

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? **Every Quarter**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **Every 6 months.**
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. **We have not done this yet.**
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. **Each of these has there own price structure set up.**
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, only the PM can go more than 25% off.**
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) **We do adjust as the manufacture has changed a pricing on part in inventory. (After original purchase but not yet sold.)**
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? **We are not sure that we are, we will be doing an audit next month and in this process we will be looking for this with the controller and consultant.**
9. Do you have an internet presence for your parts department? **No, but we have put that on a strategic plan to do.**

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? **We do not have any 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? **The PM maintains these on a part time basis and with the proper help he can be an outside sales person. And this is the path that he would like to take.**
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 unaware of a Ford program for this. However is slated to understand this area with the OEM better.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **No**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? **We have not had it on the calendar for consistent review. Needs to be looked at a minimum of bi-weekly. Manager agrees to do better at this.**
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 GM is over this.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **The PM feels he always looks for additional opportunity with revenue, i.e. Marigold Shop supplies.**
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, it was suggested we should have a dedicated computer up front to let the sales team show the customer what is available.**
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. **Every two weeks.**
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? **Not much wholesale to deal with in the our market Larry Miller Ford (4 hours away) gets some of the business here but we are slowly becoming a viable source.**
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?) **Yes, the PM has a file and makes sure all tax info is correct. Also a secondary file in the office.**
 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. **Manager has not felt he has had a lot of control in this area due to new opening and previous manager. Accuracy is high on orders and returns and will keep it up.**
 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 Office maintains this function.**
 23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Once a month, usually the middle of the month.**
 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? **Every invoice has this printed on it. It is dealer family process.**
 25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **We have all our customers pay SOR prepaid for. If people do not prepay they are unlikely to come back with a sense of urgency or at all.**
 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? **Over 30 days are non-returnable. This gives a bit of room for the OEM 45 day return policy.**
 27. Who are the parties that are involved in the SOP process start to finish? **All our parts department (3 people) are involved in this from the counter taking orders to to processing and receiving Ford parts.**
 28. Are special order forms completed in a legible manner so that the customer information can be read? **All are computer printed**

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? **We have SOP bins. The PM will notify the advisors of receipt of part and they work with the customer.**
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 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? **We do not use our DMS purchase system. That was partly the problem with the previous PM and have obsolete parts. Use it as a tool but not to engage in any process automatically without scrutiny.**
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) **One of our parts counter members has some authority to buy outside. And the GM oversees the PM regarding this.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **The dealership was opened 18 months ago and the prices were set by OEM guidance and other dealer family history.**
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) **We reconcile every month, we are always within 1%.**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **We do this.**
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) **Yes, it means the accounting side does not get reviewed properly.**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **-further discussion needed.**
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) **The PM does all the posting, ordering and receiving the rest is a team effort.**
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? **We get our training through Stars. This is reviewed on a monthly basis. Also the PM trains staff according to standard operating procedures.**
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, everything is saved online.**
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? **Our PM did back working the VW, but not since being back in automotive/parts. Further discussion and benefit.**
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? **We are small and have what is needed. We also feel we are saleable at this time.**
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? **All...until we can get our inventory dollar amount were we want it. But we have to manage it daily.**
44. Is the trend of those changes in question #42 a positive or negative trend? **N/A at this time.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **90/10 on this.**
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? **These are printed in parts and stored in the PM office until the end of every month for reconciliation.**
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? **The scorecard was not being used, our PM likes it and we will be**

- using it to see if this helps us. At first impression the manager is excited to give it a shot.
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **Anywhere there is a discrepancy we find out why and make adjustments accordingly.**
 49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) Yes, twice a month we rotate for bin count and accuracy. **We found our annual audit counts did better that way and we knew what we had.**
 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, daily.**
 51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes, we feel we are not 100% on capturing all our potential so this was a good exercise in correcting our thinking that we were doing excellent vs. good.**
 52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes the PM and Counter staff track this daily.**
 53. Who reviews the Lost Sales? When are they reviewed? **PM and puts it into monthly report.**
 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, if we have the sales history showing it we will stock the part.**
 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 units in 6 months with evaluation prior to ordering.**
 56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **Not known. Marked for further research and have not heard back.**
 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, we do stock shop supplies but they are kept separate from Parts Inventory.**

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **This is all done verbal.**
59. Who files damage claims on parts shipments received? **PM**
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? **PM, recovered manually through DMS.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes, perpetuals on a monthly basis and annually.**
62. Who applies and loads the monthly price updates? **DMS automatically loads price tapes 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)? **All these are tracked on a monthly basis and the task is held by the PM.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **\$5,700**
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? **They are tracked by there own source.**
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 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? **PM and SM at the end of the month.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Not daily, but bi-monthly.**
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? **Yes they match on two months. YES to many are stocked with 8.8 months inventory.**

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **Yes 1.8 turns**
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 plenty of room and a rebuild of the dealership with expansion is in process as well.**
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? **We do not have posted or in the department. Pushing this question forward to others in the dealer group as we heard that maybe there was.**
74. Is your Parts Department locked up each night? Who has keys? **Yes, the GM, PM and one lead front counter member.**
75. Do your Counter-people have a cash drawer? **Who balances the drawer? No, this is maintained and handled through the office.**
76. Is there a policy in place for overages for the cash drawer/balancing? **N/A**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **We do not.**
78. What one thing can your organization do to help you do your job better? **"Provide me w/ a copy of the Parts Page of the Financial Statement. And if it could be in a timely manner it would be useful. Often not given it at all and sometimes when given very late."**