

## 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? - **Price compare each quarter.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. - **From price shopping main competitors, we are 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. - **Other dealers are inflating list price to give perception of larger discount to customer**
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. - **we did that with older customer numbers and found that large discounts were being given, have since adjusted.**
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? - **parts people can override pricing, however we also monitor GP% to keep the discounting down.**
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, each part has to be documented for accounting if there is any differences between cost and true cost (OE 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? - **Through**

**the PO the vendor we bought the part from is shown and the additional profit for that part.**

9. Do you have an internet presence for your parts department? - **no other than our dealer website, no online parts store.**
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? - **Bulk oil program and mopar oil and air filters. It is a greater margin than buying individual or smaller units.**
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**
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, \$58,059 has been spent. Buy more ARO to get more returns.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? - **yes, able to set appointments online**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? - **yes, monthly and monthly.**
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? - **yes, profit is at an good level in parts**
16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not? - **they are seeking more, through better phone processes and skills as well as walk in retail customers.**
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, yes. Facility and space is an issue**
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. - **we rarely have customers that need delivery, minimal use of wholesale customers.**

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 have studied them in the past, however alot of oilfield and gas companies in our area do their own in house service and are also their own parts dealers since their volume is so large.**
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?)- **The comptroller and Gm sign off along with the parts manager.**
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.- **Our greatest monthly expense control could be with emergency purchases i.e. autozone and oreilys.**
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?- **Parts manager and Comptroller review any new applications. The parts manger follows the AP schedule and work together to keep in compliance.**
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 SORs? Where is it written and posted? When was it reviewed and what level of management approved it?- **The service and parts manager approve, it is written and posted in parts and service.**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?- **Yes. If is in shop on open RO, it is optional to get pre-payment. Everything else is required up front.**
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?- **15 days and after 30 if pre-pay it is returned to stock.**
27. Who are the parties that are involved in the SOP process start to finish?- **Service and parts manager and parts person and shipping/ receiving.**

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?- **It is located up stairs in parts, the advisor first then the parts person if needed. Yes, parts manager and parts counter people.**
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 kept separate by status.**
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 parts manager. Anything over \$500 the parts manager must be involved.**
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)- **Counter parts people do but anything over \$500 the parts manager is involved. Sometimes the Service manager will oversee and accounting will throw a red flag.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?- **The service director and GM establish parts pricing policies. Yes, all parts are run through the parts dept.**
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 is less than the financial stmt.**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)- **ok.**
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)- **no, large bulk items can cause variance i.e. bulk oil.**
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)- **Yes, all of the above. Each person has individual responsibilities based on these and some of them are doubled up for accountability and checks and balances.**
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?- **Service and parts director oversees. It is not part of their pay plan. It was reviewed 8 mos ago.**
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?- **it is tracked by the Chrysler system, Dms training was refreshed recently. Parts catalogue training is just for new hires or as seen fit.**
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. Each quarter.**
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? **The equipment meets daily needs. Our volume does not necessitate more hardware.**
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?- **It does not exceed 10%, Lewis makes the changes. Most of the changes are made due to demand.**
44. Is the trend of those changes in question #42 a positive or negative trend?- **Could be either depending on demand history.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?- Look into it.
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? – **They are printed daily by the parts manager.**

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? - **Both ARO and DMS reports are used for this. Overall we scored very well on the DMS scorecard, not much change is needed here.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) - **It can vary, Bin counts are done multiple times a week. The parts inventory can be adjusted up or down weekly.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) - **They are checked twice a month.**
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, the parts manager reviews them.**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? - **Yes, it was completed while I was at class.**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? - **Yes, parts counter and parts manager checks to make sure it is worth tracking.**
53. Who reviews the Lost Sales? When are they reviewed? - **The parts manager does, they are reviewed daily.**
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, and yes.**
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? - **3 demands in 6 mos,**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? - **95%**
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, yes- all of those examples.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? - **Both, service and parts dir and parts manager.**

59. Who files damage claims on parts shipments received? - **Parts managers files the claims and documents the damage.**
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 stock clerk, they are transmitted via scanner. Notate and contact suppliers.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? – **Perpetual inventory is done 3-4 times a year, it there is a major issue then a yearly physical is done.**
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)? - **The parts manager tracks it.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? - **Only a few minor adjustments were made, less than \$100.**
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? – **Yes, the stocking status is also changed.**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? – **The service manager**
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, all of that happens.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Yes, the parts manager reviews the DOC.**
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? **1.8 mos, and yes within .09%.**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? - **6.7 is true turn, this was not close to**

**my calc. I believe the issue was with the Dollar figure of YTD stock purchases.**

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.- **not even close.**
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?- **Under the stairs, part manager knows where it is.**
74. Is your Parts Department locked up each night? Who has keys? **It is locked, everybody in dept has keys.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? – **yes, both counter people balance the drawer. Twice daily.**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes, any overages get put aside in separate spot and given to accounting.**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?- **We do not have cameras in the parts dept.**
78. What one thing can your organization do to help you do your job better? – **Parts manager misses end of month parts sales spiff, gift card, something small to show they are appreciated.**