

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?
Never, not really
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.
I would say def competitive
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 made some mystery calls and found out I was a bit higher on certain items like brake pads \$99 vs \$84 we also found we were lower on rotors \$99 vs \$110
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 internal, wholesale, warranty, employee ect
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?
Prices can be changed at any time during daily transactions, service does not have access. I can lock and adjust prices through my master but not during daily transactions. I just added my matrix. More profit can be made on certain items by raising the matrix at any time.
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))
I am the only one who receipts parts in inventory.
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 especially if its factory, the honest price will never be tampered with.

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 track discounted purchases
9. Do you have an internet presence for your parts department?
Yes we have an internet presence, we have an online store that does ok with our local customers.
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 a small inhouse merchandising, hats, mugs, shirts. I am looking to expand but for now its on the small side. We keep markup around 200%
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 sales
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?
I'm not sure about our factory merchandising programs, I or our parts department don't really merchandise.
13. With the growing use of mobile smartphones by customers do you have a mobile ready website?
Yes our website is very user friendly for smart phones with quick and easy access to our online store.
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated?
No I check them about once a year, I've worked with my service manager to revise coupons once in about 5 years.
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?
I do not do pay plans. When we hire a new employee I'll go over the pay plan with the GM. Yes our current sales are definitely providing sufficient profit to cover all of the employees in my department, we do monthly reviews.
16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not?

Most of our profit is due to our sales from service, however we live off of other areas or business. We have a small but profitable wholesale operation. We have a small online parts store that helps with sales, a collision link to boost wholesale, and a nice over the counter customer base.

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 there are programs set up to sell accessories in sales not so much in the parts department but we do sell them as well.

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.

No I don't do actual reviews, I just think I am aware of all accounts. I will use the traffic light guide going forward.

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 I do occasional runs to go meet with body shops at least annually. I do have some out of town competition like colonial Subaru and dan perkins Subaru. I only have one driver so depending on location of shops will determine how many trips he can make.

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?)

I the parts manager review all applications. I don't think my tax ID certificates are current, many are years old.

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.

Check

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?

I control credit applications. We only have a handful of customers on charge accounts. We'd rather have COD for the delivery system. There is a credit app that needs to be completed, then our upstairs accountants handle the rest along with the parts department helpin collect the payments on time.

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?

No I do have access to the statement. But I do not go over it ever with anyone

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?

The policies are as followed. All special order parts or parts that I do not keep in stock must be pre-paid, If not charged at point of sale hen a credit card number is required. There are no returns on SORs. The policies are posted at the bottom of all receipts and SOR forms. This has always been the policy I don't review the policy. I believe it was approved by the GM.

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?

Yes. I stay away from down payments etc. although with the new Automate system I would be able to accept partial payment if I wanted to.. If it is service RO especially if its warranty A SOR will be made without pre-payment..Also sometimes If a customer has an appt. then we won't charge them. I believe if this process was tightened up There will be less parts laying around. Wholesale is basically the same no returns

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?

There is no time set to retain these parts.. I cannot just return parts when I want to. I have to earn a certain amount of accrual credit which is usually quarterly. There is a 20% handling fee for parts that are restocked. Also no returns after 30 days on parts that I do stock

27. Who are the parties that are involved in the SOP process start to finish?

All parties are involved in the SOP/SOR process If it is a repair order service writers will be notified along with the customer that they're part is here.

28. Are special order forms completed in a legible manner so that the customer information can be read?

Yes we still use SOR forms occasionally and they are legible, And now we use the SOR forms through automate.

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?

. Most of the SORs for service are located in parts dept. some of the larger boxes are kept upstairs. We've recently changed our process again. So now we the parts dept. calls the customer when the part comes in. They we notify service dept. or service writer by giving them a copy letting them know the part is here. Basically we are all responsible for tracking parts after we order them. Periodically we will go through our orders and keep up with 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?

As of now they are carried in my regular inventory, with a bin location as SOR/SPO. I will look into other options

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?

POR system????? I do the daily stock purchases . I've never had a \$\$ limit on parts that I order, Not that Ive known of . Im guessing the officer manager probally monitors more then I do at this point.

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)

Yes . Mostly after markets auto parts to sell. On occasion I will have to ask for a signature or signed check from GM

33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?

