

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? *On a quarterly. We call local shops and competitive dealerships.*
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. *We use Ford's master pricing data.*
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. *Our parts pricing is based on Ford Pricing, Formula pricing is competitive with Ford and surrounding non OEM shops*
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 our DSM system has pricing guide lines for various customers based on source of the customer ie wholesale account varies based on volume, internal is set at cost plus 30%, counter is at retail, repair shop is at retail. Some discounting does happen.*
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 our counter people can discount at their discretion (this is under review). Service Advisors can not discount part from the parts department*
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)) *This is controlled by purchase order discounting on the statement*
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? *Not all parts go in as invoice cost, this is set by the parts manager/ fixed ops manager.*

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? [Purchase discounts are added to the profit on the financial statement.](#)
9. Do you have an internet presence for your parts department? [The parts manager said yes, in my option we do not. \(this is under review\)](#)
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? [Ford has a program based on purchase volume orders between 6-20% in savings](#)
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? [We no do not have an outside sales person from parts however our wholesale accounts, account for about 28% parts gross.](#)
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? [Ford of Canada does not offer a merchandising profit](#)
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? [Formula Ford’s website is mobile ready, however we are working on the parts and service side of the website, to be more transparent and give the customer more information, on why the should buy parts and service with Formula.](#)
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? [We do not have any Parts coupons on the website currently \(we looking at going to more a menu pricing on selected items for parts and service\) Website is constantly under review to mark it more effective for customer interaction. We would like to adopt the sales practice on the website that we do for sales to the parts and service side of the website](#)
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 are a unionized shop for parts and service, this is reviewed at a 3 year union contract. However on a month bases we do review parts bonus paid out.](#)
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? [We have wholesale accounts that accounts for about 28 percent of our gross in parts.](#)

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? *Yes we are but we can do a better job, this is now been looked at, we do gave one F-150 Accessorized in the showroom at all times, with the most popular accessories ie bed liner, wheel well liners, bug shield, side window deflectors, we also keep a lifted truck on display most of the year (looking at doing this more often). We are now looking at accessorizing more of our SUV's in the showroom.*
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 said he is doing this. He does look at parts purchase volumes on his wholesale accounts. To make sure each account is profitable. He has made a decision not to supply body shops unless its for a repair on a dealership owned vehicle.*
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 do not have a outside sales rep for parts, however the parts manager said he is completive with wholesale market opportunity with the dealership, but he never goes out on the road, but he is always trying to bring in commercial accounts for service when he runs into any commercial vehicle that is lettered. This will need to be reviewed*
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?) *In Ontario Canada all purchase retail or wholesale are charged the HST, the end user will claim the HST back on a monthly or quarterly basis on his own.*
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. *We feel that we do have the expense control in parts. Part sales are paid on salary plus bonus on sales*
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 the assistant parts manager, however the controller can freeze the account for future purchase, if the account is not paying*

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? *Yes, we have a weekly managers meeting and review the financials.*
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? *SOR policy was just reviewed at the middle of Jan, no it was not posted in the parts department. (it is now going to be posted) The policy is when a part is ordered over the counter it is paid in full. However if its order from a work order and under warranty, or a customer pay we just order the part. If its in the next day we install it on the car, it we do have the car, the customer is call and appointment is booked. (In progress)*
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? *100% per-payment is on all counter, and wholesale accounts, service RO or warranty RO no per-payment is made. (looking on ways to make this better)*
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 that are pre-paid just stay on the self, when ordered from a RO, we are returning the parts in 30 Days, (work in progress)*
27. Who are the parties that are involved in the SOP process start to finish? *Parts manager / assistant Manager (start to finish) the counter person that took the order, and our appointment coordinator when then part comes in to stock*
28. Are special order forms completed in a legible manner so that the customer information can be read? *customer info is not filled out on the special order parts, however the parts reference the RO for customer info. Unless it's a counter sale they will write out the customers info... going to take a look at this process*
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? *Part notifies our service advisor/ and appointment coordinator. It up to the appointment coordinator to book the customer in, part will be sent back in 30 days. Part are put on a self near the parts managers office.*
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? *SOP are put on a shelve near the parts manager office, its kept separated from the regular 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 / assistant parts control the purchase orders. They do not have a fixed dollar amount, however parts maintains a parts inventory under \$500,000.*
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) *parts managers and the assistance parts manager has the direct purchasing authority*
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? *Parts Manager and the GM establish internal parts purchase through the parts department. However the business managers can purchase direct from an outside vendor with no make up from parts.*
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 is higher than parts inventory showing on the MGR report*
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) *This is a snap shot in time, I will monitor it on a monthly basis to see why we are out by \$95,000. This number should be a lot closer*
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. *We do not have LIFO in Canada*
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) *All parts counter people are responsible for the bin counts, Parts counter guys do inventory twice year. If we have a bin count problem the parts manager or assistant parts manager will adjust the bin. We are looking at putting up charts at the end of each shelf to make this process more efficient*
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 GM and the parts manager review the training plan, and make sure they are completed at the end of each quarter. Its review quarterly and at the year end
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? DMS refresher we are switching over to PBS on April 13, on going training until then on PBS, Parts Catalog train no records are kept, and OE Manufacturer all course are kept on file by the OEM and the dealer)
 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? Parts manager has never taken any courses unless if was put on from Ford Motor Company, Ford has on going training for Parts Managers.
 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? yes the computer system meets the requirements of the parts department. We seem to have the right amount of computers in the parts department
 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? The daily order is adjusted rarely. Less than 10%. Parts manager makes the stock order changes. Majority those changes was parts been moved from AP to NS.
 44. Is the trend of those changes in question #42 a positive or negative trend? Positive trend our parts computers are updated. They are a replacement program with FORD. Most of the time they have the newest equipment in the dealership.
 45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? 91% of our orders are stock purchases vs 9% emergency purchases
 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 run the report on the DMS system when he need to view them, however the controller keeps a monthly hard copy MGR report its is viewed monthly, fill rate 3-4 week of the month, stock order weekly.
 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 are switching the DMS system we will start using the DMS score card in April when we switch systems to PBS

