

1. How often is your dealership source pricing levels reviewed for competitive maintenance and heavy repair?
 - a. Quarterly
 - b. **We do this so that we can change specials according to the season.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area?
 - a. Not an answer
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.
 - a. Not a question
4. Does the Computer system you have follow one or more of the pricing guidelines 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
 - a. Yes - wholesale, customer pay, and internal have individual pricing systems in parts and accounting
 - b. **Our wholesale parts are the only parts that have a variable price based on customer.**
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?
 - a. The exception report runs with the Manager's job stack every morning. Service Advisors do not have access to parts pricing in any way.
 - b. **The Parts Manager starts his day with a variety of reports to confirm that pricing structure and inventory are remaining balanced.**
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 accounts)
 - a. Adjusting cost of a part at inventory level would wreak havoc on factory warranty pricing, it is not an issue
 - b. **There is no reason for to try to shortcut the system with this method it creates a bigger headache than its worth.**
7. Regardless of parts costs (due to various sourcing opportunities (jobber/wholesale distributor), are all they all costed at the same factory price to maintain accurate inventory value?
 - a. Everything is updated/brought in from the factory master file, no adjustments are made
 - b. We are very diligent to stay within manufacturer guidelines.
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?
 - a. There is a separate account specifically for purchase discounts, they go towards the gross of the dept.
 - b. **This gives us incentive to run volume so that we can get the financial benefits of volume.**

9. Do you have an internet presence for your parts department?
 - a. No
 - b. **Not enough personal or space to have a strong internet presence**
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?
 - a. Almost all pay promotions are done through the Service Dept. Any parts promos are co-opted at no charge and are relatively minor
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?
 - a. Not at this time. Counter people are responsible for generating new leads and customers
 - b. **We have tried the outside sales before but there was not enough profit generated to keep it going.**
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 expensive sharing in merchandising by the factory and the dealership?
 - a. All co-op money has been utilized year to date, total dollars not available. Co-op amount is based purely on a percent of parts purchased from factory
 - b. **We use all our coop for our budget.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website?
 - a. Yes
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated?
 - a. Checked quarterly. Dealership has a dedicated marketing manager to assist
 - b. **We have a market**
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?
 - a. Pay plans are purely commissioned based and designed to fall within guidelines
 - b. **We don't adjust pay plans so our employees have consistency.**
16. Does the parts department actually seek additional revenue or "live off" the sales of the service departments only? If not why not?
 - a. At every opportunity, Service contributes roughly 65% of current sales
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?
 - a. No, this has been discussed but never materialized
 - b. **Our sales people do the accessory sales during the sales transaction**
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.

- a. Deliveries are restricted to a specific radius. Customer accounts are viewed monthly for value
19. Do you study your wholesale market opportunity with the dealership's area of influence? Who's the major player and can unseat them? Can you make a difference against your competition? Can you deliver 2-3 times a day? Within what mileage?
 - a. Many large competitors within a short radius make it difficult
 - b. **Our main competitor has a large internet footprint and their inventory is 4x the size of ours.**
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)
 - a. The Parts Manager and Controller are responsible.
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.
 - a. Not a question
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?
 - a. Controller determines credit worthiness. Parts Manager responsible for collecting past due accounts
23. Is the financial statement for the parts department given to the manager and discussed on a weekly basis?
 - a. Yes
 - b. **We do this daily**
24. What are the special parts ordering policies for SOR's? Where is it written and posted? When was it reviewed and what level of management approved it?
 - a. Only Service Advisors are allowed to order parts for RO's. Parts and Service Managers agreed to this
 - b. **Parts guys do parts, Service advisors do service**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?
 - a. Retail and customer pay RO's require pre-payment. All SOR's are differentiated by type
 - b. **All Customer Pay SOR's are pre-paid for. Warranty pays when it comes in.**
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?
 - a. 30 days for unpaid SOR's before put into inventory. Prepaid orders will be contacted for the final time at 90 days, if no response, part will be stocked.
27. Who are the parties that are involved in the SOP process start to finish?

