

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? **I found out that the source pricing levels for competitive maintenance and heavy repair is done once a year after the dealership annual forecast meeting held in mid-December each year. Once discussed and finalized, it is adjusted in Reynolds SPG prior to January 1.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We do not do this- the parts manager and dealer get together once a year and slightly raise the parts prices. This info is shared with the service manager and the increase is done thru Reynolds SPG.**
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. **Done- Pep Boys and independent repair shops are pricing at double cost and our prices are currently market with same make OEM dealerships.**
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, Reynolds SPG Matrix pricing being used. The matrix is based on sources, with captive parts having the most mark up. Wholesale mechanical was 70% off MSRP and an occasional price increase for difficult customers (i.e. Car Max was charged more due to higher rate of returns). When I got back from parts class, the parts manager was given written pricing formulas based wholesale customer scorecard that we learned in class.**
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? **Yes, we have the Reynolds override report which the parts manager said was reviewed "regularly". After discussion, it was agreed that the parts manager would review the override report weekly and turn in a copy to the dealer on Fridays for additional review. The Service writers cannot override parts pricing without an override code provided by management. We reviewed the override report and there were only the names of 2 managers (service and parts) on the report.**

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)) **Yes and we use an accounting stamp with the correct accounts listed and \$ amounts hand filled in.**
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? **Discount purchases are tracked as account 585E-Discount and 587G- additional cost**
9. Do you have an internet presence for your parts department? **Parts manager said "Yes" due to the parts request form listed on our website but in reality, we currently do not have a parts Internet presence. We have to add a "Parts" specific tab on our website and have it contain direct parts contact information and some parts offers. I like the idea learned in class about picking one or two parts to feature on the site per quarter to track what offers work and which offers do not work.**
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 retail display area/ parts boutique- we sent photos in our pre-class homework. There is no cost associated with the boutique so it is cost effective. It is clean and well displayed.**
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, we do not have an outside salesperson currently in our parts department. We have tried to use one two times in the last 5 years with no appreciable increase in parts 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? **Yes we do and we have currently spent 100% of the available funds. We are currently missing out on .25% that could be gained by additional monthly wholesale parts sales (hit higher wholesale goal).**
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? **No- we currently do not have parts coupons. This was a bone of contention between our parts manager and I during**

this process- he is heavily resistant to the process without providing me the real reason why. I asked him to give me 4 parts specials and told him that I will make sure they get rotated quarterly.

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? [We review compensation on an annual basis, and we believe the current pay plans are providing sufficient dealership profit.](#)
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? [Seek additional revenue thru wholesale parts ales/retail accessories and offroad/lift kits for Wranglers and Rams.](#)
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? [No there is not and yes we are leaving sales and gross on the table.](#)
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. [The parts manager answered “as needed” so no, we do not do this weekly. Since I sign the refund checks, we agreed that we will review histories as refund check requests are submitted to track serial “returners”.](#)
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, and the 2 major players ate at 35% discount and our current discount is at 32%. We will be grading our wholesale accounts to provide the best discounts to the best customers- not everyone deserves the same discount.](#)
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?) [Parts manager is verifies wholesale application for verification and the business manager verifies that all necessary documents are current and current with an annual review.](#)
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. [Done](#)

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? **Business Manager and Office Manager review credit applications and review with VP. Once the limit is finalized, we send a letter outlining the credit limit and time of payment that we expect.**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Yes, and done on a monthly 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? ****None currently used- parts manager said he “wings” it. Parts manager asked to create a written special parts ordering policy for review with VP.**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **“Almost always” with the only exception being super regular customers which represents a “very small %”. No, we do not differentiate between counter retail/wholesale and service RO’s. parts manager asked to create a list of any customer not required to prepay special order parts and give list to VP.**
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? **Minimum 60 days and no return charge currently in place.**
27. Who are the parties that are involved in the SOP process start to finish? **Tech, service advisor, parts advisor, and service 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? **SO parts are located in 2 side by side bins- 1 bin for car down in shop and 1 area for customer has car. If it was ordered from a parts counter ticket, the parts department notifies the customer when part is received. If it was ordered from a service RO, the service advisor notifies the customer when part arrives. The appointment coordinator will contact all customers when parts not installed after 30 days of part receipt. Parts manager decides when to return the part after no install. Customer lack of return is a real issue that is acknowledged by the parts manager.**

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? **Parts are carried in a separate section of parts 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 administers PO system thru Reynolds and book (gas tickets only). Service advisors have the ability can create PO's for rental car and/or a tow associated with a repair order. Any PO for a fixed asset must be approved in writing by VP.**
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, parts advisors buy from other dealers and independents with the parts manager reviewing 100% of purchase invoices. Business manager, VP, and dealer oversee parts manager- 2 of 3 signatures required on payable checks and invoices reviewed daily by office manager.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Dealer established internal parts pricing and yes, all internal parts purchases are run thru parts department (with mark-up if bought from separate vendor).**
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) **Inventory on parts computer exceeds financial statement amount.**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **NA**
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. **NA**
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- all duties assigned in writing.**

