

## 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.**

Sabina – blue

Parts Mgr – green

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair?  
Every 12 months  
Competitive pricing is done yearly
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area.  
We are very competitive  
We are high in the mid-range of the matrix pricing.
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 are very competitive  
We call around as clients to other dealers and we price check ourselves against the large aftermarket company's (World Pac or Northside)
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; the area of opportunity is the wholesale business  
Wholesale discount is between 20%-25%. Service and Counter retail is between Matrix and MSRP pricing. Employee pricing is 10% over cost.
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. Service Advisors don't have access to change pricing  
Parts people can change pricing, need to change pricing for all Menu items, Service people can't change pricing, only the Booker can change OP codes.
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.

Yes, We cost the OE cost to the INV account and then the price Difference is accounted for in a different account so we can take the amount of outside purchases.

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?

No

We try not to buy anything from outside of the factory. When we do we build a new number in the system and cost the new number to match the pricing.

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?

Part is entered at cost and sold at retail; any adjustment is made in accounting

We don't get discount from MB.

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

No

NO

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 display accessories in showrooms and the retail counter; typically all accessories have 30% margin

We display merchandise at the retail counter. Low cost and sales generated.

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?

No

We don't have an outside salesperson. We maintain the accounts with the Manager and staff when time allows. We are weak in this dept.

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

No

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

Yes

Yes

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

We don't offer coupons. If we have a promotion the marketing team is responsible for monitoring it  
They are reviewed monthly with the Marketing team.

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?

Yes. Pay plan comparison is done monthly and the department personnel expense is at benchmark

Reviewed monthly, Parts staff pay is inline. Other Pay put into the Dept. is high.

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

Counter and wholesale

Counter and 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?

Yes

Yes

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.

It's reviews monthly not weekly.

Yes the accounts are reviewed daily by PSX program. Then we review the Wholesale business quarterly with our Mercedes-Benz rep.

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?

Yes, we do study wholesale market opportunity. We don't have the need to deliver several times a day at this time. Need to grow the business first.

We do study the Wholesale Market, we are still trying to rebuild our reputation in our market and let the shops in our area know that our store is still all about wholesale. We are slowly getting some lost clients back, our competition moved in with large discounts when our other locations stopped doing wholesale. We can do 2 delivers a day. We are almost to the point of needing a HOTSHOT driver for local parts.

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 and Controller

Parts staff, starting in Jan we send new CRT-61 forums out with every INV so the tax forums are updated.

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.  
Expenses are discussed monthly.  
Most expenses are out of our hands.
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?  
CFO  
Credit APP needs to be filled out with 3 references and once they are responded to the CFO reviews everything before a charge account is setup. CFO sets the limits.
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis?  
Yes; monthly basis  
NO, we can view Axxessa
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?  
Written and posted policy; revised to collect prepayment for special parts  
Parts Manager reviews and writes the process. Needs work after review other policies from this class.
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO?  
Now, yes.  
Service and Wholesale doesn't prepay. Counter Retail is 50/50 depending on the order. But the policy will be revised to collect prepayments from all customers.
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?  
45 days  
We return parts after 45 days, we do charge a 20% restocking fee on parts that are returned.
27. Who are the parties that are involved in the SOP process start to finish?  
Parts Counter person, Service Advisor, Parts Manger and customers  
Mainly Parts and Service, but really anyone who orders a part.
28. Are special order forms completed in a legible manner so that the customer information can be read?  
Yes

Yes we use SOR in CDK

29. Where are special order parts for the service department located? **Designated bin in Parts Dept.** Who notifies the customer the part is in, **either Service BDC or Parts Counterperson** and who determines when to send the parts back if no response is made by the customer? **Parts Manager** Is anyone designated to follow up on SOP's, the lack of return? **Parts Manager**  
All SPO parts are kept on the SPO shelves. Counter retail and wholesale is handled by Parts staff. Service SPO's are handled with the BDC and Service Writers. Every Month we resend a list of SPO's that are on the shelf to the Service and BDC staff. Parts are returned after 45 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? **Stand alone**  
They are kept on the SPO bins, until they are returned or returned to stock.
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? **Service and Parts Managers and CFO**  
The office staff reviews PO's monthly.  
  
