CDK / DMS**
63. Are parts cost adjustments (monthly price updates, bin count irregularities and emergency purchases at more or less then OR cost) tracked by someone in the dealership or is a periodic inventory adjustment method utilized (like once a year)? **They are done by inventory, we do not control the updates, they are done automatically through CDK**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **Adjustments have not been made yet**
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? **They are in rotation but we do not track them.**

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 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? **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 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? **3.01710603 yes, the months supply is ok for us we are a smaller dealer with no asr program, so it is higher**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **1.88**
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 the area that allows for easy access? **Controller's Office**
74. Is your Parts Department locked up each night? Who has keys? **No, we share our area with other departments.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **No, we have a cashier and she balances the drawer.**
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 managers have that access.**
78. What one thing can your organization do to help you do your job better? **Bring the parts department together into one building it would help control inventory and help be more efficient and save time going back and forth**