

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? **all maintenance parts are sourced at straight list, no escalation, heavy repair once a year**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.

The dealers I called we were all priced about the same

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.

Called other dealers, depends on part some parts were the same, some were about 10% less and other were about 5% more

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, we have several different price levels for wholesale and an established pricing structure for internal and employees

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, all pricing for service is controlled by the labor type, all retail parts overrides are approved by management

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))

Manager posts all parts to inventory, Yes, cost is changed when part is picked up from other MB dealers.

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?

Yes, placed into acct # A668M coded and send to accounting

9. Do you have an internet presence for your parts department?

Yes, standalone store, and parts store on our website.

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?

None

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?

Outside sales rep, approx. \$2,000 a month

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

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, updated several time a year

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, pay planes are review with Fixed-Ops Director and adjustments are made if needed.

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not?

Wholesale and Website

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, looking for a good display, had a floor mat display but sent it back , we were not happy with it

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.

Yes, wholesale customer are reviewed monthly

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?

Major player is our sister store, we deliver 2 x’s a day, and 3 x’s to local accounts

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?)

Wholesale manager and parts manager, Tax ID’s are kept on file in parts and current

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.

Parts staff are paid both salary and some have salary and commission, no one is paid on net

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 approves wholesale charge accounts, references are checked, receivables are checked by parts and wholesale manager together

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?

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?

No written policies, large dollar amount sop's are reviewed with shop foreman prior to ordering

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?

Retail sor's are prepaid, COD ro's are charge out

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?

SOR's are kept for approx. 30 days

27. Who are the parties that are involved in the SOP process start to finish?

Counterman, parts manager, stock clerks check in then passed to tech and service advisors

28. Are special order forms completed in a legible manner so that the customer information can be read?

Not Hand Written

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?

In parts, service writer, parts are followed up and returned after 30 days

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?

Separate Area

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?

PO's are generated by CPU, no fixed dollar amount

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, invoices are coded by manager sent to accounting for final approval

33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?

All internal parts are sold at MSRP, Fixed Ops Director

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)

Parts Inventory exceeds

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)

N/A

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, we only due a physical 1 time every 2 years, that is when the adjustments are made to the inventory value, this is at the request of our owners

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 in parts

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)

Most of these jobs are done by the managers and the assistant manager

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?

Every employee is required to complete quarterly training through MB

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, Learning Link

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?

Yes, 2015

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?

Its fine, we have new computers and work stations

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 mangers, 90% of stock proposal is approved, stock pro dealer

44. Is the trend of those changes in question #42 a positive or negative trend?

Positive Trend

45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?

99% of stock is from factory

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?

Reports are used weekly, reports are checked for lost sales , obso,

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?

We just switched to CDK, still getting adjusted

48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time)

We do perpetual bin counts weekly, make adjustments if needed

49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)

Yes, they are checked regularly

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, only manager and assistant can make adjustments

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, counter men log lost sales

53. Who reviews the Lost Sales? When are they reviewed?

Stock Pro looks at lost sales every night when creating stock orders

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, every part number generated for sale is reviewed

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?

Stock Pro, generally 2 hits in 6 months for item less than \$200, 3 in 12 for higher dollar amounts, but stock pro looks at lost sales and trends

56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?

81% stock order, 10% DSO, 9% VOR

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)?

Everything is sold from inventory, except shop supplies

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?

Written, manager and assistant

59. Who files damage claims on parts shipments received?

Assistant 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?

Manager does all orders, uploaded to paragon, stock clerks scan and post, exception report is generated by manager, discrepancies are verified by manager

61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?

Perpetual weekly, physical every other year

62. Who applies and loads the monthly price updates?

CDK, monthly

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)?

Parts cost adjustments are run by report and tracked

64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?

We were over the accounting number but not sure, has been 2 years

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 obsolescence is less than 1%, parts are tracked and returned, Stock Pro = all part #'s are returnable

67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status?

Fixed Ops Director and 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

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

Yes, Report in CDK

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?

45 days supply

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?

6

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, tire are a problem, we are working on that

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 + online

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

Yes, manager, assistant, and stock clerk

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

Yes, accounting

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

yes

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

Yes, Parts manager, CFO, GM, Fixed Ops Director

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

All management is very involved to help us grow. We are always changing to make us more efficient. Very tight on space, having a new Remstar machine installed in the spring.