

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)?

Russ's training has been mostly on-the-job experience. Most of his formal training was in the military. He was in the Army for 18 years. Afterwords he ran military warehouses as a civilian contractor. Once retiring from the military, he worked several car stores prior to landing with us.

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

No, this is something that we need to put in place. We are thinking about "Get the right part for the right price, right away".

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, we have never done it manually. We do calculate through the system that techs use to request parts, tech check. According to that system our first time fill rate is 82%.

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

69% is RO (40% of that is warranty)
10% internal
15% body shop
6% over the counter or 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?

Not many, however, Russ reviews the override report weekly and if there is anything unusual, he has the necessary conversations. The plan moving forward it to have Russ and one other person in the parts department with override capabilities.

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

At the moment 5 out of 7 of the parts employees have these privileges. See # 5 for future plan.

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

Yes, Russ and Beau (service manager) establish the internal parts pricing policies. They are review monthly.

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?

Yes we are in a retail reimbursement state and yes we are at retail for warranty 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?

Yes, parts and services are usually on top of it. The body shop is not always the best. Our controller for the group makes it to every store once a month to have one on one meeting with the department heads. These meetings are to go over parts reconciliation, WIP and any other items that need to be addressed.

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)?

No, the financial statement is not given to the parts manager. Yes, a daily doc is sent out to all managers in the group on Mon, Wed, Fri. We need to teach our parts managers how to read the financial and need to start having them review them.

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?

Our retail pricing strategy is a matrix system that allows us to be competitive in the market of parts without a lot of mark-ups. Then make up for it on parts that are not as competitive in the market. Russ is in the matrix daily.

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

Not all that often. Online presence for the parts department and a huge opportunity for us. We are going to start refreshing parts specials on a monthly basis.

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 used to have revolution parts but were not happy with the results. That may be just as much on us as it was on them. Currently we are not doing much online. As stated in #12, online presence is a huge opportunity that we are missing. We are going to do some homework on other companies that we can partner with to be more involved in this space.

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?
We have no sales training at the moment. We are preparing for parts inventory in the next several weeks. After we get through inventory, we are going to start our parts sales training. It will be mandatory and will be tested and refreshed on a monthly basis.
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, lack of holding salespeople accountable and lack of sales training in the parts department.
16. What would help you sell more accessories?
First of all, we have to incorporate it into the sales process and have the parts department ready to handle customers. Second, we need to have a parts display set up that allows customers to review in the showroom. Last, we need to have the systems in place to install accessories in a timely manner. Customers want to take there new vehicle home the same day, not leave it over night to install accessories.
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?
Russ has reviewed all of the wholesale accounts. He does it on a monthly basis.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
No, Russ looks at the daily doc to manager the monthly pace in terms of gross. We will calculate in \$/people.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
We do a cycle count of the bins throughout the year along with monthly reconciliations and an annual physical inventory.
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?
Yes they are being tracked. We definitely need to train on what is a lost sale or not.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
Making sure that customers prepay
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?
We currently have 67K in obsolescence. Our biggest cause of frozen capital is waiting for the return dollars from the OEM to be able to return the RIM parts and inheriting a lot from the

previous parts manager. We are using dealer mine to sell old parts for 50% of cost. That has been working pretty well.

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.)?

We need to refine our internal strategy to get a real system put in place. Through the RIM ordering system the phase in and out is 3:6 system. RIM communicates with our DMS constantly to gather info for the next order.

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?

Russ says that he is an 8. I am probably a 5 or a 6.

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

More Space