

## 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? **Categories are reviewed on a quarterly basis and changed as needed.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We are in a very competitive market and our aftermarket parts we have to be extremely competitive. We do quarterly price shopping and our customers actually often share competitors quotes with us.**
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. **Several parts were competitive but we have to adjust on some specific items to be more in line with competitors.**
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 CDK, since fixed ops class we are in the process of determining and establishing policies in all areas listed.**
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 a policy in place but currently counter people are allowed to adjust per our guidelines. Service Advisors are not allowed.**
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, our price tapes are run nightly and adjusted to current cost.**
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, but at the end of the fiscal year after physical inventory we take the gain.
9. Do you have an internet presence for your parts department? **Yes-Select Parts, after reviewing in more depth we feel we have room for improvement in this area.**
  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? **Sales flyers, Internal merchandising, cost is minimal compared to sales generated.**
  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, yes current sales are justified for outside employee and there is also an opportunity to grow the outside sales market. Sales are tracked monthly.**
  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? **None that we are aware of at this point but are going to start asking.**
  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? **Yes checked periodically, We have them posted but I was told we need to improve on reviewing and changing more frequent. Out of site out of mind, Parts Manager has been asked to review Monthly moving forward.**
  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 commissions monthly; Base pay and performance is reviewed annually. It has been advised to take a deeper dive into actual comparisons.**
  16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **Yes, additional revenue is solicited from daily calls to customers from our inside counter sales team to outside sales calls from outside sales team.**
  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 program is currently set up, we have potential to possibly increase incremental sales and will work on a program.**

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. **Not reviewed weekly but monthly, and we currently deliver in a manageable radius/AOR. We do have a couple customers that need to be re-aligned, current sales are not justifying expense of delivering as often as we are.**
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, Kenworth-we will need to sell more trucks and the last 2 years availability has been reduced from a truck sales perspective but that is changing, yes we are able to deliver 2-3 times per day, yes within radius.**
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, Yes.**
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. **Expenses are discussed monthly and on a controlled basis.**
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? **Our AR department and credit app is required. Full time AR employee-Office Manager, and GM.**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Yes Monthly**
24. What are the special parts ordering policies for SOPs? Where is it written and posted? When was it reviewed and what level of management approved it? **We do not currently have a written policy but it is going to be reviewed and implemented by Management.**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **Depends on Customer, we do not currently differentiate.**
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? **90 days, yes there is a return charge of 20%.**

27. Who are the parties that are involved in the SOP process start to finish? **Entire parts department (PM, APM, Counter, Outside, shipping)**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes, computer generated.**
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 Counter, Service Advisor notifies customer, back counter parts employee & assistant parts manager, yes Assistant 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? **Regular inventoried, tracked manually internally, returned quarterly return.**
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? **Assistant Parts Manager, \$500, Assistant Parts Manager-Accounts Payable employee-Office 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). **Yes-Parts counter, GM. After our discussion I feel better controls need to be implemented.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Parts Director and Parts Manager, Yes.**
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) **It exceeds it.**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **Accounting inventory is Less**
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 abnormal, this is how we handle Inventory discounts, special purchases, credits and it goes into our annual inventory gain which is taken at the end of the fiscal year.**

37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **LIFO not used**
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) **NO, Since Academy we have discussed and are reviewing.**
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/GM, online training quarterly, not part of the review or pay plan at this 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? **Records for OE training are kept online, DMS training has not been done, parts catalog training yes, Yes.**
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, not over 20 years.**
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? **Working on flowchart, we visited each location and with each employee, from employee feedback we feel we are set up adequately for our sized location. Possibly add one more mobile hot spot for outside sales person so less calls are made to counter person.**
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? **None, all done by OEM.**
44. Is the trend of those changes in question #42 a positive or negative trend? **N/A**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **95%**
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? **In the system, not stored currently other than DMS since Academy**

reports are starting to be reviewed more frequently. A deeper look into the parts operations.

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? **In the past no, in process, working with DMS provider.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Daily bin counts are performed daily and adjusted at that time.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **No, working on figuring out what the 50 most active parts are.**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **Assistant parts manager reviews currently.**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes, yes service advisors**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes, Parts counter employees**
53. Who reviews the Lost Sales? When are they reviewed? **Parts Manager, they have not been done in a timely manner but are now required to do 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)? **No-we are asking DMS provider for some clarification.**
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? **It is categorized on standard and uptime prime and by the parts cost ranging from less than \$150 up to \$4,000. It ranges from 2 picks up to 5 picks in those categories and is based over last 12 months and is managed by LPA**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **99.3%**

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.**
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**
59. Who files damage claims on parts shipments received? **Assistant 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? **Assistant Parts Manager, physical check-in, Yes, file claims.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **YES**
62. Who applies and loads the monthly price updates? **Automatic by CDK**
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)? **Periodic Inventory adjustment.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **\$116K gain**
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, No, 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? **Service Department**
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, typically after 90 days the CFO is following up with department managers.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Yes, a MIS report is sent daily.**
70. What is the months' supply of the inventory? Does this match the student's calculations found in their FS Parts Excel template? Are too many parts stocked in

- the inventory based on this calculation? 2.64, yes, very close to guide but some adjustments can be made.
71. What is the true turn of the inventory? Does that match the student's calculations found in their FS Parts Excel template? 5.36 (4.54) Difference .82
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, we are very limited on space but have made adjustments to buying some containers to help free up some space.
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? Office Manager/HR
74. Is your Parts Department locked up each night? Who has keys? Yes, Parts Personnel
75. Do your Counter-people have a cash drawer? Yes Who balances the drawer? Office Manager Daily
76. Is there a policy in place for overages for the cash drawer/balancing? Not really a policy, we rarely have overages and if we do it's minimal. It recorded on our cash on hand and reconciled at month end.
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? Yes, Parts Manager, GM
78. What one thing can your organization do to help you do your job better? Continuous Training, New Ideas, Support.