

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 6 months Review*
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. *5 to 10 percent up or down*
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.
This is correct continues review of the market area is needed adjustments had to be up or down to maximum the market.
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.
All customer types are established by percentage set by upper management reviews on certain type are reviewed every 6 month for potential increase.
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 advisor can change parts price. All my counter guys do have access to change parts prices, but continues review of policy and percentage that needs to be set fourth
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))
Only Parts Manager can access those parts to changed.

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?

All discount purchases are track on a adjustment line on the GL statement parts cost are set in DMS at current factory cost.

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

No

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?

After hour special and weekend special (happy hour & weekend mechanics) The volume of sales increases to on products that services customer based services, increase sales in chemicals, filter brake pads etc..

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 salesperson, every 6 month 2 teams in the department set a area in 20 to 50 mile radius with potential clients. (wholesale, body shops and mechanic shops).

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?

Any where from 5k to 8k. factory and dealer relationship dealer use of merchandising dollars must be used to its fullest potential results of growth from this, dollars with show factory that a standard of funds must be available and reviews of more funds for dealer that have shown growth can be obtained

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?

Two main adds run all year long and every 4-5 months reviews are done on the adds to update or change out

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 all reviews of employees rates, and gross profit made monthly are reviewed

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

Know we are really strong in our wholesale department and accessories in the sales department

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, accessories sales sheets are set in place for customers on the sales floor. Process are set in place for the sales team where a sheet must be shown at the time review of potential sale of a vehicle.

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.

Sales and returns are reviewed bi weekly shops with high returns and low sales volume are hit with restocking fees.

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?

Yes, we do 3 to 4 drop per day the many shops and the relationship between the dealer and these shops will continue to grow. Level of services is key in this area.

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?)

Parts Manager and wholesales Manager. All Tax ID number at set in DMS on the Shops vendor number and its check ones a year.

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 controlled basis, consider basing pay programs on sales or gross rather than net profit as part of the plan.
- Expenses control in parts department on based on two portion overtime and inventory control, continues count of inventory to prevent loss inventory and profit and money. And control of employees where overtime is used when needed.
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, reviews are done for each shop that would like to apply for a charge account, years in business, work follow through that shops. Money that they are asking for. Money that we generate for the dealer, return policy etc. Manager reviews that account money monthly.
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?
- Yes, and reviewed for potential increase in the department.
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?
- Policy is review ever month on why they have not been install in the customer cars and report is report to parts counter people to from customer that there are is here ready for installing.
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?
- Retail always must pay to the part. Wholesale is more of phone orders, invoice is make for the part to be order and deliver the next day.
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 shoot for a 30, day return policy some certain parts are not returnable retail customers do not get a return charge wholesale customer do get a return charge. Retain in parts are set 3 to 5 days.
27. Who are the parties that are involved in the SOP process start to finish?
- All parts counter person that order that part from start to finish. Parts mangers reviews to makes sure customer are informed that there parts are here by all the counter guys.
28. Are special order forms completed in a legible manner so that the customer information can be read?

Yes, parts invoice have all the detail that is needed for the customer and the counter person.

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?

All special orders parts are stored under each customer last name, parts and BDC employees call all customers of parts that have arrived to set appointments. Monthly follow up on not set appointments. And 2 months are given before parts are returned to factory.

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 set in different location.

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 \$'?

All parts employeess are, allowed to create a purchase order but parts manager review all PO and approvals all payments made to vendors.

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 Manager and General Manager.

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

Parts and Services director. Ser internal prices yes all run through 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)

Varies month to month and it could be up or down.

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

Yes many review are done to resolve the issue of the office from the parts department accounting being off.

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. Yes many review are done to resolve the issue of the office from the parts department accounting being off.
38. 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
39. 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 employees are responsible for bin counts, core returns, posting and adjustments are only made by parts manager.
40. 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?
Training is reviewed monthly and on pros and cons that occurred last month and what can be done better or what we could grow on. Reviews are done yearly but not part of their pay plan.
41. 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?
Company has a compliance training program online and Honda has parts training classes.
42. 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 over 7 years ago.
43. 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 and no some days calls are coming in techs are everywhere you need body's more phone more computers etc. And some days no calls no tech, and its time to count bins clean cores etc.

44. 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 Manger and control of sell volume to inventoy volume. It could be more or less then 10%.
45. Is the trend of those changes in question #42 a positive or negative trend?
The more training the better.
46. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?
Less then 2%
47. 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?
Monthly report are run and review for ageing parts value of cores and inventory work in process etc..
48. 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?
No on the DMS summary for tracking. ?
49. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time)
Monthly by parts Manager and reviews are made before any adjustment are made to the value of the inventory.
50. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)
Every week 2 bins are counted and everyday fast moving parts are counted
51. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate?
Yes
52. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?
No

53. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?
All parts employees, yes and no on being tracked we have many different ways to track loss sell then just lost sales function.
54. Who reviews the Lost Sales? When are they reviewed?
Parts Managers and the DSM system adjust it into the ordering screen to review if stocking is needed
55. 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, by Parts Manager yes when parts is sourced as an emergency order.
56. 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 hits in 3 months the system will put it in the phase in portion.
57. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?
This DMS system does not have a compliance level. Active and inventory is controlled by demand level.
58. 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)?
Shop supplies are stored in the parts departments, any parts that is sold through parts are in the inventory.
59. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?
Verbal, and stock clerk is responsible for the shipping and updates are done by parts manager when changes need to be made.
60. Who files damage claims on parts shipments received?
Parts Manager
61. 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?
My morning parts driver check in my orders we cross train all employees to check in the order any discrepancies are given to Parts Manager to review and resolve the issue.

62. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?
Yes, we have an outside company that does a yearly inventory to review with the upstairs office.
63. Who applies and loads the monthly price updates?
System does it the first working day of the month Parts Manager print it out to confirm it went through and give it to the office to book.
64. 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 parts are at OE cost and never changed and tracked by Parts Manager.
65. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?
It was up over 30%.
66. Are all obsolete parts that are on the inventory physically in the store?
Yes, all parts are in the department.
67. 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 all, in normal location in the department by bin and a report is done monthly on ageing parts to return to factory.
68. 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 Managers run reports weeks before the month is over.
69. 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 all have reviews with office control on their WIP.
70. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?
I start running this report in the middle of the month to see and track the outcome of the month and adjust as needed.
71. 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 there always parts that can be stocked but the demand will make that happen. Seating on the shelves does not produce gross.

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

As of Feb,2020 true turns a 3.5% yes it matches.

73. 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.

Some months yes, some months no more space is needed.

74. 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?

They are all on the compliance website and reviewed yearly.

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

Yes opener and Parts Manager. Asst, Manager.

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

Yes we have a cash drawer and Parts Managers balances ever morning.

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

Yes extra money go up go the office.

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

No cameras I the parts department.

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

That we are all on the same page with continues growth.