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- reviewed quarterly with employee. Current training reviews only address OEM required training, but we are going to introduce additional training (sales-phone skills) based on nada parts class. Training is currently not part of pay plan but listed in job description.**
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? **Training is ongoing and is current- classes added quarterly and records kept on OEM dealer portal. Reynolds trainer comes to the dealership monthly and works with parts directly at least once a quarter, plus Reynolds Ignite requires them to take R&R classes to maintain user ID (with records kept).**
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? **Multiple FCA parts accounting classes taken over the years including November 2018 (most recent). *** I believe the parts manager would benefit from NADA parts week and have encouraged dealer to send him. FCA training not nearly enough plus presents in a factory friendly perspective.**
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 adequate for current business levels.**
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? **2-3% of orders are manually adjusted. These adjustments are done by the parts manager and typically involve eliminating slow moving- bulky parts recommended by ARO.**
44. Is the trend of those changes in question #42 a positive or negative trend? **?? what changes from #42?? Changes from #43 are done weekly.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **Stock orders are 100% on OEM parts**
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? **Parts manager's office in file cabinet, reviewed monthly.**
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, but primary inventory trends are tracked thru FCA ARO.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Parts manager answered "as needed". After discussion, reality is adjustments are made after annual parts inventory is completed and reviewed. An important area of improvement needed but not (yet) accepted by parts manager.**
 49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **No, but we agreed to start with counting the top 10 most active parts on a monthly basis, to be reviewed with VP.**
 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? **Yes to all parts department and no to others in the dealership.**
 52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes per parts manager but yes but not consistently in reality. We had to define (in writing) a lost sale and aske all parts personnel to follow the same written definition. Any parts manager or advisor can log a lost sale in Reynolds.**
 53. Who reviews the Lost Sales? When are they reviewed? **Parts manager reviews lost sales report monthly. With new definition of lost sale, parts manager will review report with dealer.**
 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)? **They are reviewed via ARO when it automatically asks parts manger (weekly) a "yes or no" to 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? **Yes, 2 or 3 demands in 39 weeks (sale or lost sale).**
 56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **ARO- 98% compliance %**
 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, placed in inventory and then sold from inventory. Only exceptions are glues, zip ties, sprays, and sand paper.**

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **Verbal- Mark does S/R in the morning and Casey does S/R in the afternoon and Saturdays. Parts manager responsible for review and updates and been instructed to put policies in writing to be signed and kept in employee files.**
59. Who files damage claims on parts shipments received? **Parts manager and wholesale parts advisor**
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? **Are checked in by Mark and then receipted in by parts manager. Discrepancies are checked in to immediately/ASAP. Order is also crosschecked to Reynolds as well. If discrepancy, a shortage claim is filed with FCA.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes, done on an annual basis.**
62. Who applies and loads the monthly price updates? **Parts 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)? **Once a year**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **We had a pickup of \$35,000**
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, anything not returnable that is 12 months or older is scrapped, using a monthly accrual of \$1000 to reflect the accounting.**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **Nobody in parts- parts manager answered that is the service manager's responsibility.**
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 service manager and the controller follow up on all WIP tickets.**

69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **No, parts manager goes in to Reynolds daily to track the pace.**
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? **April is 1.65 months supply**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **April Reynolds turn 3.9 and April ARO turn is 4.66. My calculations from class are closer to the ARO turn value.**
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. **No, it is not a large enough area for current level of business.**
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? **The dealership employee handbook is given to each employee upon hire, with certain pages requiring signatures of acknowledgement to be turned in to the office and maintained in employee's file. An read only electronic version is held by each department head as well.**
74. Is your Parts Department locked up each night? Who has keys? **Yes, parts department is locked up nightly. Keys held by parts manager, business manager, VP, dealer, and wholesale parts advisor who comes in at 5 am to check in delivered parts.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes, \$200 cash drawer (safe with combo lock) is located in the parts manager's office for Saturday use only. During the week, any cash needs are handled by the business office (secured with locked door and window only accessibility). The drawer is balanced by the business office on Monday morning.**
76. Is there a policy in place for overages for the cash drawer/balancing? **No overage/underage yet recorded. Business office would get with parts manager on either to reconcile it if it happens.**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **No cameras in the parts department.**
78. What one thing can your organization do to help you do your job better? **1. One more body to help the parts manager and 2. Better/bigger area for parts manager's office. Current area is too cramped. I agree with him on the office needs but the numbers do not justify additional personnel.**