48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) Parts value is done by the DMS system, Parts quantity is done during inventory that is done twice a year. How ever looking at putting a chart at the end of each aisle and making adjustment on weekly basis, so the bin count is more accurate.
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) they are check on a daily basis when the parts are take out of the bin (according to the parts manager)
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? That part manager said this is been adjusted. Will monitor to see if its happening
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? Yes parts manger and two counter guys.
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? Lost sales are not been tracked, however we are switching DMS on this going to happen with the new DMS system (PBS)
53. Who reviews the Lost Sales? When are they reviewed? When we start it will be the parts manger.
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 emergency parts are viewed if we should phase them into our inventory. Parts Maintenance source is used to phase in or phase out parts
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? Its set as 3 in 12 months, however we do a lazy job in tracking lost sales. So this make makes it hard to manage phase in of parts. This under review for when we switch your systems to PBS April 13, 2020
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? My parts manager said he does not know what RIMPRO is
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)?service aftermarket are not

- put into inventory they are sold the same day. However we do put some after market parts in stock ie. F-150 leveling kits.
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? *Shipping and receiving is look after by the assistant parts manager. Its verbal not in writing his back up is the service manager.*
 59. Who files damage claims on parts shipments received? *Parts manager and the 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? *Parts manager and the assistant parts manger does the receiving in the morning from the night drop off. Yes the are cross checked and discrepancies checked a delta with the manufacture if its not in our favor. If we receive a part that is not on the manifest we just keep it and stock it in.*
 61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? *This is done twice year*
 62. Who applies and loads the monthly price updates? *This is done by the DMS system and approved by 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)? *Yes cost adjustments this done by the parts manager.*
 64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? *\$30,000*
 65. Are all obsolete parts that are on the inventory physically in the store? *Yes they are all in store*
 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 they are stored upstairs in parts where they are forgot about.*
 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 and 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? *Yes they do*

69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? *Yes daily*
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? *the financials show two months supply, with the numbers from the MGR report show we have 1.5 months of supply. 1.5 to 2 is a good number of parts to have in stock.*
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? *The true turns of inventory on the MGR report is 3.72 vs 2.8 on the FS template*
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 its large enough for current business levels, this does change, depends on the season ie winter tires sales in the early stages of winter months*
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? *Parts Managers office, with access for the parts staff*
74. Is your Parts Department locked up each night? Who has keys? *Yes the parts is locked up over night. Parts manger, assistant parts manger, and one desk guy has the keys.*
75. Do your Counter-people have a cash drawer? Who balances the drawer? *We do not have a cash drawer in parts, the customers cash out in service*
76. Is there a policy in place for overages for the cash drawer/balancing? *Is reported to accounting*
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? *No we have no security cameras in service, just a separate alarm system when its locked. Work in progress getting quotes on a new camera system*
78. What one thing can your organization do to help you do your job better? *Over time we have built a great team that works together, brain storm together, and we all have an open door policy. Its easy to get stuff done. We just need to be more efficient on a daily basis. Make sure we stop watching you tube and do constructive work at all times when at work.*

