

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? **Pricing is set by manufactur. Matrix currently being reviewed for introduction in service departments only.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **Some dealers are using matrix and some using OEM 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.
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. **Matrix pricing is being reviewed using structure discussed in class.**
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, counter people are to quote new matrix struct to shop and OEM List to retail then adjust as needed to make sale. Service must make pricing adjustment requests with Service Manager, who then discusses with Part Manager to negotiate and review.**
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)) **NO**

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? **Discounts are taken at time of purchase order processing.**
9. Do you have an internet presence for your parts department?
Accessories Only
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? **Collision Parts Pricing**
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, outside sales are currently being handled by parts manager.**
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? **Requests must be submitted by requester through CollisionLink.**
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? **No**
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? **NA**

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 have been reviewed but comparison between GP and pays hasn't to date.](#)
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 seek as we have added new Collision programs for all car lines, a new wholesale mechanical program along with accessory spiff for our sales team.](#)
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 a program basic program is in place but better ones will come.](#)
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. [N/A with our current methodology.](#)
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 extremely competitive in our market area but some of our competition have a better wholesale ability.](#)
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?) [Applicant dependant.](#)
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.

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? [Accounting Office](#)

23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? [The statement is accessible always but doesnt include reconciled information.](#)

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? [Parts are priced, then presented and accepted, ordered based on need, received and stocked then SOR for given to appropriate advisor or technician to be scheduled or installed. Parts no installed are reprinted and given to FO manager which reviews and distributes to correct service manager. Then reviewed again with advisor and customer contacted. Unscheduled or cancelled orders are then returned and restocking fees charged to service department policy. Policy was written by FO manager and is in Service manager's offices.](#)

25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? [Dont currently as this market is very tough to get pre-payment.](#)

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? [Parts are reviewed by weekly and returned monthly with restocking fees being charged to service department.](#)

27. Who are the parties that are involved in the SOP process start to finish? [Advisors, Technicians, Parts Counter People, Parts Manager, Service manager, Fixed Operations Manager](#)

28. Are special order forms completed in a legible manner so that the customer information can be read? [DMS based](#)
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? [Parts are in designated areas based on sized. Counter people give SOR copies to advisors and service managers when parts arrive within an hour of receiving. Process is then followed and decision made between Managers about returning and restocking fees.](#)
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? [Non-regular stocked parts are placed in SOR areas while stocked items are labeled and placed in stock locations to keep inventory inline.](#)
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 writes and Accounting handles the rest. All non parts related items are discussed before purchase. DMS system currently only allows to controller to see Open Po list so unsure of how they are handled.](#)
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) [Case by case basis.](#)
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? [Standard internal pricing was setup between FO Manager and Principal. Purchase handling is case by case.](#)
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) [Monthly reconciliation was not being](#)

done prior to class. Inventory was drastically higher on one brand, lower on two others.

35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise)
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) **Main difference was found to be source setup between parts and service when parts sold between departments.**
37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve.
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) **Certain employees backup Parts Manager in ordering receipting when needed. One employee handles the core returns for Hyundai and Kia. All counter personnel have bin count areas to do monthly. One counterman takes care of the battery stocking.**
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? **The Parts Manager requests training access once employee have been with us a few months. Then once access is granted the employees training path is designed by their role through the OEM.**
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? **Unaware of DMS training but catalog and OEM is undated as designed by OEMs.**

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**
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? **Current DMS hardware is in acceptable locations for most work but future systems might work different. Parts Catalog hardware is only available at stations that have access based on contract.**
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? **Very rarely and only when specials or specific part reasons.**
44. Is the trend of those changes in question #42 a positive or negative trend? **Neutral**
45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? **85/15**
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? **Printed Monthly for review and information for Accounting and Hyundai. parts keeps a paper copy but access is available through DMS at anytime.**
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?
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) **We are working towards perpetual inventory but also as found.**

49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) [see above](#).
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? [Not currently](#)
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? [Yes](#)
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? [Yes and any counterperson](#).
53. Who reviews the Lost Sales? When are they reviewed? [Reviewed by OEM stocking guides](#).
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)? [Not applicable with current OEM guidelines](#).
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? [OEM and source dependant](#).
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? [99 to 100%](#)
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)? [Currently no shop supply parts are stocked 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? [N/A](#)
59. Who files damage claims on parts shipments received? [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? [Parts Manager does most of the daily receipt of all parts and uses the parts scanner and DMS order screen to check against all orders.](#)
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? [DMS](#)
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)? [Handled by accounting.](#)
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory? [None were done until after taking this class.](#)
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 created and OBSO bin and have allowed the counter staff free range at selling.](#)

67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? **FO 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? **Not currently.**
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? **It is accessible through DMS but still learning how to comprehend it.**
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? **Unkown**
71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template? **unknown but believe them to be around 4 to 5**
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 we are way below the area needed.**
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?
74. Is your Parts Department locked up each night? Who has keys? **Yes and Parts employees mainly but also a spare for the Service and FO manager for emergencies**
75. Do your Counter-people have a cash drawer? Who balances the drawer? **Yes and balanced daily**

76. Is there a policy in place for overages for the cash drawer/balancing? [No](#)
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? [No](#)
78. What one thing can your organization do to help you do your job better? [More space and some training in the Financial areas.](#)