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.**
PM= Parts managers comments or answers

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? PM: We do this quarterly.

2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. PM: We do a quarterly comparison to make sure we are competitive in our market.

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. PM: I randomly select high turn items quarterly and price check. We do not want to be the highest in our market nor do we want to be the cheapest.

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 this is set up in our DMS. We rate each customer particularly in wholesale.
    PM: We have pricing structure set up for retail counter, internal, employees. We have a scoring system for our wholesale customers and we review this pricing monthly.

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?
    This function is available in our DMS. I do not believe we have the controls in place.
    PM: This function is used with newer parts employees. The more veteran employees do not have any DMS controls set up.

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))
    Automatic tape uploads make the inventory adjustments.
    Automatically done.

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, 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?

I do not believe these discounts are being track nor reviewed with the parts team. PM: Parts discounts are track (not very well). The occasional meeting about discounts but no one is held accountable.

9. Do you have an internet presence for your parts department?
No.. I do not believe we do a very good job with our parts online. PM: We have a parts tab on the website but it is not updated very often.

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? PM: We team with the service department to do direct mail monthly. It is all co op.

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, we have a outside sales person. He is on a base salary and that is split among the four stores on our complex. He does generate enough to pay for himself.
PM: Yes we have an outside sales person. He is asked to cover too much territory. We need to add another outside sales person to be more effective in our area.

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? PM: $12,100 co op dollars spent YTD. To increase the factory contributions we would need to increase our purchases from the factory as well as our overall sales production.

13. With the growing use of mobile smartphones by customers do you have a mobile ready website? Yes
PM: YES

14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? I did some investigating before I answered this one. I do not believe and I have confirmed the parts manager does not communicate or have input in the online parts presence.
PM: Yes we regularly update the website and online coupons.

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? PM: Pay plans are consistently reviewed. On a monthly basis. The current sales level does not provide sufficient profit for the personnel expense in parts dept.

16. Does the parts department actually seek additional revenue or "live off" the sales of the service department only? If not why not? Having an outside sales guy, that tells me we are seeking additional business.
PM: We do seek additional revenue. The service department and the used car department are still our biggest customers but we strive every day to generate new customers and additional revenue.

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 do not have any program or policy in place to sell parts and accessories to sales customers. I do believe this is a profit center that we are not tapping into. We should look at adding an aftermarket sales person to our process so every customer buying a vehicle with us has the opportunity to buy accessories from the dealership.
PM: We have a parts display in our service waiting room. This is the only area we have parts and accessories displayed for customer purchase.

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. PM: Our wholesale customers are reviewed monthly. We reach out to our wholesale accounts that have not preformed as well in recent months as they did in the past. We offer additional discounts to get that business going again with that account.

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? PM: We study our wholesale market. The two biggest players in our region/market happen to be in our group. It would be a tall task to unseat the one nearest us and the other is the #1 wholesale parts dealer for GM in the country. We offer a delivery service which runs once a day but will try to fill any order for a customer needing a part if necessary.

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?) PM: Our accounts payable person in our accounting office verifies the TAX ID/ wholesales certificates yearly. Our dealer is the one that makes the determination on wholesale account and how much credit that customer has with us.

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. Reviewed this with our GSM. He states the controllable expenses are shipping expense (negotiating better rates with our shipping company), controlling overtime with employees, monitor routes to help control fuel expense. PM: Our dealer moves expenses where he wants them and I have little control over departmental expenses. I can help with the shipping expenses and negotiate rates with our shipping company.

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? PM: Our dealer approves the credit limit for any parts customer. Accounts receivables in our accounting departments collects all money. We have a net 30 policy on all receivables.

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? PM: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? All SOP must be paid in full before we order them. We have implemented this policy since I returned from the Academy. PM: Customer pay SOP's must be paid in full before we order the part. This is not a written policy but we have an understanding the parts personnel.

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? Yes only SPO's that are not prepaid are the warranty and recall parts.

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? PM: We have a 90 day return policy. We will do all we can to reach the customer. If the part is pre paid we will keep the part in inventory for as long as it takes to get the customer in.

27. Who are the parties that are involved in the SOP process start to finish? PM: Tech, counter guy, receiving person brings special order slip to counter guy, counter guy lets service advisor know the part is in. Customer is called and technician installs the part.

