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## 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?  
NOT
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.  
?
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.  
SEE ATTACHED
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, HAS MULTIPLE
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?  
NOTHING FOR PARTS, EXCEPT FOR AN EMAIL ON GP BELOW A CERTAIN % . SAME IF SERVICE DID ANYTHING
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, WE ADJUST PURCHASE COST EVERY DAY
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, DEPENDING ON DISCOUNTS GIVEN BY PACCAR

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?  
 ? IS A HIDDEN DISCOUNT. I USE A TRANSFER ACCOUNT TO FIND MY PURCHASE COST WHEN NEEDED.
9. Do you have an internet presence for your parts department?  
 NOTHING REALLY AGGRESSIVE
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?  
 MONTHLY FLEETS, I WOULD SAY MINIMAL
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? Yes, we have 2. Currently yes, they are a profit maker.  
 NO, PART TIME WOULD NOT PAY. MANAGEMENT DOES NOT HAVE TIME
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?  
 PACCAR OFFERS \$1500 CO-OP FUNDS ANNUALLY  
 I THOUGHT I HEARD SOMEWHERE, THE INVOICE DISCOUNT WERE TO BE USED TOWARDS ADVERTISING
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? ?  
 - NO IDEA
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated?  
 ? NO IDEA
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?  
 MONTHLY, WHEN PILL'S COME OUT. I TRADITIONAL SEE WE ARE DOING WELL ON THIS.
16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not?  
 WE DO WHOLESALE & RETAIL 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, MERCHANDISE IS DISPLAYED*
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. THAT'S DONE MOSTLY BY WHEN IT COMES UP. LOWER VOLUME CUSTOMER, EITHER DON'T GET OFFERED DELIVERY OR WHEN WE ARE IN THE AREA.*
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? *I WOULDN'T SAY STUDY. FLEETPRIDE, NAPA, O'CONNORS, TRACTION. WE CAN MAKE A DIFFERENCE BUT IT WILL TAKE EXPENSE & 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?) *? ACCOUNTING?*
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? *ACCOUNTING*
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? *I GET P&L LAST WEEK OF THE MONTH*  
*DISCUSSION → LIMITED*
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? *? IS THERE ANY SOR'S?*

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?  
 NO, BUT WE NEEDED TO DISCUSS THAT IDEA FOR "CASH" / SPECIAL ORDER'S
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?  
 NOTHING SET, TYPICALLY A MONTHS TIME.  
 IF THE PART CAN BE RETURNED THAN CHANNEL NO FEE IS TYPICALLY CHARGED.
27. Who are the parties that are involved in the SOP process start to finish?  
 PARTS SALES PERSON TO PARTS MANAGER FOR ORDERING
28. Are special order forms completed in a legible manner so that the customer information can be read? PRINTED ON A CUSTOMER CONFIRM INVOICE
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?  
 BACK PARTS AREA, THE BACK PARTS PERSON ADVISES SERVICE.  
 THE BACK PARTS PERSON & SERVICE TALK. BACK PARTS WILL HANDLE RETURN PARTS.
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?  
 WHILE ON HOLD, THEY ARE IN A SPECIAL AREA. ONCE RETURNED THEY GO INTO STOCK.
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?  
 ?  
 ANYTHING I THINK IS TOO LARGE, I WOULD DISCUSS WITH THE GM
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)  
 MARK HAYES, PURCHASING MANAGER
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?  
 ? MARK HAYES, JOE AIOSA ?  
 98% OF PARTS/SUPPLIES ARE DONE THAN 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)  
?
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)  
MAY NOT, SOMETHING MAY BE POSTED TO INVENTORY  
BUT NOT THE BOOK.
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)  
TYPICALLY / CURRENTLY PARTS MANAGER + SHIP/REC HANDLE THIS.  
WE ARE INSTITUTING AN INDIVIDUAL TO HANDLE INVENTORY
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, WHEN TIME ALLOWS / REVIEW.  
BUT YES, I LOOK AT ONLINE TRAINING WHEN REVIEW TIME.
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?  
NOT OFTEN ENOUGH
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?  
NEVER ATD ACADEMY.  
IT HAS BEEN A WHILE FOR MANAGEMENT TRAINING
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  
TO SOME DEGREE YES. AS FAR AS I KNOW, THE SYSTEM HAS LIMITATIONS.  
BUT THE WHOLE DEPARTMENT IS NOW LAYED OUT TO BE EFFECTIVE

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?

