

Bar-Coding:

1. Research and explain why you have (or have not) a bar-coding system. Whether you have one or not, provide your opinion below on how it would help the department. **You are required to contact your DMS provider to obtain costs for this program. Then research a local provider for comparison pricing. I can supply you with a local to the NADA provider if requested. (10 points)**

We only use Bar-Coding for receiving only because it is faster and more efficient.

Opinion: Using a bar-coding makes the process faster and more efficient. It also keeps parts more organized. Bar-codes eliminate the possibility of human error. It takes less time and infinitely reliable. It also reduces a new employees training time. Inventory control would improve because using a bar-code system is very versatile and inexpensive to run. It promotes better decision making because bar-codes have instant information available.

Parts Managers Job Description:

1. Provide a job description for your parts manager. Ask your manager for their version. Compare and formalize. To get full credit I want to see their version and your version posted here. **(10 points)**

Parts Manager Version

- Forecast and budget monthly and annual parts sales, expenses and net profit goals
- Project inventory levels and mix, minimizing obsolescence that support sales forecast
- Maintain compliance with all applicable company, state and federal requirements
- Properly balance the inventory to current market demand and meet profit objectives
- Promote interdepartmental and factory relationships while supporting dealership goals
- Maintain a controlled parts inventory, identify variances and implementing corrections
- Direct, motivate a parts counter staff to achieve and exceed sales performance goals
- Develop and nurture 3rd party and supplier relationships while enhancing profitability
- Maintain parts cataloging systems made available by manufacturers and vendors

My Version:

- **DUTIES AND RESPONSIBILITIES**
- Forecast goals and objectives for the department and strive to meet them.
- Prepare and administer an annual operating budget for the parts department.
- Develop, enforce and monitor guidelines for working with customers to ensure maximum customer satisfaction.
- Handle customer complaints immediately and according to the dealership's guidelines.
- Work with the Service Manager and Body Shop Manager to ensure a timely turnaround of parts needed for internal jobs.
- Establish and enforce a pricing policy that balances volume, customer loyalty, and the cost of doing business.
- Monitor and adjust inventory to minimize obsolescence.
- Establish individual parts inventory levels and balance them for maximum turnover.
- Set and enforce a policy on the special ordering of parts.
- Direct outside parts and counter sales efforts, including a telemarketing program to keep in contact with customers.
- Supervise stock order procedures.
- Develop and administer an aggressive wholesale parts program to produce profit.
- Analyze departmental operations and storage layout and revise as needed for maximum effectiveness.
- Monitor daily operating control and sales productivity.
- Develop and produce lost sale tracking report.
- Develop sales promotions.

- Analyze sales, gross expense, and inventory on a monthly basis to maintain profit goals.
- Ensure that all purchases are properly accounted for before payment is made accordingly.
- Monitor the percentage markup on parts obtained locally.
- Ensure that all parts are properly tagged to ensure that the dealership is recovering full credit from the factory.
- Coordinate a prompt, efficient and timely flow of paperwork, paying particular attention to parts sales per repair order, wreck estimates, issuance of credit memos, counter ticket filing, and purchase order matching and verification.
- Direct shipping and receiving efforts to ensure timely processing.
- Assist in the collection of past-due accounts.
- Strive for harmony and teamwork with all other departments.
- Hire, train, motivate, counsel, and monitor the performance of all parts department staff.
- Communicate with parts department employees to ensure that dealership policies and procedures are understood and followed.
- Oversee the efforts of parts department employees to enhance the image and customer satisfaction rating of the dealership.
- Direct and schedule the activities of all department employees.
- Provide technical assistance to employees as needed.
- Conduct meetings with department employees to discuss activities and problems of mutual interest and to develop strategies for a more efficient operation.
- Monitor parts department employees' payroll records.
- Supervise custodians to ensure that work area is kept clean.
- Attend managers' meetings as requested.
- Understand, keep abreast of, and comply with federal, state, and local regulations that affect parts sales.
- Maintains strict confidentiality of confidential personal information of our customers in compliance with the Federal Trade Commission Safeguards Rule, implementing the provisions of the Gramm-Leach-Bliley Act as they pertain to automobile dealerships.

- **SUPERVISORY RESPONSIBILITIES**
- Is responsible for the overall direction, coordination, and evaluation of the Parts Department. Carries out supervisory responsibilities in accordance with the organization's policies and applicable laws. Responsibilities include interviewing, hiring, and training employees; planning, assigning, and directing work; appraising performance; rewarding and disciplining employees; addressing complaints and resolving problems.

- **QUALIFICATIONS**

- To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.
- **LANGUAGE SKILLS**
- Ability to read, analyze, and interpret general business periodicals, professional journals, technical procedures, or governmental regulations. Ability to write reports, business correspondence, and procedure manuals. Ability to effectively present information and respond to questions from groups of managers, clients, customers, and the general public.
- **REASONING ABILITY**
- Ability to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists. Ability to interpret a variety of instructions furnished in written, oral, diagram, or schedule form.