MFG parts don't have a dollar amount set, Parts to run day to day don't have a set amount. I got the ok for anything that isn't part of normal day to day business from the Fixed OP Director or the CFO before I buy anything.
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)  
**No. Manager.**  
Manager handles anything besides the normal needed shop supplies that are needed.  
Parts staff can order normal supplies from outside vendors. The office reviews stuff as they get turned in.
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes?  
**Fixed Operations Director**  
Upper management, and everything should be ran 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)  
**Exceeds**  
Exceeds the financial statement normally

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)  
[Beginning a more detailed reconciliation process in May](#)  
Monthly reconciliation is usually off by the value of oil.
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) [yes](#)  
Monthly reconciliation is usually off by the value of oil.
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.  
[yes](#)  
Yes
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. Each Parts Dept employee has his/her own responsibilities](#)  
YES, we are very big in cross training everyone. We train little slower than most, but want to make sure the employees can retain the info. Our end goal is if someone can pick up where ever is needed.
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?  
[Parts Manager and FOD. It's monitored by the Parts Manager](#)  
Not part of the pay plan. Manager and staff control the training program.
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](#)  
OE training is done all year long and MB keeps the records. This includes the EPC. No DMS 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?  
[No](#)  
NO, learned by messing things up
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?  
Yes; managed by Parts Manger and IT  
We could use a new location for shipping and receiving desk. And another terminal at the front 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?  
5% manual adjustments made by Parts Manager at OEM;  
6%
44. Is the trend of those changes in question #42 a positive or negative trend?  
Both  
Both
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)?  
83%  
83.16% stock order 16.84% VOR or Daily Stock Order
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?  
CDK reports reviewed monthly  
Reviewed Monthly using CDK reports and review MB reports daily since they control 95% of our orders, stocking levels and KPI's.
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?  
StockPro reports are monitored closing. CDK track inventory reports monthly.  
The score card will done in May.  
Use StockPro reports.
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time)  
Monthly  
When we find them or when we do bin counts.
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time)  
yes  
yes, we have 12 bins that house our fast moving parts. The 3 counter people that sit in front of them count them on a regular basis. Each person is assigned 4 bins to keep track of.

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**  
Yes, the adjustments are made by the manager or the staff lets the manager know about the adjustments. We keep the Bin count sheets till the bin is full (which is about 3 MO) so when can look back if need be.
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership?  
**Yes**  
Yes to the manager
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale?  
**No/Yes; OEM administers inventory based on demands**  
Parts Staff, we use lost sales to control Stock Pro.
53. Who reviews the Lost Sales? When are they reviewed?  
**Monthly by Parts Manager**  
Reviewed when parts are recommend to phase in.
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**  
Emergency parts are reviewed from all VOR orders to see if we need to phase them in faster than the system will.
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?  
**Inventory is managed by OEM – StockPro**  
Inventory is controlled by Stock Pro which is MB's Inventory system. The system is set up for 2 hit in 365 days. So if you do a lost sale and then order the part, it will phase the part in. So Lost sales are becoming tricky with the system.
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO?  
**75%**  
We must accept 90%+ to be allowed to return a parts, must stay above 75% stock orders to earn return allowance and not be charged freight on Daily and VOR orders.
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)?  
**Shop Supplies**

Parts houses the shop supplies that aren't in INV. Parts are placed in the INV before being sold. Then the bills are coded to the INV account to match accounting.

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures?  
Written, Parts Manager  
Policies are written and reviewed by the manager
59. Who files damage claims on parts shipments received?  
Parts Manager  
The parts manager, and cross training the shipping and receiving employee.
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?  
Shipping/Receiving clerk receipts the order using CDK scanning gun; Parts Manager reviews to report to makes sure all ordered parts have been receipted.  
We use the CDK scan gun for orders. Discrepancies are then mainly checked to make sure they weren't missed and then we file a shortage claim.
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis?  
Yes  
Perpetual is done all year long and then every year we physical done yearly.
62. Who applies and loads the monthly price updates?  
Automatic from OEM  
CDK and IT dept
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)?  
Yes; accounting controls it  
Yes the office control
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?  
The parts invoiced were over the booked ones.  
The parts INV was over the Book INV
65. Are all obsolete parts that are on the inventory physically in the store?  
Yes  
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?  
 Housed in regular bins but identified by a separate source in DMS  
 Housed in normal bins. We have showing the staff where to view the data card in CDK to see the stocking status of a part and where to look on bin reports.
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  
 Service staff, reviewed on a daily basis.
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.  
 Yes, reviewed daily and before month end to make sure nothing ended up slipping by.
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)?  
 Parts Manager has access to Axxcess to view data daily  
 Yes Axxcessa
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?  
 36 days of supply  
 36.67 days of supply
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?  
 7  
 7.71
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.  
 It's sufficient but it could be larger.  
 Need a large shipping and receiving area and need to remove other Dept's stuff for 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?  
 Parts Manager  
 We review daily meetings with the staff. We are a team, so we review all mistakes together.

74. Is your Parts Department locked up each night? Who has keys?  
Yes; Parts Manager and staff  
Yes, parts staff
75. Do your Counter-people have a cash drawer? Who balances the drawer?  
Yes; they do, and Accounting team verifies  
Yes, office staff balances the draw daily.
76. Is there a policy in place for overages for the cash drawer/balancing?  
Yes  
Yes, the office handles this.
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup?  
No.  
NO. They were removed when we changed companies. Would like ones at the counters again.
78. What one thing can your organization do to help you do your job better?  
There are some space constraints but try to involve them more in daily operations  
Need an office space, Very hard to do one on one reviews or talk about problems with staff members.