I'm not sure who came up with the internal parts pricing policies, But when I started it was 25% over cost, And it still is. Yes they are all ran through the parts dept. through repair orders

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)

last time we spoke I believe I was short. We haven't done it in a couple of months So we really need to get on track with monthly reconciliation, Especially now we are really keeping up on our bin counts

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)
 Have to buckle down and start practicing/master monthly reconciliation. ASAP
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 sure about abnormal, variances do happen when parts are paid for and not picked up. They are put back on the shelf. Obviously the values should mirror each other. Things like wrong inventory counts would also result in values not matching.
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.
 Last in first out??? LIFO
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)
 Well all three employees in this parts dept are all aware of their responsibilities, sometimes duties are shared. There is no physical chart on the wall that we abide by. As far as inventory transactions I'm the only one who does receipting and posting. Can't say that I grade inventory, although in my head I'm always aware of what's coming in and out as I'm ordering ect. I also do the adjustments and cores. The other employees do assist with bin counts and returns.
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 trains all new employees, other workers in the dept assist with the process. SNE does offer training which I have attended. It's more like throwing a new worker in the fire, lots of hands on training. The GM reviews the training process after about two months, then they will be put on a different pay plan. There is no yearly review unless the employee requests a raise. There are also online training courses that employees must take in order to continue access for dms and sne solutions.
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?
 There are records for the online classes via Subaru solutions and auto mate. Inhouse records are not kept. All employees took OE/Manufacturer training last month.

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 have never taken any classes regarding financial management, in April I completed the NADA parts course. Previous to that was two years ago at SNE headquarters.

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?

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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?

Our daily order is always adjusted, we place orders every day. We order and replenish parts with low counts. All parts employees help with daily orders.

44. Is the trend of those changes in question #42 a positive or negative trend?

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45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?

I believe about 98% to 2% daily stock vs outside 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?

All computer-generated management reports are printed through auto mate. I do not store reports and I do not review them daily. I use the reports to try and sell older parts, track lost sales, emergency purchases and view inventory.

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?

I do not use the DMS summary to track inventory trends, I will try to incorporate the dms scorecard at the end of the month.

48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time)

Just started doing daily bin counts, Have not done any this week. As far as total inventory, I used to rely on our annual inventory count. I usually run a negative on hand report every Mon. Monday also.

49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)
 No I've never really focused on 50 most actives parts, When I do bin counts I usually just go by bin.
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 I don't really have a pattern of checking all my transactions at the end of the day.
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?
 Yes I have given the lost sales quiz to my co-workers , But no one else in the dealership
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?
 Yes true lost sales are being tracked, All three employees in the parts dept. can log them.
53. Who reviews the Lost Sales? When are they reviewed?
 I review lost sales , I was reviewing them on a weekly basis.
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)?
 I review emergency purchases, But its more like off the top of my head at the time of ordering
 Then I'll determine whether or not I want to stock the part. Also SNE communicates with my DMS then they will reccommend by shipping me the part. I usually look at how many times the item was sold over the past year or couple of months. No I dont really use the test/nonstock/watch feature on the computer
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?
 Usually Its if a part was sold at least three times in a year then you should stock the part. When phasing in a part I will look at recent months to help me determine
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?
 I know that I have to accept 90% of parts that are being forced down my throat/ SNE reccommendations

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)?
No only SNE parts and most tires that we stock are placed into inventory, After market parts and some tire are sold as in/out sales.
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?
Basically verbal, Policies never really get reviewed or updated.
59. Who files damage claims on parts shipments received?
I do most claims on damaged parts however my co workers do have access to enter a claim.
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?
I receive all part orders, Every morning after checking in all parts I then post them to my dms .Yes my order is transmitted to factory. If there are discrepancies That's when i would file a claim and inquire.
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?
Usually we were doing physical inventory every year But last year we skipped doing inventory.
62. Who applies and loads the monthly price updates?
I update the price tape every month via automate.
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
Monthly price up dates. again we used to do monthly inventory.
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?
I was short on inventory I'd say about \$15,000 I had to make several adjustments. One being making sure I kept track of all price changes, make sure i am weray of when posting parts(fat Fingers) etc.
65. Are all obsolete parts that are on the inventory physically in the store?
Yes all of my obsolete parts are in the building., I believe .

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 my obsolete parts are mixed in with my inventory.
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status?
..Not sure
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?
Not sure about the others but I do not
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?
No daily report is being provide but I do have access to print these reports which I look at maybe twice a month.
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?
Probably have too many parts in my inventory per monthly basis.
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
True turnover or "**true turn**" represents a clearer picture of the return on investment of the parts **inventory**. ... Hence, you could calculate **true turns** either by dividing \$400,000 (stock orders) by \$125,000 (average **inventory** value) to get a **true turn** of 3.2.
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.
I believe we have enough inventory space.. I havent done the exercise.
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?
I keep them in a desk here in the parts dept.
74. Is your Parts Department locked up each night? Who has keys?
Yes its locked but the door is broken, Used to be an alarm but no more.
75. Do your Counter-people have a cash drawer? Who balances the drawer?
we do not have a cash drawer service has a drawer in this dept.

76. Is there a policy in place for overages for the cash drawer/balancing?
Not that I am aware of
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?
Not in the parts dept.
78. What one thing can your organization do to help you do your job better?
Stay on track one task at a time, Keep better track of orders.