Organizational Chart Showing Sales and Gross:

1. You can use this form to provide an organizational chart of the parts department. Provide sales and gross figures per employee per position.
(10 points) Attach as a PDF!

Parts Managers perspective on Lost Sales

1. Describe in detail your parts managers' perspective on tracking Lost Sales. What is their understanding of how "phase-in" is affected by tracking lost sales demand? **(10 points)**

Lost sales are an everyday occurrence in our business. A dropped phone call, misplaced pressure by a salesperson or a simple failure to communicate, all creates lost sales. Tracking is only one component of a lost sale; the most critical ingredient is in the process of following up.

1. Lost Sales "Phase -in" gets parts to the process faster.

The Process:

- a. Order comes in

- b. Not Sold/ Returned ASAP
- c. Logged Lost Sale

Parts Manager Questions

Have your parts manager answer the **78** questions found in this zip file. Confer and provide suggestive actions. **(10 points) Provide your answers in a different color font. Without the different font color there will be no credit.**

1. How often is your dealership's source pricing levels reviewed for competitive maintenance and heavy repair? **Once per year**
2. Determine the written pricing policies at the parts department and see how competitive your Dealership is within your area. **We shop our neighboring dealers quarterly and adjust our prices accordingly. We are not the cheapest but we are very competitive with 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. **Our BDC associates constantly survey and monitor the pricing in our area and report back to management.**
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:**
 - a. **Wholesale customers' discount is based on volume.**
 - b. **Retail pricing matches Service CP pricing.**
 - c. **Employee pricing is at Cost + 15% to keep morale up (as long as it's not abused).**
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? **Yes. we look at the "Override report" daily and act accordingly.**
6. What procedure is 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)). **We run a daily receipt report on the received parts in the DMS and compare it to the actual invoice; the Dollar amount must match.**

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? **Absolutely 100%**
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? **All discounts are booked in a separate account that shows on the F/S as "Inventory Adjustment".**
9. Make certain the selling mark-up to the other dealers of parts and parts you are purchasing from other dealers are not costing you profits. Do you use daily sales programs to encourage parts counter staff to sell more parts and seek additional business opportunities? **Yes of course. All Parts Advisors' pay plans are 60% based on the G.P.**
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 mostly advertise on line and on our website (free). We mail out a printed copy of our specials to the guests whom we can not reach electronically. The cost is minimal and the ROI is very high.**
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 an outside sales person.**
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? **No.**
13. Do you use forecasting? If so what have the past two years of parts department forecasts been, and how do they compare to the performance on the financial statement for the past two years? **Yes we do monthly and annual forecasts. We have been exceeding the forecast year in and year out and exceeding the F/S YoY by 8%**
14. Are daily, weekly, monthly, and yearly forecasts versus actual sales comparisons made? Who makes them? If not made by the PM, who reviews them with the parts manager? What goals are set to improve the sales, expenses, etc., and how often are they discussed? **Yes. All forecasts and comparisons are made and reviewed monthly by the PM, GM and the controller.**
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? **Pay plans should not be reviewed monthly if they are set right from the get go. Actual pays are compared monthly as a % of the GP. We are constantly between 9 and 10%.**
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? **We do seek additional revenues (Internals, Wholesale and Retail) but our best customer remains to be our Service Department where not only we make the most GP and GP% but we get the labor profit as well.**
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? **Yes. Accessories in Sales take place mainly in Finance.**
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 use common sense and we will not entertain a customer like that.**
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? **Our Wholesale parts Advisors make weekly or bimonthly visits to the accounts within 10 mile radius. We deliver twice per day and have someone ready for an emergency delivery (to our good customers) at all time.**
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?). **It is the Wholesale PA’s responsibility to get a copy of the cust’s SIGNED resale certificate that will be stored on file, in case of an audit.**
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. **All commissioned Parts employees are paid on what they control only.**
22. Who determines credit approval for parts customers and what screening system is applied? **PM and Controller.** Who follows the receivables list in a timely

