

## 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? **NOT BEING DONE AS WE ARE THE ONLY INFINITI DEALERSHIP IN THE DMA**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **WE ARE THE ONLY INFINITI STORE IN THE 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. **NO OTHER INFINITI DEALERS IN THE AREA BUT AFTERMARKET FILTERS RANGE FROM 5 TO 13 DOLLARS WE ARE AT 12.25**
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. **WE HAVE PRICE CODES FOR DIFFERENT CUSTOMERS**
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? **NO POLICY IN PLACE, THE ADVISORS CAN DISCOUNT.**
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)) **AS POLICY WE DO NOT PURCHASE PARTS FROM OTHER INFINITI STORES**
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? **WE BUY EVERYTHING DIRECT FROM INFINITI**
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? **THIS DOESN'T APPLY AS WE BUY ALL PARTS FROM INFINITI**

9. Do you have an internet presence for your parts department? [WE HAVE LINKS ON OUR WEBPAGE](#)
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 HAVE INFINITI MAILERS, OIL CHANGE SPECIALS, BUY THREE GET ONE FREE TIRES ETC.](#)
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? [THERE ISN’T SOMEONE DEDICATED BUT THE PARTS MANAGER MAKES TRIPS MONTHLY TO FIND BUSINESS](#)
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? [IT’S APPLIED VIA REBATES BASED ON OBJECTIVES](#)
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? [OUR WEBSITE CORRECTS TO MOBILE DEVICES.](#)
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? [IT’S CHECKED MONTHLY AND UPDATED SEASONALLY WITH SPECIALS](#)
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? [MANAGER PAY IS REVIEWED TWICE YEARLY, HE DOES THE SAME WITH DEPARTMENT EMPLOYEES](#)
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? [ONLY VIA WHOLESALE](#)
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 OCCASIONALLY PUT ACCESSORIES ON SHOWROOM BUT NOTHING FIRM IS IN PLACE](#)
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. [GRADING IS IN PLACE BUT NO PROCESS FOR COST OF DELIVERY IS IN PLACE](#)

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 THE ONLY INFINITI STORE IN THE AREA AND CAN MAKE DELIVERIES TWICE DAILY**
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?) **PARTS MANAGER VERIFIES, THE DEALERSHIP IS CURRENT.**
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. **WE DISCUSS THE STATEMENT AND EXPENSES MONTHLY. THE PAYPLAN IS BASED ON BOTH GROSS AND NET.**
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 CFO MAKES THE ULTIMATE DECISION ABOUT THE CREDIT BUT THE PARTS MANAGER HAS INPUT. THE RECEIVABLES ARE REVIEWED MONTHLY**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **HE RECEIVES IT EVERY MONTH**
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? **COPY IS ATTACHED. IT IS PLACED BY EVERY PHONE AND ON ALL COUNTERS**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **CUSTOMER PAY 100%, WHOLESALE AT DELIVERY AND WARRANTY WHEN INSTALLED**
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? **WHOLESALE ONLY FOR 30 DAYS WITH A RESTOCKING FEE**
27. Who are the parties that are involved in the SOP process start to finish? **THE SERVICE AND PARTS DEPARTMENT**
28. Are special order forms completed in a legible manner so that the customer information can be read? **THEY ARE COMPUTER PRINTED SO 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? **IN A SOP BIN, WE SET AN APPT BEFORE THE CAR LEAVES, DMS AND ADVISORS CONTACT VIA EMAIL WHEN PART ARRIVES AND IS CALLED 3 DAYS LATER. RETURNED 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? **THEY ARE IN AN SOP BIN**
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? **EVERYONE HAS ACCESS AND NO POLICY IS IN PLACE**
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 PARTS MANAGER AND COUNTER PERSON. NO POLICIES IN PLACE FOR POLICING.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **MATRIX PRICING AND ALL INTERNALS ARE THROUGH PARTS**
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) **IT'S HIGHER IN THE DMS**
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) **ACCOUNTING DOESN'T DO A RECONCILIATION AND WE HAVE YET DO A PHYSICAL SINCE A BUY/SELL IN AUGUST 2015**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **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)

