

## 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? **Yearly**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **No dealerships within 30 miles**
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 currently being done**
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 and reviewed by Service Director**
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? **Parts advisors can change pricing, but service advisors cannot**
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)) **Yes and parts manager monitors**
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? **Stock order discount**
9. Do you have an internet presence for your parts department? **Yes, but minimal**
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? **No merchandising programs in effect**

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? **Yes(2 that cover all 5 rooftops) and yes in regards to income**
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? **Yes and we spend all of the money earned. We have to purchase more parts to earn more money**
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? **Monthly for both**
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? **Checked monthly and yes, pay levels are in line with profit**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **No. We have a fairly large wholesale 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 in sales and parts**
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. **Not reviewed weekly, but every 3-6 months**
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 do study our wholesale market and know who our biggest competitor is. We can unseat them and can make a difference. We can deliver 2-3 times per day within 30 miles**

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?) **Our accounting department verifies eligibility and also our Tax ID Certificates on file**
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. **Discussed with Parts manager**
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 accounting department determines credit approval and they also follow payment and account limits**
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? **Our policy is on our internal company site. We actually have 3 policies in place which are now going to be reduced to one. Our most recent policy was approved by our director of service ops**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **No deposit currently being taken regardless of RO. Our latest policy states that we should be collecting 50%. Our wholesale department does not collect a deposit 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? **90 days is set to retain parts and customers are not required to pay a return charge**
27. Who are the parties that are involved in the SOP process start to finish? **Technician, TSM, Parts manager, BDC Rep, Part advisor, and shipper/receiver**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes**
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? **The special order parts have their own shelves. The service**

- advisor notifies the customer and the parts manager determines when to send the parts back. The parts manager is also responsible for the lack of 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? **Yes, the SOP's are carried in a different section and they are not inserted into the 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 manager handles all of these**
  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) **Yes, all parts advisors have purchasing authority and our accounting department oversees the parts manager**
  33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Our Fixed Ops Director establishes our internal parts pricing policies and all internal purchases are run 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) **We don't review this monthly. We do one physical audit per year**
  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) **N/A...it would however be an abnormal condition if we reconciled monthly**
  37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **N/A**
  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) **Yes, we have specific employee responsibilities for certain functions**
  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 programs and this is reviewed monthly and attached to the 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? **The parts manager did attend a DMS refresher a month ago. All parts advisors do parts catalog and OE training monthly**
  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 parts manager attended NADA and Net Profit 9 years ago**
  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 equipment meets the daily needs and we could use additional hardware**
  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? **Our parts manager handles all adjustments. We are 96% loyal. The reasons for adjustment would be that it doesn't meet the phase in criteria**
  44. Is the trend of those changes in question #42 a positive or negative trend? **Positive**
  45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **We are at 91% factory**
  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? **We do not store our reports. We utilize these reports looking for trends, discrepancies, OBSO, and lost sales**
  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 use the DMS summary to track inventory trends. We don't have a scorecard specific for our DMS, but will utilize the information we do have**
  48. How often your Parts Inventory is adjusted for errors in part value or part quantity? (4 Moments in Time) **Weekly with bin sheets**

49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **2-3 times per year**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **No, as the parts manager is the only one who can make adjustments**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes to the entire parts department, but have not to any others in the dealership**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **All lost sales are being tracked and all parts advisors can log a lost sale**
53. Who reviews the Lost Sales? When are they reviewed? **The parts manager reviews the lost sales weekly**
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 to both**
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 times in 9 months**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **95%**
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, all parts are in our inventory and we do not stock shop supplies in our 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 of our shipping and receiving procedures are verbal and the parts manager is responsible for them**
59. Who files damage claims on parts shipments received? **The parts manager and our retail counterman**
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? **Our parts manager and lead counterman handle parts orders and are all cross checked. We file claims as needed for discrepancies**

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? **Our IT department handles our price 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)? **Our accounting department tracks and they check it montly**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **We were over \$3072.05**
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? **Parts 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? **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? **2.16 through 8/31/2017 and yes it matches and we are carrying too much inventory**
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 is 1.62 and yes it matches**
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. **No, our inventory is not large 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? **This is located on our internal website and our IT department verifies access regularly**

74. Is your Parts Department locked up each night? Who has keys? **Yes it is locked and the parts personnel and the GM have a key**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes, we have a shared drawer with service and our parts retail counterperson balances this drawer**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes and all managers have access to the tapes**
78. What one thing can your dealer as an organization do to help you do your job better? **Support to follow SOP procedures, throw away junk, and track lost sales better. Write off OBSO after policies are implemented and followed. Also the support to work as a team**