

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? **QTRLY This should be done 1x per month I feel to stay competitive.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **NEVER I think we should do this 1x per month.**
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. **YES WE CURRENTLY DO.**
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 HYUNDAI/ OUR DMS HAVE 6 DIFFERENT OPTIONS CURRENTLY.**
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 NOT ALLOWED BY ANYBODY OTHER THAN PARTS MANAGER CURRENTLY**
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**
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? **Accounting Dept handles this.**
9. Do you have an internet presence for your parts department? **NOT REALLY This is a huge area for improvement since we are non existent. Something is better than nothing.**

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? **CURRENTLY NOTHING IN PLACE This is another area we can improve upon significantly since we have nothing in place currently.**
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 AND THE AMOUNT VOLUME WE DO A FULL TIME PERSON IS NECESSARY**
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? **NOT REALLY. I think our parts manager should do a little more research to make sure that is actually the case.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **NO. This is another area for strong improvement.**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? **NEVER CHECKED OR UPDATED BY PARTS MANAGER. Our service director does this every once in a blue moon. We need a stricter process in place for parts manager to handle and then service director can follow up to make sure its done.**
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? **Service director handles pay plans so not something parts manager handles day to day. Service director comes in once a month and I feel the parts manager should handles this since he has better relationship with parts employees**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **Yes we do seek additional revenue through wholesale accounts we currently have.**
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? Not really and yes we are leaving gross on the table by not doing this currently. This is another area for improvement. We can hold sales and parts accountable to make this happen in the future which I think will help us improve this area of weakness.**
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. **Not weekly but monthly we do.**

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? **Not really studying market currently. We need to study our market more consistently and this will help us increase business significantly.**
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 handles this.**
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. Owners and service director handle all expense control. **Parts manger is not responsible for this. I think parts manager should have some skin in the game to keep expenses under 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? **Parts manager and Asst Parts manager**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **No the owners and CFO along with GSM at Hyundai are the only people that have access or financial statement info every month. I believe we should share with all dept managers on a weekly or biweekly basis.**
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? **Deposit and/or full payment upfront. Policy next to Parts Managers desk easily readable by all parts employees**
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? **Yes wholesale is not required to pay this way only Service.**
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? **30 days**
27. Who are the parties that are involved in the SOP process start to finish? **Customers, Service Advisors, and parts counter employees**

28. Are special order forms completed in a legible manner so that the customer information can be read? **Yes they are readable.**
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 BINS in designated area for only SOP's and parts follow up with customer or Service Advisor to make sure we are getting these SOPs out ASAP.**
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? **Special area for SOP's**
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? **Accounting Office**
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) **Only parts and Asst parts manager have ability to do this.**
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? **Service director. I believe dealer principal together with service director and sales manager or sales director should come up with internal pricing structure together.**
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 is not higher.**
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 is not. **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) **N/A**
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) **All employees can do everything except Adjustments and Cores are limited to parts manger and asst parts manager.**

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? **Hyundai handles parts training on a small scale and Service director handles this for company specific training it very limited and reviewed yearly at best. Parts are just like sales employees and I believe we need more extensive training opportunities for them on a consistent basis.**
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? **Only by Hyundai for OE specific training.**
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? **None of our employees have never attended any formalized financial management training. Our Dealer principal doesn't really believe in giving any extra information to employees in that specific area other than our CFO. I had to persistently beg/persuade him for 2-3 years on letting me attend the Academy. The only reason is because he didn't want me or any other employee seeing the financial statement. Parts along with all dept managers should have opportunity to take financial management classes.**
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? **We absolutely need more system hardware and in more efficient positions. We have asked the dealer many times and no luck thus far. Parts is not operating at full capacity and the margins are much higher than sales, yet if sales needs something it happens right away.**
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? **Minimally. Maybe 1-2% and its made by parts manager or asst parts manager. Majority are made when we have huge recalls form the manufacturer. Last changed a few weeks ago by parts manager.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Negative trend. We need some help from our dealer principal in making this place more efficient with a few changes.**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **95% stock order versus 5% emergency purchases.**
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? **Reported from parts manager office and they are not really used very often.**

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? **DMS summary is not currently used to track inventory trends. I am trying to work with our service director to obtain missing information I need since none of our stores have a GM.**
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **4x-5x a month.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) **YES**
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**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes I gave to all parts employees and our dealer principal. Nobody was on the same page on this quiz so I am glad I gave to everyone so we can talk about and move in the right direction in the future. We need to consistently be training and quizzing parts employees on this so everybody is on the same page.**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes and every employee can log a LOST sale. Our parts manager checks daily.**
53. Who reviews the Lost Sales? When are they reviewed? **Daily by the parts manager.**
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)? **Computer Program Hyundai has automatically does this for us.**
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? **Parts manager not sure because computer program automatically handles this.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? **N/A**
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 chemicals and shop supplies**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **They are Written and Asst**

parts manager handles receiving every morning at 530am and all employees can handle shipping if need be.

59. Who files damage claims on parts shipments received? **Asst 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? **Asst and Parts Manger handle discrepancies**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes we do it 1x yearly currently. I think 2x per year would be a little more beneficial to find any possible issues that could arise.**
62. Who applies and loads the monthly price updates? **Accounting office.**
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)? **Once a year and its tracked by accounting office.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **There were no adjustments needed per parts manager. I find this very hard to believe.**
65. Are all obsolete parts that are on the inventory physically in the store? **Yes all obsolete parts are in the store currently.**
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? **They are in specific area for all parts employees to find very easy.**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **If WIP are not closed the service advisors do not get paid on them so they follow up religiously on WIP tickets weekly. Our accounting office also follows up on these tickets.**
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? **Accounting, service managers, and service advsiors follow up on WIP tickets.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **No not really.**
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? **We have 1.42 month supply of inventory. Nothing matches my excel template.**

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **Gross Turns is lower than True Turns in my excel template so I can't figure out exactly what's wrong but nothing matches my excel template unfortunately.**
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. **NO WAY! We need a lot more space and my FTFR exercise justifies us feeling this way. We are limited on real estate and we have an old building so building up or adding on is not a cost efficient solution in our dealer principals mind.**
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? **Service director along with CFO handle policies and procedures.**
74. Is your Parts Department locked up each night? Who has keys? **Yes all parts managers and our night parts employee Brad.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **No cash drawer.**
76. Is there a policy in place for overages for the cash drawer/balancing? **N/A**