



## 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)?
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
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?
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
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?
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they 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?
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?
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)?
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?

1: General Motor Parts College graduate Summa cum laude; 1984, only class member still actively employed at a General Motors dealership, the rest have either died, retired or in Parts Manager Rest home.

2: No Vision statement, we can only hope our sales staff can look up the correct part. Oh, not that kind of vision, well then our mantra is to close a sale on every inquiry.

3: This is not done manually we believe our fill rate is in the upper 60's low 70's percentage.

4: As a percentage of sale warranty 50, wholesale 35, the rest come from other sales categories.

5: None as that we have many different pricing scenarios' too many different sale types, salesmen use default matrix pricing then back down if wrong price used.

6: Bookers or parts sales staff.

7: Cost plus 33%, carry over from old days, mostly for used car reconditioning, of course they are always in it too high, over appraised to sell a new vehicle.

8: Yes, we are a warranty at retail, every 18 months we perform a market analysis, if condition warrant, we adjust retail matrix for a six-month run then apply for markup adjustment with manufacturer.

9: Parts invoices are followed on a weekly basis for closure, repair orders are a month end process due to the amount carry overs, so greatly aged RO's are validated and renewed priority given for resolution if possible. Usually nothing more than 60-90 days.

10: Yes, all the above, particular emphasis on sales GP\$ and controllable expenses.

- 11: 125% mark up to maintain warranty reimbursement, if necessary, discounts applied as a line-item discount prices not changed.
- 12: Quarterly, in conjunction with General Motor market plan.
- 13: Yes, monitored by BDC, qualified as a sincere request, forwarded to parts manager then reviewed for authenticity and handed out to sales staff member for follow up.
- 14: Some online training through GM Center of Learning, otherwise mostly OJT, on job training.
- 15: Email reminders sent out.
- 16: Less LPO's ordered with vehicles, not much meat left on the bone after PDI.
- 17: Yes, tracked with PDX, review of declining sales customer and return rates, monthly process, we believe difficult wholesale customers can be "fired".

18: No, we don't track that, due to varying gross at different sales disciplines difficult to assign a number to each member of sales team.

19: Perpetual cycle counts performed on top moving parts on a weekly basis, random bin audits as well. Financial adjustment is after a full inventory which is performed annually.

20: We do not put a great emphasis on lost sales, we either sell it or order it, we find that most people are just shopping with no intent on buying when we can't make a sale.

21: Having service advisors rescheduled customer for installation, or needless parts ordered by tech to get vehicle out of stall.

22: This is a two-tiered issue, manufacturer program requires obsolescence hold for 15 months, RIM program, other side is unused special orders for service, although not aged a tremendous amount of capital tied up in these

parts which are returned after a 90 day hold period.

Combined value could be in the \$15 to \$20k range in any given month.

23: With RIM we do not use any phase in or out strategy, we let the system run its course, occasionally we will override to bring in fast movers quicker than RIM will and then at some point RIM will catch with stocking and protection.

24: I give myself a 10, unfortunately most DMS monthly summaries are the same for all manufacturers so it's not the best information to gage your success if your manufacture controls 90% of your inventory.

25: Speaking as a Parts Mgr. our greatest need is for the best technology and cooperation of other departments as to understanding what

we do and why we are so protective of, in most cases, the dealers' second largest asset.

Everyone comes to the parts dept. and expects us to perform miracles or snap our fingers and make it happen, we know there's a customer on the other side we are just as committed their needs as any others in the process, just let us do our job in that process.