

Parts Manager Questions

Have your parts manager answer the **78** questions found in this zip file.
Provide your answers in a different color font.

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? *Source pricing is reviewed every quarter.*
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. *Since we are the only Infiniti dealership in our market, our pricing strategy is similar to the Mercedes-Benz, Honda and Subaru dealer for retail ROs, front counter and wholesale.*
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. *Based on phone calls to other dealers, our parts prices for maintenance parts is 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 can use multiple pricing guides. Pricing was reviewed by our Fixed Ops director and he noticed that our internal GP% was lower than it should be. We updated our pricing so that it matched retail.*
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? *Service Advisors can offer parts and labor discounts that are reviewed by the Fixed Ops director. Besides the exception reports to find errant transactions, a paid monthly commission based on gross profit is the incentive to follow pricing structure.*
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)) *When OE parts are added to the system, cost is pulled from the Infiniti price file. As the parts arrive, they are received into the system so that cost value is reflected in both the accounting and physical inventory ledgers. The only time adjustments are used is when we receive free product when purchasing parts with large quantity promos.*
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 Infiniti parts are sourced from Infiniti*

USA. Cost is determined by the Infiniti price file. Non-Infiniti parts are costed at the invoice cost price from the vendor. The only time when pricing is averaged is when, for example with apparel, cost varies based on sizes and quantities that are ordered for a particular batch.

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? *Since we purchase OE parts solely from Infiniti, no such tracking is required.*
9. Do you have an internet presence for your parts department? *Yes, we have an online retail store. We also participate in RepairLink for purchases from wholesale customers.*
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 participate in all available Infiniti merchandising programs. On the retail side, it costs us \$250 / month with monthly sales of \$2,000 on average. On the wholesale side, the mechanical and collision programs bring in ~\$100,000 at a cost of \$500 per month.*
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 use outside marketing services which total \$995 / month. The sales generated pay for their efforts.*
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 do not have factory merchandising dollars from Infiniti.*
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? *Although our parts site is mobile ready, the link to Infiniti's cataloging and store are not.*
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? *Coupons are checked once a month since the coupons run month to month.*
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, gross profit generated vs all personnel expense allocated to the parts department is 27.3% (8/17 YTD).*

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? *We are actively engaged in growing our wholesale and retail programs. We use these programs to offset cyclical changes in service department business as well as an opportunity to increase the total GP produced.*
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? *Our dealership has a Design Center that is focused on presenting and selling factory and aftermarket accessories to customers that purchase vehicles from us. We have a small boutique area at the front counter for customers to see what products are 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. *Wholesale customers are reviewed monthly. Since we are in growth and conquest mode, we are not turning away any opportunities.*
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 are currently the major OE Infiniti parts supplier for Central Texas. We have competition from the Houston and Dallas markets and we are educating customers on the strengths of our wholesale program. We have up to 4 deliveries a day within the city of Austin, 2 to the IH-35 corridor down to San Antonio and 2 for the rest of Central Texas.*
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?) *With the help of Google reviews, Google Map and Yelp wholesale customers are verified. If they are new, we use business licences or State Tax IDs. Resale certificates are 75% current at this point. We are working towards being 100% up to date.*
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. *All YTD Parts Expenses are currently near or below guide.*
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? *The accounting department and the parts manager work together to determine credit limits once the credit references have been verified. Receivables are*

initially worked by the accounting department and if there are questions on specific invoices, the sales person and parts manager are involved.

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? *The financial statement is made available monthly. On a weekly basis, key metrics are discussed with the GM and FOD.*
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? *Special order policy was reviewed last month. It is shared on line with all relevant personnel.*
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? *As a courtesy to our guests, only non-returnable parts are required to be pre-paid. These are usually color coded accessories.*
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 special orders are held for 90 days and, if they are not a stocking part, returned to the manufacturer.*
27. Who are the parties that are involved in the SOP process start to finish? *If the special order is for the shop, the service advisor, technician, dispatch, counter person, warehouse associate and service scheduling can be involved in the process.*
28. Are special order forms completed in a legible manner so that the customer information can be read? *Forms have not been used since 2016 when we switched to CDK with in DMS special order tracking.*
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? *If the RO is still open, the parts are handed out to the technician. If the RO is closed, the service advisor and scheduling are notified so that the customer can be scheduled for the part to be installed.*
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? *Special order parts are held outside of 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? *Parts POs are monitored by the parts manager. Up to \$2,000 can be ordered without authorization.*

