

## Parts Managers Job Description:

1. Provide a job description for your parts manager. Ask your manager for their version. Compare and formalize. To get full credit I want to see their version and your version posted here. **(10 points)**

Parts manager job description from the GM:

The parts manager is responsible for running a profitable and efficient parts department. He/she will accomplish objectives through the use of proper purchasing procedures, inventory control, staff utilization, security, pricing, merchandising, displaying, and advertising. The parts manager must be an investment advisor and profit producer for the departments.

Duties Include:

Develop a pricing policy that produces profit

Set policy on special ordering of parts

Establish individual parts inventory levels and balance them for maximum turnover

Supervise stock order procedures

Select, train, and supervise all employees in the parts department while employing successful staff utilization techniques and devising a job description for each position.

Conduct any necessary employee training

Develop an aggressive wholesale parts program to produce profits

Analyze departmental operations and storage layout and revise as needed

Establish paperwork flow and ensure parts creditors' dollar limits are maintained and are current

Assist in collection of past due accounts

Develop sales promotions

Analyze sales, gross expense, and inventory on a monthly basis

PM verbal: responsible for inventory, other parts dept employees, parts ordering, parts returns, core returns. These are the primary responsibilities. Next would be accessories, personell expenses. Work directly with service department to ensure flow of parts needed for repair of vehicles.

## Parts Managers perspective on Lost Sales

1. Describe in detail your parts managers' perspective on tracking Lost Sales. What is their understanding of how "phase-in" is affected by tracking lost sales demand? **(10 points)**

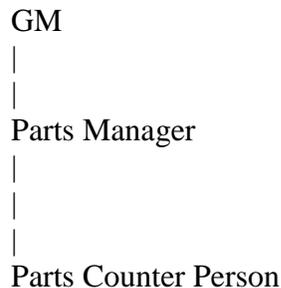
PM:

**Its very important. We have been doing a much better job since we got Dominion DMS for tracking as it automatically tracks. Keeping track of it affects our phase in, if you don't then you aren't able to know which sales are necessary.**

**When we are tracking sales phase in is much faster because we are seeing how often the parts are requested in 90 days and can get them stocked. (or start stocking even faster if we have enough**

## Organizational Chart Showing Sales and Gross:

1. You can use this form to provide an organizational chart of the parts department. Provide sales and gross figures per employee per position. **(10 points)**



Parts Employee Productivity MTD					
Category	Dollar Amount	÷	# Employees	=	Per Employee
Sales (Total)	\$102,214	÷	2.00	=	\$51,107

Gross Profit	\$32,403	÷	2.00	=	\$16,202
Expenses (Total)	\$25,649	÷	2.00	=	\$12,825
Department Net Profit	\$6,754	÷	2.00	=	\$3,377

## Parts Manager Questions

Have your parts manager answer the **78** questions found in this zip file. Confer and provide suggestive actions. **(10 points) Provide your answers in a different color font. Without the different font color there will be no credit.**

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair?  
**We do not do it very often because we don't have other GM dealerships to compete with us.**
2. Determine the written pricing policies at the parts department and see how competitive your Dealership is within your area.  
**We are more expensive than aftermarket pricing. The nearest GM dealership is 75 miles away.**
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.  
**Not aware of any market survey done.**

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 do have a pricing structure for each type. Wholesale, internal, retail, counter etc... We do not do much wholesale or outside b/s. Most everything is internal, customer pay, or counter RO. Our biggest competitor is aftermarket parts.
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? **Yes we do. After years of working here both parts employees can adjust price. Justification on over \$50 is required.**
6. What procedure is 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)) **we run a report if the pricing is hire at our cost. Otherwise we follow the factory pricing guide.**
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. If we get parts from somewhere where we can purchase for less we cost the same but we put the difference towards the obsolete parts.**
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? **We mark what the GM cost is and then put the difference into account 220i which is the obsolete parts account**
9. Make certain the selling mark-up to the other dealers of parts and parts you are purchasing from other dealers are not costing you profits. Do you use daily sales programs to encourage parts counter staff to sell more parts and seek additional business opportunities? **We post each days figures and go over if they are at the goal for the month. No computer program to track business opportunities.**
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? **Do not have a program. Once in a while the general manager does a coupon. We take advantage of factory merchandising programs.**
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. Parts manager. We really do not have many if any outside accounts. Deliver small dollar amounts to three accounts on a regular basis.**

