

## 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? **Our source pricing levels are reviewed every 6 months with the parts manager and fixed ops director.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **We are fairly competitive within our area.**
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. **Volkswagen of Corpus Christi is the only Volkswagen dealer within 150 miles.**
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. **Employees are 10% over cost. We no longer have a matrix for Retail customers, we use Volkswagens recommended retail. Green light customer – 25% off of list.**
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? **Yes, the parts counter people can discount parts. Service cannot discount parts.**
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)) **No, just to make sure we are calling CDK**
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? **They are not. We are creating a policy going forward.**
9. Do you have an internet presence for your parts department? **Yes on vwofcc.com We need to look into other merchandising sources.**

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 do not currently have any 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? **Currently 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? **We did not know the amount, but they give us a certain %. I will have to look into this further.**
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, but we do not currently have any coupons on the internet.**
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? **We review parts pay reviews quarterly. And yes, they are providing a sufficient level.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **Seek additional revenue from third party vendors.**
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 are set up to sell parts on cars that are already equipped with accessories. We do not have a menu for accessories during the sales process unless the customer inquires.**
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. **No we do not.**
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? Caliber Collision is a major player in the Corpus Christi market and they currently get all their wholesale parts from Houston area stores. We have tried to acquire their business but have failed.

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?) Yes, the Parts Manager collects the information and gives it to our accounting office. They are updated once a year.
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. Kenny, parts manager has expense control over parts tickets, a/r etc. Vic, service director has expense control.
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? CFS determines credit approval along with the VW Citi card. They are third party finance companies. All monthly payments are monitored by the third party companies.
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? No. I spoke with the service director, it is merely not handed out to him, but discussed frequently in monthly meetings.
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 process must be prepaid. Warranty work, appointment must be made prior to ordering parts. Kenny, parts manager, established the process and had every employee sign off on it.
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? Yes. Wholesale doesn’t have to be prepaid.
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? Special order parts are not returnable, minus some exceptions.
27. Who are the parties that are involved in the SOP process start to finish? Parts department employees

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? **Special order shelf. Counter men notifies the customer and after the part is not picked up for six months it is usually put back into parts inventory or returned with our accrual process.**
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? **They are kept on a "special order parts" shelf.**
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? **The parts manager oversees the process. \$1000 unless attached to the RO.**
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) **The service director. The accounting office oversees the whole parts and service department to ensure that there is a double check.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? Dealer and the fixed ops director. **Yes, all internal purchases go 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) **Less than 10% difference. Our financial usually shows less than the management report.**
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) **It fluctuates up and down. Never consistently under or over.**
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) **Not necessarily, sometimes it is less and sometimes it is more. Never consistent.**

37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **Correct, we do not currently use LIFO.**
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 currently have parts employees who facilitate all facets of the department.**
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? **Kenny, our parts mgr, training is an expectation.**
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, departmental management, as well as department director keeps records of training. Specific OE training is always kept current each year.**
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? **Not at the academy. He has taken multiple training classes with VW and an outside company prior to working with us. April 2016 was his last training class. We should look into an nada advanced parts class for Kenny.**
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? **At our current volume level, our terminal equipment positions suit our facility well. We do not require any more equipment out of necessity.**
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? **3-5 line items. Parts mgr experience and intuition is the reasoning for majority of adjustments.**
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)? **99%**
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? In the parts department. The parts manager uses them on a weekly-monthly basis to reference his inventory etc.
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
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) Daily
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) Yes. They need to be checked weekly.
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, they are reviewed and checked daily so that the inventory remains as accurate as possible.
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? I gave them to the parts counter-men. One got a 40%, 50%, and 60%. We do not know what lost sales are! Difficult to track something that is not taught.
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? Yes, but not all accurately. No
53. Who reviews the Lost Sales? When are they reviewed? Parts manager, 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. But not as accurately as they should be watched. Current phase in is 5:6. We decided to look into our current phase in criteria and to change it to something less conservative.
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? 5:6. Way too conservative. Needs to be evaluated
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?
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

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **Written. Kenny is responsible for reviewing.**
59. Who files damage claims on parts shipments received? **Kenny, our 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? **Kenny checks in the parts order with help of his countermen.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes, at least once a year.**
62. Who applies and loads the monthly price updates? **Kenny**
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)? **Kenny and Vic.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **21237 more than the financial.**
65. Are all obsolete parts that are on the inventory physically in the store? **They are in inventory until pulled for buyback or scrap.**
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, not specifically earmarked.**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **Our comptroller. The WIP is only paid if labor has been completed.**
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)? **He uses fastlane (CDK). Aggro Report.**
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? **2.9 months. Yes, there are too many parts in the inventory. We are going to try and slim it down to 2 months by the end of January.**

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? 3.4 months. It is about 0.5 off from the calculation I had in parts class.
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? The GM and dealer principle handle the policy and procedures manuals with the department managers. The manuals are in each department, but are not readily accessible.
74. Is your Parts Department locked up each night? Who has keys? Kenny and Vic
75. Do your Counter-people have a cash drawer? Who balances the drawer? No. Mel and Kenny balance.
76. Is there a policy in place for overages for the cash drawer/balancing? Over/under there is a policy at hand.
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? Yes, 2. Vic the fixed ops director and ownership.
78. What one thing can your organization do to help you do your job better? Accessories sales, if sales implemented a better process during the sale to boost profits and turn more inventory related to vehicle accessories.