

## 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)?

He has done a few Washington State Auto Dealers Association classes that discussed performance but no formal training besides face to face by his previous manager.

2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?

Customers are family. His personal vision statement would be "make it right with the customer while being as profitable as possible."

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?

Yes, while other employees at our dealership were going through NADA. Our current first time fill rate is 93%.

4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?

RO/Internal/Warranty= 72%, \$112,269 ; Retail and Wholesale= 28%, \$43,408

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?

We give them the ability to discount to make the sale because everybody is paid off of gross. Parts manager tracks discounting to make sure it never gets out of hand.

6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?

Only parts employees

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?

We are at matrix pricing for internal (Our retail, not factory). MSRP+ every \$5 it goes up a percentage. Our owner established the pricing policy and they are current.

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?

Warranty pays cost + \$45 which comes to MSRP, so yes.

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?

Every month our parts manager gives a WIP document to our controller and she brings it to the managers attention if there are flaws. Our managers give themselves a timeline on when they should be closed out (monthly).

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)?

The parts manager is given a 20 group composite in order to compare our numbers to other stores. He is able to look up Sales and profitability through reverse risk which he has access to.

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?-----

We have Matrix pricing. This allows parts employees to discount without taking too much gross out and he checks our number to make sure we are growing month over month.

12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?

Coupons are reviewed monthly. Other aspects are reviewed by upper management.

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?

We do not have a Parts online eStore. The parts inquiries/contacts either go to our Internet sales lead source and they bring it to our parts department physically or it goes to a dedicated parts email where our front counter will check periodically throughout the day and respond.

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?

There are a certain number of Toyota tests which qualify you for Toyota parts sales training. Half of our parts department has attended, half has not. It is currently not mandatory but our parts manager is thinking about making it so. Sales skills are tested everyday, the refresh is once a year through Toyota to become verified parts employees.

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?

We have just recently implemented a new offroad parts store that will soon be connected to AIM. AIM is part of our current sales process after the customer signs the pencil.

16. What would help you sell more accessories?

More service bays and more buy in from the sales department.

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?

It is not constantly reviewed, but he checks every 6 months. Through Reverse Risk, there is a screen called, "Parts Wholesale Analysis" that gives a breakdown of each wholesale operation and the return.

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?

No. He tracks it by the end of the month and we usually net 20-30k.

19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?

We do perpetual bin counts. The parts department does their own accounting. They overstate a lot of their small items to offset lost, stolen. At the end of each month accounting and parts compare their inventory statement to make sure they match.

20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?

Not as well as they should be. We get a monthly report. We do not have a fixed definition but he said if a customer walks out without a part when coming in for a part, that is a lost sale. We need to work on a better definition for this.

21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?

The biggest obstacle is service not calling the customers in a timely manner or having customers move or sell their vehicle by the time it arrives. Our parts employees often call the customer along with the service advisor to combat this issue.

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?

Obsolescence is \$18,226.27. We do not have a known cause for this amount.

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.)?

Phase in is 3 hits in 12 months, Phase out is 12 months no sale. Factory recommended is 3 hits in 12 months for phase in and 9-18 months for phase out.

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?

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

He would like everything in one building. We have currently outgrown our space and we have storage containers riddled throughout the property. Even when needing to talk to advisors, they must walk outside into a separate building.