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? **We are not RIM compliant so not as much as we could be.**
13. Do you use forecasting? If so what have the past two years of parts department forecasts been, and how do they compare to the performance on the financial statement for the past two years? **Do not have two years of forecasting. We forecast on a monthly basis and don't keep it tracked.**
14. Are daily, weekly, monthly, and yearly forecasts versus actual sales comparisons made? Who makes them? If not made by the PM, who reviews them with the parts manager? What goals are set to improve the sales, expenses, etc., and how often are they discussed? **We compare previous year month to current month and track it on a white board to watch as we near our goal. We do it in whole dollars and growth percentages.**
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 counter employee is paid hourly with a bonus if the department reaches a positive growth for the month. Pay plans are not reviewed often.**
16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not?
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? **We have given the sales department accessory books and pricing. We do a small showcase in the sales area. This is an area we could expand more.**
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. **Wholesale is less than 1% of our business and is not a focus.**
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? **Our biggest competition is the actual wholesaler that we go to. Body shops can just order from them and get a lower price and it gets here in the same time we can ship. There are not many small service shops around here that use factory parts.**

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 controller and GM approve anyone that goes on “credit”. We currently only have two places that are on credit.**
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. **The only true controllable cost is personnel at this point.**
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 controller and GM approve. The controller does a credit check and it is on a month by month basis.**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Not currently. It is given to them but it is not discussed.**
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? **All special ordered parts have to be paid for in advance before even ordered. It was approved 10 years ago. Not sure that it is posted it is just known**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **Yes 100% pre-payment. We differentiate between counter retail/wholesale and ROs by using the RO number for ordering service parts. And customer numbers for ordering counter retail/wholesale.**
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 review the special order parts monthly and take the appropriate action. If a customer comes back in a on a prepaid part and doesn’t want it then we charge a 20% restock fee**
27. Who are the parties that are involved in the SOP process start to finish? **The parts manager or the front counter person**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Parts are ordered electronically.**

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 kept alphabetically in the parts department. Service notifies service customers and parts notifies front counter customers. We go through special ordered parts monthly and take appropriate action. Front counter person is responsible.**
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 in regular 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? **The controller and GM set the levels. Parts manager, controller and gm all monitor them.**
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) **only the General manager/owner. The General Manager oversees the parts manager.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Dealer principle. Yes they are all 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). **It exceeds the 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)
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. **LIFO is 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) **We**

only have two employees in the parts department. So they both have to be able to do all the jobs in the department.

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? **The parts manager is responsible for the executing the training programs and in person training. GM training is to be completed each quarter and the general manager reviews/ executes the GM training.**
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? **Yes it is recorded by gm in their training center. Our outside center is recorded. We just switched DMS so there is continuous training going on there.**
41. Has your Parts Manager ever taken a departmental Financial Management class like the NADA Academy? When was the last time they attended any formal Parts Management training? **No. he has never gone to a formal parts management training while employed at Ocean Crest.**
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 computers and phones are in the correct places and are the correct 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? **Parts manager does the daily order.**
44. Is the trend of those changes in question #42 a positive or negative trend?
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **Most everything is stock order 85%**
46. Where are the computer-generated management reports printed and stored are they used on a daily? (CDK MGR Report or R&R 2213, etc.) How are the management reports utilized? **The Dominion management report is the report we use most. It lets us know our current lost sales and what our inventory standings are.**
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. We just switched DMS and it is tracking more than the last**

- one. There are some areas and we are working with our DMS to get reporting on them. Specifically cores (dirty and clean) and lost sale tracking.
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (4 Moments in Time Exercise) **We conduct a perpetual inventory**
  49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (4 Moments in Time Exercise) **yes. All parts are checked approximately every 60 days.**
  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? **yes**
  52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes they are being tracked. The parts counter person and the parts manager**
  53. Who reviews the Lost Sales? When are they reviewed? **The parts manager reviews them weekly.**
  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 they are reviewed and yes we use a watch feature in our DMS**
  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 in 6 months with 2 consecutive months**
  56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIM, ARO, Parts EYE, etc? **we are not rim compliant**
  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)? **All GM parts are placed in inventory. aftermarket parts are sold as NPN parts. Shop supplies (some) are stocked in the parts department but are billed to service and are not 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 parts manager**
  59. Who files damage claims on parts shipments received? **Both people in the parts department**

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? **Parts manager and front counterperson check parts in against the packing slip and then receipt parts into the DMS. Any discrepancies are noted and the appropriate claims filed.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **We do a perpetual inventory monthly and do a physical inventory every two years. We hire an outside company to do the physical inventory.**
62. Who applies and loads the monthly price updates? **The 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)? **Tracked by the parts manager.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **0 adjustments were needed.**
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? **The parts 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? **No they do not.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Yes- pm has access to it.**
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? **NO . yes there are too any parts according to the students calculations**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **PM says its 3.8 months supply. Students calculation is 7.8**

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? **It is located in a file cabinet next to the back parts cabinet and can be accessed by all parts employees.**
74. Is your Parts Department locked up each night? Who has keys? **Yes. The parts manager, service manager, service writer, body shop manager, and general manager and the parts counter person.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **NO we have a cashier no cash drawer**
76. Is there a policy in place for overages for the cash drawer/balancing? **No cash drawer**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **No**
78. Have you discussed, reviewed and implemented the Student's MNOP process? **Discussed and reviewed... not implemented...**