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 counter people can order from vendors if there is a request for an RO or a counter ticket. Accounting overseas purchases by the parts department through invoice matching.*
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? *The General Manager and the FOD determine internal parts pricing policies. If the vehicle comes through service, all parts are procured by 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) *Through monthly reconciliation, the value of the physical inventory is matched to the statement value with the plus or minus values held in a separate account that is reconciled at the time of physical inventory.*
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 Manager and Controller meet on this monthly after the last day of the month. All discrepancies are accounted for prior to the closing of the month and processing of the Financial Statement..*
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) *It can, and the reason must be identified. Any discrepancies are accounted for by the Parts Manager and Controller prior to the closing of the month and processing of the Financial Statement.*
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) *All Parts personnel have specific duties and responsibilities assigned in regards to all areas of Parts Department operations.*
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 parts manager controls the training of the parts*

employees. This does not include required training from Infiniti. There is a yearly employee review but it is not attached to the employee 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? *Infiniti maintains training records for vital parts operations. All other training is assigned and monitored by the Parts Manager and FOD.*
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? *Last Parts Manager training was held in July 2017. It was part 1 of 4, with the first class being a refresher of parts basics. The next 3 will include financial, wholesale and growth strategies training.*
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? *Our current IT hardware/software needs are being met fully. All Parts personnel have the proper equipment and resources to efficiently perform their job responsibilities on the system.*
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? Infiniti is on Automatic Stock Replenishment. *We are not allowed to make adjustments to the order outside of full bin settings in CDK. Any positive purchase changes have to be submitted on a Manual Order Quantity order.*
44. Is the trend of those changes in question #42 a positive or negative trend? *Not applicable.*
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? At this point approximately 55% - 60% of parts are from Infiniti ASR. *Because of our wholesale program and certain high dollar warranty components that must be manually ordered, 35% of parts are special ordered. 3% to 5% are emergency purchases from the nearby Nissan dealer.*
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? MGR report is printed weekly. *At-A-Glance inventory dashboard in CDK is viewed daily. Both reports are used to determine parts that need to be returned to Infiniti as well as fill rate.*
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? *Yes. We have already begun using the DMS Scorecard.*

48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) *When a physical discrepancy is found, the count is adjusted immediately to reflect the current on hand. All previous transactions are then audited to figure out when the discrepancy was caused.*
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) *Complete inventory cycle count was completed this month (9/17).*
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? *Only the Parts Manager can make adjustments.*
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? *Yes*
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? *Yes. All parts people that can sell parts can log lost sales.*
53. Who reviews the Lost Sales? When are they reviewed? *Since Infiniti maintains our inventory, the ASR software scrutinizes our lost sales and compares that with what is selling across the country. The parts Manager does review the lost sales and emergency purchases for non-Infiniti parts on a daily basis.*
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*
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? *Parts are phased in if there are 3 demands in 9 months. Quantity stocked is based on rolling 90 days sales.*
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? *We do not use RIMPRO. We are 100% Compliant with Infiniti ASR.*
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)? *All Infiniti parts and the majority of other parts are received into inventory and then sold. The only exceptions are parts for internal UCD when the need to track the part is not*

required. Shop Supplies are maintained by the Service Department and are not included in the 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?
Shipping and receiving procedures are predominantly verbal, but a more formalized written procedure is being put in place since the parts department is growing.
59. Who files damage claims on parts shipments received? *A designated Parts associate files damage claims and the status is monitored by the 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? *Warehouse associates scan in Infiniti parts directly into the DMS to receive them and are manually checked against the packing list. Other parts including OE fluids, chemicals and tires are manually received. Discrepancies are reported directly to Infiniti the same day.*
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? *The parts manager runs the price updates everyday for the first 5 days of the month and then once a week to catch any new updates.*
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)? *Inventory adjustments are tracked by the parts manager and the summary on the MGR report is shared with the GM, FOD and the Controller.*
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? *Approximately \$3,500 on \$750,000 was added to the statement value at the last inventory.*
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? *Yes* Separate source? *No* 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? *FOD and Controller*

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*
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? *Current months supply is 1.6 months. This is identical to the FS Parts Excel Template. The proper amount of Parts are being stocked.*
71. What is the true turn of the inventory? *6*
Does that match the students calculations found in their FS Parts Excel template? *Yes*
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? *All policies and procedures are contained on the Continental Automotive Group's PAYCOM website and accessible through each employee's personal account. The CAG Human Resources Director has oversight over all Dealership policies and procedures. The Infiniti Parts Policies and Procedures Manual is available online through Infiniti's NNAnet portal.*
74. Is your Parts Department locked up each night? Who has keys? *The Parts Department is locked up every night. Back counter associates, Parts Manager, FOD, Office manager and GM have keys*
75. Do your Counter-people have a cash drawer? *There is a shared cash drawer for Parts and Service.* Who balances the drawer? *The Service Cashier.*
76. Is there a policy in place for overages for the cash drawer/balancing? *No*
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? *Yes, there are 3 cameras in the parts department. The data is stored off site and only IT can control the recordings. The Parts manager has review access of the parts department cameras.*

78. What one thing can Austin Infiniti / Continental Automotive Group as an organization do to help you do your job better? *Continue to provide the support to management and employees as they have for the 23 years I have been a part of the team.*