

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? **Rarely**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **Feel that we are appropriately priced. There are 2 big wholesale dealers in our region that undercut everyone to earn wholesale business. Pursuing potential accounts they're serving wouldn't be profitable given our current structure. Would have to make drastic staffing and delivery changes to compete with them. For the profitable business we want to capture, we are appropriately priced.**
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 highest, but also not the lowest. Closer to the higher end though on most surveyed parts.**
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, Automate does this following our set ups.**
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? **No.**
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) **No process as such, but parts are always set at factory 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? **All factory parts are, 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? **Put to discounts in accounting.**
9. Do you have an internet presence for your parts department? **Not really. Looking into Parts Revolution.**

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? **Parts Showroom. Nothing beyond that.**
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. Not a big wholesale dealer by choice due to the local competitors.**
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? **No idea, looking into the GM program now.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **Yes for auto retail sales, not a strong presence desktop or mobile for parts.**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? **Monthly. Need to monitor more closely though.**
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? **Don’t know when last done. Review payroll expense monthly at expense parties.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **We do wholesale and body shop also.**
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, there is not. Yes. History of not selling accessories at time of sale because sales/finance feel that will impede ability to sell F&I products. Need to create process at time of sale that doesn’t make sale of both of these products exclusive during the sale.**
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. **No, we don’t deliver that far away.**
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? **Fox and Berger are the two big wholesale players. We can’t unseat them unless we were to greatly expand our wholesale operation.**

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?) **Linda 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. **We have expense meetings every quarter and review them on a weekly basis.**
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? **Linda in the office handles credit set up and monitors account activity/payment history.**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Yes.**
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? **Posted at the front counter. Don’t know last review, upper management approved.**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **Counter retail is prepay, wholesale and service are not.**
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? **60 days.**
27. Who are the parties that are involved in the SOP process start to finish? **Parts advisory, parts manager, and service BDC.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes, printed SOR from Automate.**
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? **Kept in special bin in parts. Service BDC and Manager are notified of part arrival. BDC contacts customer. Parts Manager determines return.**
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? **Most are in a special area. Small parts with a location are put in bins.**

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? **Have no idea. Done in Automate. Office staff handles.**
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 guys can order from outside vendors. Parts manager approves all invoices.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Pricing policies were dealer determined. No, not all internal purchases are centralized.**
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 computer inventory exceeded the financial statement inventory amount by \$25,703.**
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) **Not necessarily. Price tape adjustments.**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **LIFO 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) **No. They all have delegated roles and responsibilities but no specific function chart.**
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 use the manufacturer training classes. Reviewed quarterly, not part of pay plan.**
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, on manufacturer website. Parts mgr also tracks training.**
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? FCA & GM training. Also had a week long in house trainer, Dave Piecuch, in December.

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? **Have terminals for each parts person and manager. Have the correct amount in the correct locations, no issues.**
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? **RIM and ARO are adjusted by parts manager weekly. In house order is adjusted daily.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Usually do not accept everything proposed by the manufacturer.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **3.4% outside.**
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? **Usually printed monthly and viewed as needed.**
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? **System is set up to move parts into different sources depending on demand. When Dave was here we set up a scorecard that is used to better track phase in and phase out.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **As they are discovered.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **We do perpetual inventory consistently.**
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, to all parts personnel.**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **All counter people and parts manager. They are tracked by Automate.**
53. Who reviews the Lost Sales? When are they reviewed? **Parts manager reviews monthly.**

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, automate is set up to phase in or out.**
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 months with sales in the last 6 months or 4 pieces sold in last 3 months.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **FCA: 95.5% GM: 88.8%**
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. Service stores and orders washer fluid and brake cleaner.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **Verbal. Parts manager.**
59. Who files damage claims on parts shipments received? **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 matches orders to packing slips and contents. DMS scanner used.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes.**
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)? **I believe done once a year by controller. Cost adjustments loaded monthly in automate.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **Not sure, controller has in office.**
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? **Service mgr/office staff.**
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? **Parts does not, aside from looking at open parts tickets. Service/body shop do.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **Yes.**
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? **2.2 months supply. Based on FS Parts template, 2.6 months using financial statement, and 1.5 months supply using management report. Don't feel that we stock too many parts.**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **2.3 turns. FS Parts template number was inaccurate and couldn't be trusted. Stock order receipts for month examined only showed \$3345 in purchases for the month, resulting in a true turn of 0.1, which is wrong. (Working with parts manager do determine why? Stock orders being placed in wrong bucket?)**
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? **Online with GM & FCA. Lochmandy Policy/Procedures in HR office.**
74. Is your Parts Department locked up each night? Who has keys? **Yes. Management and certain parts employees have keys. Overnight delivery has a key to delivery bay only, not access to whole parts area.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **No, sent to cashier window to complete transaction.**
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? **Yes. Security office has access.**
78. What one thing can your organization do to help you do your job better? **Get me help. Staffing with illnesses/injury recovery issues. Asst parts manager has been out with knee**

issues for months. Key parts employee was transferred to prep department (he is transitioning back to parts dept once a replacement is hired for prep). Another key parts employee had severe medical complications resulting from a heart surgery. He has not returned, and in all likelihood, won't ever be returning. With the return of the employee from prep, we have the right number of people. We just need those people to stay healthy and get trained up to the speed of the people we lost.