

## 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?

**This is not done near as much as it should be did do some in December. Were going to Continue doing this Quarterly.**

2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.

**We found out we were a lot cheaper than most in our area. We will be checking this Quarterly also.**

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.

**We were cheaper than most in our area. We have adjusted accordingly.**

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 it does wholesale trade price, retail 79%, employee is cost plus 10%if its there own car.**

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 for counter person because we do price match .Yes for advisors they can not change parts price**

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 there is, counter person doesnt have access to do this.**

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 they are.**

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?

**There is a report in the system to look at this.**

9. Do you have an internet presence for your parts department?

**No, not at this time for parts. Accessories are on all of our sites.**

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 monthly and Quarterly mailers sent out to customers. The price of these we pay with imr funds**

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?

**We do not have outside sales person. Parts counter guy goes out twice a month.**

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?

**Service pending 14,533 available 2,777.**

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

**Yes, the dealership has a mobile site with accessories. Not all parts**

14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated?

**We have no internet coupons for parts at this time but we do offer monthly 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?

**This was done in November and yes for two people in parts.**

16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not?

**We go out twice a month to wholesale accounts, but yes we need sales, service and bodyshop .**

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 send out letters to customers who just bought telling them for the next 30 days 10% off accessories. We also meet every customer who bought to tell them this and give them a flyer on the top accessories for there car. Plus we have there accessories boards in dealership.**

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.

**We do look at it and the answer would be no on some but we look at it as if we can make a sell this time next time might be bigger & better.**

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 go out and see if we can gain their business if they’re not happy with who they’re buying from. We have picked up some. Because they would only deliver once a day. We will deliver whenever needed .**

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?)

**We make sure they have filled out tax exp from to be wholesale account I just learned from nada this should be updated every two years.**

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 don't have a lot of expense we control other than watch how much shop supplies are going out and to who to see if they are using too much.**

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?

**Credit approval is made by service manager and accounts receivables is the office that looks at this and tells parts department if they are past due.**

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?

**Yes it is and we have monthly managers meetings to go over this**

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?

**We have a form that has to be signed by who is ordering and has to be paid in full if the customer car is leaving.**

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?

**100% on service and counter retail, not on wholesale accounts.**

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?

**We did set in place if not here within 60 days parts will be shipped back.**

27. Who are the parties that are involved in the SOP process start to finish?

**This is sales, service personnel, and parts from start and finish**

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

**Special order from just need ro number signed by who is ordering and the customer to sign . everything else is in system with address and contact info.**

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?

**All special order parts are put in a bin in parts. If the part is for service customers the BDC gets a report every morning to contact and set up appointments. If this is counter retail, parts notifies the customer. Wholesale customer parts are delivered.**

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 show as a special order part.**

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 department gives out and controls this . We do not have dollar amount limit in place, not a problem at this store.**

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 counter person does. I would say accounting they show general manager all invoices .**

33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?

**General Manager and Parts manager set pricing policies and yes for the most part everything is ran though parts to control and look over.**

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 inventory on parts side exceeds dollar amount on financial statement.**

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)

**No so far this has never happened and I hope it never does.**

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 because accounting only changes this once a year after inventory is done.**

37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.

**Lifo report is ran monthly accounting makes adjustments.**

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 some of this done by counter person the rest the parts manager does.**

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?

**We have training quarterly**

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 records are kept and online training done quarterly.**

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?

**No but did take NADA class for parts managers in November**

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?

**Equipment is fine computer at customer counter and two at tech counter.**

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?

**The replenishment order is not manually adjusted this hasn't been done but parts manager can change this.**

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

**A positive trend**

45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?

**76.8 factory and 18.6 from EP.**

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?

**These reports filed in parts. They are used daily to look at where we need to improve.**

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 the DMS summary is used to track trends. Started using scoreboards in December.**

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

**I look at this daily when you go get a part and it says you have three and can only find two.**

49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)

**Yes this was ok at this time also cleaning bins and making sure parts are in right order for inventory in January.**

50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate?

**Parts manager is the only one that can do this.**

51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?

**Yes parts manager and counter person took this quiz.**

52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?

**Yes started tracking in November found out we were forgetting a step in doing this so it wasn't tracking December is 1st month tracking parts counter and manager can do this.**

53. Who reviews the Lost Sales? When are they reviewed?

**Parts manager will review this monthly and GM in our monthly meeting.**

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 this is all done on a monthly basics.**

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?

**Has to have 3 hits in 12 months to be put in inventory .**

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

**87% - Want to get over 90%**

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 everything is put into inventory and yes we do have some shop supplies that is not 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?

**These are verbal, the General Manager and Parts dept for reviewing and updating. We should have something in writing. Will work on that ASAP.**

59. Who files damage claims on parts shipments received?

**The parts manager does this.**

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?

**Parts counter and manager does this. We check part with packing if there is discrepancies parts manager files a claim.**

61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?

**Inventory is done once a year, but bin check and quantity checked daily.**

62. Who applies and loads the monthly price updates?

**Dealer track does this.**

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)?

**Cost adjustment done monthly by DMS. Yearly adjustment is done at inventory time.**

64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?

**We had an inventory dollar pickup. We typically do every year.**

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

**Yes they are all in parts department.**

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 but we do look at history if someone inquires about an obsolete part.**

67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status?

**Service manager and office 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 most of the time once in a while we have a few that are months old.**

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

**Yes this is looked at daily and put on a scoreboard to be reviewed.**

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?

**1.04 and this matches. No we need more inventory.**

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?

**This is 6.44 yes it did match.**

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.

**Could always use more space. Especially if we want to stock tires.**

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 HR dept has this.**

74. Is your Parts Department locked up each night? Who has keys?

**Parts is locked every night counter person, parts manager, service manager and general manager has keys.**

75. Do your Counter-people have a cash drawer? Who balances the drawer?

**No cash drawer is kept in parts.**

76. Is there a policy in place for overages for the cash drawer/balancing?

**Does not apply.**

77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?

**Yes we do general manager has access to this.**

78. What one thing can your organization do to help you do your job better?

**We all can work to communicate better.**