

## 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?  
**Monthly**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **Our pricing policies are in line with our close competition**
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. **Some of our prices are slightly higher and some are lower, I feel we are very competitive.**
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 fifteen price codes set up. Pricing guides are set correctly**
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?  
**All pricing policies and been established and are checked daily by reviewing the invoice from the previous day**
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))  
**All parts entered in the system are scanned in and the prices can't be adjusted that way**
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? **No, if a part cost is different the cost price is adjusted.**
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?  
**If a part is purchased at a lower cost the cost is reduced in the DMS and the source is changed until that quantity is sold and at that point the source is set back to the Nissan source**

9. Do you have an internet presence for your parts department?  
Yes we do, we use Trademotion
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?  
No
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?  
Not for the parts department
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, they are checked and updated monthly
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 owner checks the comparison every month via the financial statement and makes very strong recommendations
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 some wholesale advertising and some retail coupons
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?  
We sell most of our accessories at the parts counter and on line
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.  
Wholesale customers are reviewed every time they place an order, if necessary, notes are placed in the DMS so everyone in the dealership knows what to do

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?  
In the Bronx we have a LOT of wholesale competition, we can't unseat them but we do compete with them head-to-head by pushing the benefit of using OEM. We deliver two or more times a day as necessary anywhere within the Bronx and upper Manhattan
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?)  
Every counter person is responsible for their own wholesale entry into the DMS, they must google the shop to make sure they exist and to obtain the proper tax IDs
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.  
Over time is within the parts manager's control and is watched very closely. All other expenses like: A/C-Heat, inventory and outside purchases, delivery vehicle expense are all under control. All parts department pay plans are based on total department gross profit
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?  
We at Teddy Nissan don't have in house charge accounts all wholesale accounts are C.O.D. only
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? No
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?  
As written: All special orders must be prepaid except: certain wholesale accounts and parts for a warranty repair. Approved by the parts manager
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?  
All prepaid special order must paid in full regardless of type of sale
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?

All prepaid special order parts are given a regular stocking bin location after 60 days and returned to Nissan after 10 months. No charge if pick up within 10 months. Total forfeit of funds if not picked up within 10 months

27. Who are the parties that are involved in the SOP process start to finish?  
The counter person who ordered the part.
28. Are special order forms completed in a legible manner so that the customer information can be read?  
Only special order parts for service require a special order form and yes they must be filled out completely and legibly
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 order parts are stored on the special order part bins. As soon as the parts arrive we print the "Special order parts report" the counter person that ordered the part, the service manager, the shop foremen and the BDC department all receive a copy. It's the task of the BDC to contact the customer for vehicles that are not down and the task of the counter person to contact retail and wholesale customers. It the task of the service manager and the shop foremen to get the parts installed into the unit down vehicles. If the special order part are no longer required the parts manager is notified and the parts are located and wait return to Nissan
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?  
All special order parts are located in separate location for stocked parts.
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?  
All is done by the part manager
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)  
All counter people are allowed to purchase from outside vendors but are overseen by the part manager. The comptroller reviews all invoices and purchase orders
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?  
The president of the company sets the internal parts pricing. Only parts sales are processed through the 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)  
The financial statement is usually higher than the parts department's number
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)  
The parts department's side of the inventory is printed and sent to accounting on a monthly bases for comparison
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 does because that could indicate that some parts are not costed correctly on the parts side
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
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 are performed by the parts manager whoever returns are generated by the parts manager but given to a counterperson to perform. Dirty cores are also given to a counterperson to return but the adjustments are made by the parts 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?  
Training isn't part of the pay plan but part of employment. Online training is complete as soon as it's available as demanded by the parts manager
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?  
No records are kept however the parts manager looks a coupe time a month to make sure all counter people are up to date.
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 he has, a course given by Honda. The last time was two years ago when he attend a training seminar for service 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?  
Diagram done, see attached
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 posting is preformed via a scan gun, less than 1% is manually posted and or adjusted by the parts manager due to posting errors
44. Is the trend of those changes in question #42 a positive or negative trend?  
**Question number 43?**  
It's usually a positive because of parts missed by the person scanning
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?  
Stock order is 99% verses 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?  
The computer generated management reports are printed on a daily bases by the parts manager, reviewed and stored in the parts manager's office
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?  
Our inventory trends are controlled by PartsEye
48. How often your Parts Inventory is adjusted for errors in part value or part quantity? (4 Moments in Time)  
As often as needed. After a perpetual inventory, after an improper posting and after a physical inventory
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)  
Yes, at least once a month
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, all invoices from the previous day a reviewed first thing the next morning

51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people?  
Others in the dealership?  
Yes, and it seems like it was very helpful.
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?  
Lost sale were always being tracked however after the lost sales quiz I believe they are now being posted correctly
53. Who reviews the Lost Sales? When are they reviewed?  
The parts manager reviews the lost sales on daily bases
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)?  
We use the PartsEye stock order system that phases in all parts after two hits in six months
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?  
We use the PartsEye stock order system that phases in all parts after two hits in six months
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?  
100% compliance with Parts Eye
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)?  
No ALL parts are sold from inventory
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?  
All parts department procedures are in writing and parts manager reviews and updates them as needed
59. Who files damage claims on parts shipments received?  
The parts manager submits all necessary claims
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?  
Counter people receive the orders in via a scan gun. All orders are cross check with the scan report and the invoice. Any discrepancies are fixed and or claimed
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?

Yes perpetual inventories are performed on a weekly bases and physical inventory is performed once a year

62. Who applies and loads the monthly price updates?  
Our price updates are automatically loaded every night  
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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)?  
We update all price changes monthly
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?  
None
65. Are all obsolete parts that are on the inventory physically in the store?  
Yes (if we have any)
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 all parts over twelve months are returned, at the time of inventory we only had \$151.36 over twelve months and it was sent back within three weeks
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status?  
The president of the company reviews work-in-process weekly
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?  
No, the service manager and the president keep control of work-in-process
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?  
1.5 months of supply
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?  
Our true turn rate is 7.8

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 it's big enough
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?  
Our policy manual is located on the web and is accessible to all employees 24/7. Every employee reads it and signs off on it
74. Is your Parts Department locked up each night? Who has keys?  
Yes it's locked each night and is opened via a key pad, only key people have the code and the code is changed a few times a year
75. Do your Counter-people have a cash drawer? Who balances the drawer?  
No, we have two cashers and they balance the draw
76. Is there a policy in place for overages for the cash drawer/balancing?  
Yes there is
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?  
Yes, we have cameras and the president has access to the tapes
78. What one thing can Hendrick as an organization do to help you do your job better?