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?  
MINOR, MAY SOME STUFF IS ADDED TO AN ORDER.  
ADJUSTMENTS COULD BE DO TO SALES (UP OR DOWN) \$\$ ETC  
INVENTORY IS HANDLE BY THE PARTS MANAGER
44. Is the trend of those changes in question #42 a positive or negative trend?  
POSITIVE. MANELLY KEEPING A JOB QTY INVENTORY OR RELATED JOB PARTS.
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?  
? 90 / 10
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?  
? BESIDES DAILY ORDERS (WHICH ARE IN THE OFFICE) I DON'T GET DAILY REPORTS
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?  
? MDI HANDLE TRENDS
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time)  
ADJUSTMENTS CAN BE DONE DAILY
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)  
NO
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

51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?  
FILLED OUT A QUESTIONNAIRE LAST WEEK
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?  
NO CONSISTANTLY. ANY ONE IN PARTS
53. Who reviews the Lost Sales? When are they reviewed?  
PARTS MANAGER, NOT REGULARLY. BUT LOST SALES WILL ADVISE MDI
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)?  
?
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? TYPICALLY 3 HITS WITHIN 12 MONTHS, BUT DIFFERENT LINES MAY BE DIFFERENT.
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?  
97.3%
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, NO EVERYTHING IS 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. ? PARTS MANAGER, OPERATIONS ?
59. Who files damage claims on parts shipments received?  
PARTS 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?  
MAINLY SHIP/REC  
YES, ALL ORDERS ARE CHECK FOR ACCURACY  
INVESTIGATE, THEN FILE FOR CREDIT
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?  
IN THE PAST NO, WE WILL BE STARTING A PROCESS OF  
CYCLE COUNTING CONTINUOUSLY
62. Who applies and loads the monthly price updates?  
?
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)?  
?  
WE ADJUST INVENTORY IRREGULARITIES AS WE FIND THEM
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?  
? I DON'T KNOW IF WE HAVE EVER DONE ONE
65. Are all obsolete parts that are on the inventory physically in the store?  
TO THE BEST OF MY KNOWLEDGE, IF WE WERE TO HAVE FOUND  
ANY WE WOULD ADJUST APPROPRIATELY
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?  
NO

69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?

YES, DSI TRANSMITS ONE DAILY

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?

LAST REPORT WAS 2.25

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.

CURRENTLY YES, MAY NEED SOME ADJUSTING IN THE FUTURE

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?

ONLINE, NEADS

74. Is your Parts Department locked up each night? Who has keys?

YES, A LOT OF PEOPLE

75. Do your Counter-people have a cash drawer? Who balances the drawer?

LAT RECEPTION. TYPICALLY RECEPTION DOES A DAILY

76. Is there a policy in place for overages for the cash drawer/balancing?

?

77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?

YES.

?

78. What one thing can your organization do to help you do your job better?

I DON'T FEEL THAT I HAVE MANY RESTRICTIONS

POSSIBLE, MORE BULK WAREHOUSING FOR THE WHOLE DEALERSHIP SYSTEM. BETTER PURCHASE POWER.

BETTER UNDERSTANDING & UTILIZATION OF DSI  
LESS TRANSFERS OF EVERYDAY/COMMON PARTS GOING OUT

1) ON LINE PARTS ACCESS

- MORE AGGRESSIVE ON LINE ORDERING
- ON LINE VOLUME PURCHASE EARW BACK

2) ELECTRONIC SALES PROGRAM

- EMAIL WEEKLY FLEERS, COUPONS ETC

3) VENDOR NIGHTS / TRAINING

- PRODUCT TRAINING FOR PARTS DEPT, SERVICE & CUSTOMERS