

Parts Manager Conversation

Collaborate with your Parts Manager to answer the following questions. Use this opportunity to share new ideas from the class and to coach your Parts Manager on how they can be implemented. Be sure to respect their expertise. **Provide your answers in a different color font.**

1. What formal parts management training does your parts manager have (for example, the NADA Academy Seminar)?
 - very little formal training
 - 20 years experience in parts
 - UTI - automotive tech school - 1 year - worked at O'Reilly's while in school
 - 5 years at Clawson Motorsports - all parts retail
 - 10 years Lithia Ford - backcounter, wholesale, fleet division and retail - promoted to run the fleet division
 - 5 years Clawson Parts manager
 - Ford Master parts trained, Honda Master parts trained, ASE (automotive service excellence) training, Honda management courses
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
 - parts department manual guide - which Dave expects all employees to follow the guide but not a specific vision
 - The guide is the expectation for each position in the department
 - Dave's employees understand what is expected of them through the guide
 - Tony says - treat every person like they are your grandma. Parts abides by this
3. Have you ever tracked your First Time Fill Rate (FTFR) manually (not using the DMS or your OEM)? What is your current Repair Order FTFR?
 - no
 - currently it is 88%
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - 54% internal - YTD \$4,017,000
 - 46% outside - YTD\$ 3,419,981
5. What policies, controls, and security are in place on your DMS (via Privileges and/or the Exception or Deviation Reports) to prevent counter people from changing the pricing structure during daily transactions?
 - The six counter guys are essentially sales managers. They are empowered to make the sale how they see fit, but then they are held accountable for the decisions they make. They make commissions based on the sales they make. Doing it this way, the employees can't complain if they don't make any money.
 - Dave does not manage what they can and cannot sell.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?

- Parts manager
 - The six parts counter team whose paychecks are responsible for gross profit.
 - Service manager and advisors cannot
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?
 - No, we are not at retail pricing for internal.
 - At the moment we are at 46% margin for retail - 40% for internal.
 - Pricing policy is set by the GM - Tony
 - They are current within the year
 8. If you are in a Retail Reimbursement for Warranty state, are you at retail for warranty? If not, when was the last time you petitioned the OE for retail reimbursement?
 - We are a Warranty state
 - Currently at 44% margin
 - End of the year we should be at 46 - 47% which is retail
 - They will petition again at the end of this year
 9. Do the Parts, Service and Body Shop Managers work with the Office Manager/Controller monthly to follow up on all Work in Process (WIP) documents. Do they verify that all parts invoices and repair orders are closed out in a timely manner? What does this look like?
 - Yes. Dave and Peter meet every month before the 5th day of the new month
 - Usually they agree that everything looks great and they move on
 10. Is the financial statement for the Parts department given to the manager and discussed on a weekly/monthly basis? If not, is a daily operating report of sales, gross profit, etc., provided to the Parts Manager for review (DOC)?
 - Yes, the financial statement is reviewed is sent out monthly. Daily operating report on Accessa is looked at daily.
 11. What is your retail pricing strategy for your Parts department? How often do you check to see whether your pricing goals are being achieved?
 - Pricing strategy is sold on matrix. Every category has a goal to hit, if one is not tracking to hit the goal he digs in. Everyday he looked at where each category is tracking in gross profit. Adjustments only checked once a year, he closely follows other top performers to make sure he is about average, and digs deeper if not.
 12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
 - Monthly, when Digital marketing sends an email Dave reviews coupons and hours of business. Honda Dream Shop handles the web page.
 13. Do you have a Parts online eStore? How do you ensure that parts order forms/queries are responded to in a timely manner? Who gets the email leads/questions?
 - Yes, forms and queries flows through entire team. Eli gets email leads from Kenect.
 14. What sales training is available to Parts personnel? If training is available, is it mandatory? How often are sales skills assessed, tested, and refreshed?
 - Yes, available training from Honda is mandatory. They maintain 100% training on Honda courses through Honda IN. Anytime there is a new class they take it right away.
 15. Do you have a process to offer accessories to 100% of your New and Used customers? If so, what does it look like? If not, why not?

- No, they don't have the manpower cost. The numbers don't allow him to have someone available all the time.
16. What would help you sell more accessories?
 - the manufacturer does this itself, but Honda is too Vanilla. Beyond the times, don't have cars that consumers want to accessorize.
 17. Do you review your wholesale customers to see if their sales, gross, and returns justify the expense of conducting business with them? How often are they reviewed?
 - Yes, reviewed daily.
 18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
 - Each person \$1,121.71 a day for 26 days 6,730 per day as a team total
 19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
 - Dave and the controller do a monthly reconciliation process. they do not adjust the variance every month, they make one big lump adjustment at the end of the year, but they keep track of all the adjustments coming from each month.
 20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?
 - They are tracked so/so. The NADA manual for lost sales is in the parts manual and on the wall in parts. Each one sees it a little differently. They do train and look at examples of lost sales. One of the parts guys took the lost sales class so they really emphasized it awhile back. Dave's definition of a lost sale - an emergency sale is also a lost sale, we should've had it here. His team holds him accountable if he repeatedly doesn't have the part in stock resulting in a lost sale.
 21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
 - The biggest obstacle is getting parts onto the shelf, which currently has a lot of back orders.
 22. In your store, what do you feel is the biggest cause of frozen capital and/or obsolescence? What is the current dollar value of your obsolescence?
 - The biggest obstacle is when he has to bring in new parts and phasing out old parts every few years when models change. Last year there were 4 model changes in one year.
 - \$263.22 Obsolescence - special oil and battery for a hybrid
 23. What is your phase in/phase out strategy? How do you balance this strategy with factory recommended stocking guidelines (RIM, ARO, Parts Eye, etc.)?
 - Basically every source has a different phase in phase out depending on its source. Has an extreme phase in phase out for no stocking items 3 to 9 phase in, no hots in 9 months get it out. Strategy is per source per item and piggybacks off HONda's guideline of obsolescence 9 months. Has a quicker turn on parts because Honda has a smaller amount of parts.
 24. On a scale of 1-10 (10 = expert level) what is your level of understanding of the information that is on your DMS's monthly summary?
 - 10

25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively?

- Sell internal at retail
- More space