PARTS MANAGER DOES THE ADJUSTING, EVERYONE CAN DO EVERYTHING ELSE

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? **NO POLICY IN PLACE, WITH THE EXCEPTION OF REQUIRED ONLINE CLASSES TO STAY INFINITI CERTIFIED**
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? **NO**
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? **PARTS MANAGER JUST ATTENDED A PARTS MANAGER CLASS**
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? **THE TERMINALS ARE CORRECTLY PLACED AND MEET OR EXCEED THE NEEDS. WE ALSO HAVE A MOBILE TERMINAL.(SEE ATTACHED FLOW CHART)**
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? **ASR CANNOT BE ADJUSTED**
44. Is the trend of those changes in question #42 a positive or negative trend? **N/A**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **NOT DONE, ALWAYS OVERNIGHTED**
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? **2213 IS DAILY AND REVIEWED WITH GM, PARTS INVOICES ARE REVIEWED DAILY FOR CHARGES AND SENT TO ACCOUNTING 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? **IT IS USED, THE SCORECARD WILL BEGIN IN THE NEW YEAR. AS WE CONTINUE GROWTH WITH THE SCORECARD AND HAVE**

UNANSWERED QUESTION THERE IS A HELP LINE WITH REYNOLDS  
AND THE CFO IS AVAILABLE

48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **DURING BIN COUNTS, INVENTORY IS A WORK IN PROGRESS SINCE THE CLASS**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **NO BUT PROCESSES ARE BEING PLACED**
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 WITH THE PARTS COUNTER PERSON**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **YES, WE DID IT AS PART OF THE CLASS AND HAVE REVIEWED WITH DISCUSSION.**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **IT WAS NOT BEING UTILIZED CORRECTLY BUT IS NOW. THE TWO PARTS COUNTER PEOPLE AND THE MANAGER CAN MARK THEM.**
53. Who reviews the Lost Sales? When are they reviewed? **THE PARTS MANAGER AND I HAVE JUST BEGAN A DAILY MEETING TO REVIEW THIS AND MORE**
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)? **N/A PART OF ASR**
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? **SEE ATTACHED DOCUMENT**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **NOT SURE ABOUT QUESTION, WE ARE IN FULL COMPLAINE 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 PARTS ARE FIRST PLACED INTO INVENTORY BERFORE SOLD. PARTS DEPT STOCKS SUPPLIES USED IN SERVICE BUT ARE PAID FOR ALREADY FROM SERVICE**

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **ITS ONLY VERBAL AND ON THE LIST OF POLICIES THAT WILL BE PUT INTO PLACE**
59. Who files damage claims on parts shipments received? **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? **ALL PARTS EMPLOYEES, THE ORDER IS CROSS CHECKED AND A CLAIM IS FILED FOR DISCREPANCIES**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **THIS IS A POLICY THAT HAS BEEN PUT IN PLACE WITH BIN COUNTS. WE NEED TO SCHEDULE A PHYSICAL INVENTORY**
62. Who applies and loads the monthly price updates? **UPDATES ARE AUTOMATIC FROM THE MANUFACTURER TO THE DMS (BASED ON THE QUESTION MORE RESEARCH IS COMING)**
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)? **ITS DONE AUTOMATICALLY BUT NO REVIEWS AS OF NOW BUT NOW HAS AWARENESS**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **NO INVENTORY COMPLETED**
65. Are all obsolete parts that are on the inventory physically in the store? **THEY ARE NOT BECAUSE OF NOT DOING A PHYSICAL INVENTORY AS PART OF A BUY SALE IN 2015**
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 SPECIFIC BIN**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **THE SERVICE MANAGER CONTROLS WIP**
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? **THIS IS A DISCUSSION**

WITH PARTS AND SERVICE MANAGERS. THERE ARE OCCASIONS THAT WIP IS NECESSARY TO CONTROL A BONUS FROM PARTS

69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **YES WITH ACCESS VIA DMS**
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?
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
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. **THE DEPARTMENT 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? **WE HAVE A MANUAL FOR INFINITI GUIDELINES THAT IS KEPT IN THE EM'S OFFICE AND EMPLOYEE HANDBOOKS.**
74. Is your Parts Department locked up each night? Who has keys? **YES, THE EM, PARTS MANAGER AND ONE COUNTERPERSON.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **YES, ITS BALANCED BY THE SERVICE MANAGER**
76. Is there a policy in place for overages for the cash drawer/balancing? **WE CARRY VERY LITTLE IN THE DRAWER BUT NO POLICY IS IN PLACE**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **NO SECURITY CAMERAS**
78. What one thing can your organization do to help you do your job better? **PARTS MANAGER WOULD LIKE TO APPROVE EXPENSES BEFORE THEY ARE CHARGED TO HIS DEPARTMENT.**