

Classic Atlanta - Cadillac/Subaru

Brian Long – General Manager

Quinton Manston – Operations Director

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? **Quarterly**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **Average**
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.
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, we have policies established for CP, Trade, Warranty, employees, etc.**
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? **No, this will be changed in the near future. Service advisors do not have access to part pricing.**
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)) **No**
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? **They are not tracked.**

9. Do you have an internet presence for your parts department? **Yes, and we are in the process of growing that presence.**
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 accessories displayed on showroom units as well as a separate showcase for accessories. We are utilizing, digital merchandising more and more.**
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 person. We could certainly try to drive more wholesale business in the local area.**
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 sure.**
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? **Being new to this position (less than 1 month) I have not checked internet parts coupons. I will make note to stay on top of this.**
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? **The parts department gross has been supporting the employees. Pay plan reviews are planned for June. There is sufficient profit to cover parts department overhead, but there is certainly room for growth.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **Currently the parts department is supplying parts to the service department and body shop. I am working with our Operations Director, Quinton Manston, on opportunities to increase our 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 gross profit on the table? **Yes.**
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.**
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 do not deliver at this time.**
 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?) **It is the parts manager's responsibility to check Tax-ID's for trade accounts. The documents are not up to date within the last two years.**
 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 accounting office sets the limit. The accounts receivable clerk monitors the A/R accounts.**
 23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Yes, and is discussed on a weekly basis.**
 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? **I'm not aware of a written policy, although I do follow guidelines.**
 25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **We require pre-payment of glass since it is not returnable.**
 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 check weekly for SOP return opportunities.**
 27. Who are the parties that are involved in the SOP process start to finish? **Service advisor, customer, technician, parts counter person, parts manager, receiving clerk, counter person, service advisor, customer.**
 28. Are special order forms completed in a legible manner so that the customer information can be read? **We use R.O.'s and our DMS.**

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 service advisor updates the customer. This procedure could be refined to be more efficient. The chain of communication can easily breakdown.**
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 inserted into regular inventory unless the part is in a large box. There is a specific location in the warehouse for large SOP's.**
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 part's manager approves P.O.'s. A limit has not been discussed. Nor has it been an issue. Any large purchase is approved ahead of time with the Operations Director and/or the General Manager.**
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 operations director for both questions.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Internal parts pricing policies are set by the general manager and ops director. Most all purchases go through 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) ?**
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)
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.
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) **Not yet.**

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? **Each manufacturer has established yearly curriculum for each employee's position. The Operations Director and Part's manager are tasked with making sure we are compliant with training requirements. Training will be part of their quarterly and yearly review.**
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? **Our dealership is currently in the process of DMS training due to an upgrade done by the DMS Company. Records for manufacturer training are kept electronically.**
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 Part's manager is new to the position and will be attending formal parts management training in the near future.**
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? **Current system hardware has just been replaced and upgraded within the last 6 months.**
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 part's manger adjusts the daily order if necessary. Changes are not over 10%. The part's manager was the last to change it. 5/13/19 was the last change.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Both.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **April 2019 our purchase loyalty was 93.33%**
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? **Daily reports are maintained electronically. The reports are reviewed to ensure the dealership is staying in compliance of parameters set.**

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? **Not yet. June 1st**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Daily**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **Accuracy is being checked daily. The Operations Director, Quinton Manston, inquires about this frequently.**
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.**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **No.**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes. We are tracking lost sales throughout the day. Counter personnel and part's management track lost sales.**
53. Who reviews the Lost Sales? When are they reviewed? **The part's manager reviews the lost sales 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. Phase in opportunities are being watched closely.**
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? **2 orders within 6 months. Yes.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **April 2019 was 96.71%. So far, May 2019 is 96.17%.**
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. Shop supplies are not carried 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? **Verbal. The part's manager will be updating and documenting all policies and procedures for the department.**

59. Who files damage claims on parts shipments received? **The part's 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 receiving clerk receives in orders with a scan gun. All orders are cross-checked twice. Once against the original order and once when reconciling the invoice. So far, only one discrepancy occurred. The wrong part was in a box. It was requested to be returned.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yearly inventory was completed in March of 2019. Perpetual inventory is cross-check daily.**
62. Who applies and loads the monthly price updates? The part's 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 part's manager makes adjustments.**
64. **What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? \$6,800 overage.**
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?**
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? **The warranty administrator tracks WIP on service advisor pipelines.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **The Operations Director reviews the DMS financial analysis report to determine MTD sales and gross profit.**
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?**

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
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? **Human resources office**
74. Is your Parts Department locked up each night? Who has keys? **Yes. The part's manager and receiving clerk have keys to get in and receive trucks. The ops director and GM also have access.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes. The part's manager balances the drawer.**
76. Is there a policy in place for overages for the cash drawer/balancing? **No.**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes. The GM.**
78. What one thing can your organization do to help you do your job better? **I am receiving full support in getting what I need to succeed in this position.**