- manner to make certain payment is made by the customer without exceeding the account limits? **The Accounts Receivable clerk. She reports to the Controller and the PM any deficiencies.**
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? **Yes, on a monthly basis.**
24. What are the special parts ordering policies for SOPs? **The special order process is posted on the G drive (for Parts personnel only).** Where is it written and posted? When was it reviewed and what level of management approved it? **When the NS parts are less than 3% and the obsolescence is less than 0.5%, there is no need to review anything. That means whatever is put in place is followed and is working. Do you agree?**
25. Do you require 100% pre-payment on these parts? **Only if they are not returnable.** Do you differentiate between Counter Retail/Wholesale and Service RO? **No.**
26. What time is set to retain these parts and then initiate a return? **30 days.** Is a return charge made on customer pay parts that are returned because the customer did not return for them within a time limit? **Yes but not for the big accounts.**
27. Who are the parties that are involved in the SOP process start to finish? **Parts Advisors, inventory clerk and Parts Manager.**
28. Are special order forms completed in a legible manner so that the customer information can be read? **Absolutely 100%**
29. Where are special order parts for the service department located? **In the special order bin filed under the customer's last name.** Who notifies the customer the part is in? **The BDC.** and who determines when to send the parts back if no response is made by the customer? **Ultimately the PM.** Anyone designated to follow up on SOP's, the lack of return? **Yes. We have a system that is followed and implemented bi-monthly.**
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? **In a special order 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? **the PM and the Assistant PM. There is no preset \$\$ amount. The PM and the Business Manager.**

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 Manager. The GM. No.**
33. Who established internal parts pricing policies? **The PM and the GM along with the UCM .** Are all internal purchases centralized and run through the Parts Department for control purposes? **Absolutely 100%**
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 depends on the Work In Process (WIP) but normally close.**
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 normally in the WIP (Inventory Reconciliation available upon request).**
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). **See Q34 and Q35**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. **No LIFO is used**
38. Is there an employee responsibility to function chart as was discussed in class? **We do have a Parts dept organizational chart (available upon request).** 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**
39. Who controls the training programs for the parts employees? **The PM.** When was it last reviewed? **Monthly.** Is it part of a yearly review with the employee and is it part of the employee's pay plan? **It's mandatory, it's a job requirement.**
40. Are records kept of the training for each person and when did someone last take online DMS refresher training? **Records are kept on the MBUSA website.** Parts Catalog training? OE/Manufacturer specific training? **MBUSA offers EPC training and PA training.**
41. Has your Parts Manager ever taken a departmental Financial Management class like the NADA Academy? **Yes. a few years ago.** When was the last time they attended any formal Parts Management training? **3 years ago. (I ran the 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? **Equipment and equipment positions are adequate.**
43. How much of the replenishment/daily order is manually adjusted? Does it exceed 10%? **3-5%.** Who makes the stock replenishment changes, and what are the reasons for the majority of those adjustments? **The PM. Increasing the quantities ordered for new model parts and capping (max qty) high volume parts.** When was it changed last and by whom? **Daily by the PM.**
44. Is the trend of those changes in question #42 a positive or negative trend?
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **90%+ factory stock orders.**
46. Where are the computer-generated management reports printed and stored are they used on a daily? (CDK MGR Report or R&R 2213, etc.) How are the management reports utilized? **All Parts reports are printed and kept in the Parts Dept. Various reports are used daily, weekly and monthly. They are all run and used for various purposes.**
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? (4 Moments in Time Exercise). **Perpetual inventories are conducted daily and quantities are adjusted accordingly. Complete Physical Inventory is conducted annually and the Dollar value is adjusted accordingly.**
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (4 Moments in Time Exercise). **Bimonthly.**
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? **Of course.**
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? **Yes Attached as PDF**
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? **Yes. parts advisors and parts manager.**
53. Who reviews the Lost Sales? When are they reviewed? **The PM. Daily.**

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**
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? **It depends on the Part Source and the Dollar amount: mechanical vs collision part and the part cost.**
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIM, ARO, Parts EYE, etc? **???**
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 sold by the department placed in the Parts inventory and then sold from the inventory.**
58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? **All policies and procedures are written and updated as needed.**
59. Who files damage claims on parts shipments received? **The inventory clerks.**
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? **The Shipping Receiving clerks (scan). We run a discrepancy report between what we received and what's On Order.**
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? **Yes.**
62. Who applies and loads the monthly price updates? **It's applied nightly (on line).**
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)? **It's tracked by the PM on a monthly basis.**
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? **We posted the difference (positive) into the "Inventory Adjustment" account on page 9 of the F/S.**
65. Are all obsolete parts that are on the inventory physically in the store? **Yes.**

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? **We don't have any.**
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **Old school. All is computerized. Can not happen anymore.**
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)? **Yes.**
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? **43-47 days**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **5.6 / 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. **Adequate. We could definitely use more space.**
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? **Each manager has a copy. We can always go back to HR for any and all updates.**
74. Is your Parts Department locked up each night? Who has keys? **Yes.**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes. it's balanced and reconciled daily by the parts retail counter and the accounts receivable clerk.**
76. Is there a policy in place for overages for the cash drawer/balancing? **Yes of course. We hardly have any and when we do, it's minimal.**
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? **Yes. The PM and HR.**
78. Have you discussed, reviewed and implemented the Student's MNOP process? **Yes**