- a. Advisor, Tech, Counterperson, Warehouse, Parts Manager, potentially Service Manager
 - b. **This is more than enough employees involved in this process**
28. Are special order forms completed in a legible manner so that the customer information can be read?
- a. Everything is electronic through the DMS
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?
- a. SOR's have their own shelves. BDC is responsible for Service contacts. Counter personnel are responsible for their orders. Parts Manager determines when parts are stocked. All attempts to contact customer stop after 30 days
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?
- a. They are separate
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?
- a. Manager and counter people can issue PO's, completed PO's are reviewed by the Manager before submitted to accounting for payment. Generally anything under \$500 can be purchased without involving upper management, anything more will require GM approval. Accounting monitors open and unpaid PO's.
 - b. **All PO's are signed off by the Parts Manager before they are turned into Accounting.**
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)?
- a. Manager and counter people have purchasing authority. All purchases are reviewed before submitting for payment by accounting
 - b. **The Owner and GM oversees Parts Manager and what he signs off on.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?
- a. Upper management and dept. management agreed upon internal pricing. Purchases go through Parts, sublet is handled by Service.
 - b. **All internal pricing is established by owner and He prices it out at factory suggested MSRP**
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)
- a. Parts inventory maintains an overage (positive)
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)
- a. 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)
- No, an overage is expected due to price inflation
37. If LIFO is used, when inventory value is used to calculate days supply, etc., the actual value should include the LIFO reserve.
- It isn't
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)
- Every employee has additional duties separate from selling parts
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 factory requires specific training requirements that are monitored by dept. managers
 - We also send our Managers to Nada training
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, this is all tracked by the factory
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, it's been a few years
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 need and 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?
- Current equipment meets the needs of the dept.
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?
- Stock is on a manufacturer controlled program
 - We use the factory recommendations because they guarantee stocking
44. Is the trend of those changes in question #42 a positive or a negative trend?
- Dept. has opportunities for growth, expansion will be needed
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?
- Emergency purchases run between 8-10% of monthly receipts
 - 90% of our inventory is from the factory
46. Where are the computer-generated management reports printed and stored or are they used on a daily? (CDK MGR report) How are the management reports utilized?

- a. Manager reports run every morning as part of the overnight stack, there are 8 reports that run that assist the manager with almost every facet of their dept.
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?
- a. Not sure about this
48. How often is your Parts Inventory adjusted for error in part value or part quantity? (Moments in Time)
- a. 1-2 shelves are counted every day per the warehouse personnel responsibility and adjusted as needed
 - b. **This keeps our losses low**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)
- a. Bin counts are done in order, part activity isn't a factor, but touch counts are utilized to assist with fast moving parts
 - b. **Touch Count works best for us it keeps track of the flow of parts**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate?
- a. Yes, they are part of the manager job stack
 - b. **This Reports automatically runs each night**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?
- a. The manager has taken it
 - b.
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?
- a. All counter personnel have access to post lost sales, the process is solid, execution could probably use work
 - b. **When the countermen are busy tagging Lost Sales loses priority which we are working on**
53. Who reviews the Lost Sales? When are they reviewed?
- a. Lost sales are tracked as normal sales by automatic replenishment and adjusted by the manager if needed weekly
 - b.
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)?
- a. This is done automatically by the DMS and replenishment program and approved/denied by the manager
 - b. **We don't do any manual Phase In, Chrysler does it all for us**
55. What demand history does it take to place a part on the inventor stock order or in inventory? Time limit and quantity are generally managed by Vendor Managed Inventory systems?
- a. Phase in/out is determined by the replenishment program
 - b.
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?
- a. 97.4%

- b.
- 57. Are all parts sold by the department placed in the Parts inventory and then sold from inventory? Do you stock any items that aren't in your inventory (Shop supplies, get ready, bulk fluids like washer solvent)?
 - a. Yes, any shop supplies are billed as parts that require it
 - b.
- 58. Are the producers for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?
 - a. Warehouse personnel receive a to-do list daily
 - b.
- 59. Who files damage claims on parts shipments received?
 - a. 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?
 - a. Orders are received to the system by warehouse personnel and cross checked by the manager
 - b. **Our process is done every morning**
- 61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?
 - a. Yes
 - b.
- 62. Who applies and loads the monthly price updates?
 - a. Parts Manager is responsible for this on the 1st of every month
 - b.
- 63. Are parts costs adjustments (monthly price updates, bin count irregularities and emergency purchase 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)?
 - a. Only the manager has access to adjust inventory quantity, cost adjustment report is part of the manager job stack daily
 - b.
- 64. What adjustments were required after the last physical inventory physically in the store?
 - a. Approximate 8% increase in inventory value
 - b.
- 65. Are obsolete parts that are on the inventory physically in the store?
 - a. Yes
 - b.
- 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?
 - a. No, they are sourced and stocked as normal inventory
 - b.
- 67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status?
 - a. Service Manager
 - b.

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?
- Each dept. head is responsible for their individual WIP
 - We have a weekly manager meeting where the open WIP's are discussed
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 that match the students calculations found in their FS Parts Excel template? Are too many parts stocked in the inventory based on this calculation?
- 1.8 months of supply currently
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
- 6.44 per factory reporting
 - Guide is 8 so we are on the wrong side of the number
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)
- No, additional space is needed for expansion, remodeling is already in the works
 - We have plans drawn up to add over 1200 sq foot of space
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?
- Each manager has a copy
 -
74. Is your Parts Department locked up each night? Who has keys?
- Yes - Parts Manager, counter personnel and General Manager have access
 -
75. Do your counter-people have a cash drawer? Who balances the drawer?
- Yes, the manager balances the drawer every morning
 -
76. Is there a policy in place for overages for the cash drawer/balancing?
- Overages are minimal and kept in the drawer as excess
 -
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?
- There are cameras at each entrance, but not in the department itself, all managers have access to footage
 -
78. What one thing can your organization do to help you do your job better?
- In desperate need of space, but this is already in the works
 -