28. Are special order forms completed in a legible manner so that the customer information can be read? Yes and email is required

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? PM:SOP's are in the main warehouse. Same process as above the service advisor lets the customer know. We also have a program in CDK that will email the customer and let them know the part has arrived.

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? PM: SPOs are inserted into 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? PM: Parts counter person writes up and PO and the parts manager must go in and approve PO.

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) PM: GSM and Dealer

33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? PM:Dealer has established the internal parts pricing policies. Yes all internal parts purchases are run through the parts dept.

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 parts inventory exceeds the inventory on the FS on our monthly reconciliation. PM: The value of the parts inventory in our DMS exceeds the FS.

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) Our parts inventory variance was explained to me as our system is not updating the inventory in real time. PM: This is because our inventory is not updated in real time.

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) Our parts inventory variance was explained to me as our system is not updating the inventory in real time.PM: Inventory is not updated in real time. We need the scanner system to get away from this issue.

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) I do not see any type of function chart posted. PM: We review responsibilities with each parts employment monthly. Each parts employee know what they are responsible for and what their job requirements are. This is not in writing but it is something we review.

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? Parts manager review training with influence from the GSM and Dealer. PM: Training is requirement for employment but is not a part of the employees 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 records are not kept in the employee files. The training records are kept the manufactures data base. PM: Training is kept up with but we do not keep a record of it. The manufacture tracks the train for our parts employees.

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? PM: No formal training. All knowledge has been gained on the job.

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? PM: we have sufficient equipment to meet our daily demand.

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? PM: parts manager is the only person authorized to make change to replenishment orders.

44. Is the trend of those changes in question #42 a positive or negative trend? PM: Positive

45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? PM:70% of our stock orders are from the 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? PM: These reports are stored in DSDA in CDK and are readily available for review.

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? I feel like we do not utilize these tools the way we should. PM: These reports are readily available and I consider them when I order our inventory. Experience is what I rely on more than anything.

48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) PM: Once per year

49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) PM: Checked 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? PM: I review these daily.

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? No. PM: We track lost sales but always have room for improvement.

53. Who reviews the Lost Sales? When are they reviewed? PM: Lost sales are reviewed once a month. I review them with parts sales people, GSM, and dealer.

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)? PM: We utilize CDK to make the recommendations for Phase in.

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? PM: 3 in 12 demand. Yes we set all parameters in our DMS.

56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? PM: 82%

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)? PM: Yes we place all parts in inventory .

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? PM: VERBAL, Dealer and GSM over the and update the policies and procedures.

59. Who files damage claims on parts shipments received? PM: 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? PM: Receiving clerk receives all parts orders. All inventories is crossed checked with the bill of lading. All discrepancies are brought to parts managers' office and reviewed.

61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?
PM: Yes we do a physical every November.

62. Who applies and loads the monthly price updates? PM: Our IT department uploads any updates that GM does not do. Most of our system is web based and updated automatically from the factory.

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)? PM: We do this once a year with a third party inventory company that comes in every November.

64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? PM: Adjustments were made. Example: Freon

65. Are all obsolete parts that are on the inventory physically in the store? PM: Yes all obsolete parts are physically in the store.

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? PM: No obso is not in a separate area. All is in regular inventory. This is a recommendation I have made in my action plan. We must know what we have in obso inventory so we can get that inventory moved out.

67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? PM: Our controller verifies all WIP month to month.

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? PM Yes. There is a meeting monthly between department managers to discuss WIP.

69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? PM: Yes, all managers receive a DOC daily.

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? PM: 3 month supply. Yes. Yes we are a little heavy in inventory. We must tackle our obso problem.

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? PM: True turn is 5 and 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. PM: Yes our inventory is 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? PM: Each of our manufacturers have different manuals. These are all web based now and readily available to any parts employee.

74. Is your Parts Department locked up each night? Who has keys? PM: Yes the parts department is locked up and has an alarm. GSM and PM are the only one with keys.

75. Do your Counter-people have a cash drawer? Who balances the drawer? PM: Yes. Drawer is balanced every morning by accounting office.

76. Is there a policy in place for overages for the cash drawer/balancing? PM: We review this daily, if we have a variance we will review immediately.

77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? PM: No we do not have cameras in our parts dept.

78. What one thing can your organization do to help you do your job better? PM: Obso parts. Removing them from our normal inventory and have a separate bin "J" bin that Michael has suggested.