

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)?

My parts department manager has no formal training. He considers most of his knowledge to have come from working in different parts departments for over 35 years. From having many different supervisors he has learned positive and negative aspects on how to run a parts department. Additionally, he has worked with many different manufacturers and systems while learning various ways to operate a parts department. In regards to our Chevrolet franchise, he had extensive training with his predecessor at our dealership.

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

We do not have a formal vision statement for our parts department. That being said, he has decided to create one following this conversation and we will have a clear and concise vision statement by the end of the year.

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?

My parts manager has not manually tracked our FTFR. As of now, our current FTFR on our DMS is at 95%.

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

Our inside is at 83% vs outside at 13%.

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?

At this point in time, we do not have a policy in place to prevent counter people from changing the price structure during daily transactions. However, our DMS has alerts set up to notify our parts manager should anything be adjusted. We do not restrict this access as we train our employees on when it is suitable to adjust pricing and they are held accountable accordingly.

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

Everyone in our parts department has the ability to change and override pricing.

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

All internal pricing is set at current retail pricing. This has been a constant practice in our parts department since the dealership opened.

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 indeed a retail reimbursement for warranty state and are at retail.

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, we have a monthly reconciliation process in place in which our parts manager works directly with our controller. During this process, they discuss all work in process. All invoices, repair orders, returns, credits, etc. are discussed during this meeting as well.

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, our parts manager has access to our financial statement through our DMS. He reviews the financial statement on a monthly basis and reviews our parts performance report on a daily basis.

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 relies heavily on GM's RIM platform. Apart from wholesale and our collision department, we run off matrix pricing. However, we often have to follow manufacturer list pricing, especially with insurance companies. We analyze our matrix pricing on a quarterly basis for accuracy. For counter retail, we use GM book list pricing

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

Our internet manager audits our dealership's parts web page on a weekly basis and touches base with our parts department to ensure accuracy.

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 are currently in the process of signing up for an eCommerce store through GM. As of now, forms and queries are either directed to our CRM or internet manager initially. They are then passed along to an accessory specialist or parts manager to assign tasks as needed.

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 train all personnel based on the position they are hired to do at their time of employment. Oftentimes, they will spend time with whoever best knows the job they are filling. At the very least, process training is mandatory in our store. However, we do not have a process in place to test or refresh any skills acquired during the on-boarding period.

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?

Yes, we have dedicated accessory specialists who work on our sales floor. Following an agreement on numbers, an accessory specialist will sit down with each and every customer to review the vehicle they are purchasing, available accessories, and the customer's interest. If purchasing accessories, they can pay in full at this time, or have the ability to add the cost to their loan should they choose to do so.

16. What would help you sell more accessories?

We need to make a process to have our accessory specialists follow up in a timely manner with every customer who deferred accessories at the time of sale. Typically, as customers become more acquainted with their vehicle, they may find a need for accessories that they were not initially aware of.

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?

As of now, we do not have a process to formally review our wholesale accounts, but we are paying attention to the numbers daily. Our competition and return percentages are the biggest hindrances to our wholesale operations and we are constantly developing new strategies to capitalize on this business opportunity.

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

My parts manager was unaware of this metric and we do not track it regularly as of now. I was able to share this metric and how to track it for future use.

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

We are constantly performing bin checks while analyzing on-hand sheets and known location reports to ensure inventory accuracy and integrity. We conduct a weekly audit for accuracy and are working with our accounting department on a monthly basis to reconcile our 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?

We are currently tracking lost sales in the DMS, but heavily rely on GM RIM for lost sales data. The definition of a lost sale is open for interpretation at this point in time. However, this is going to be a focus of our SMART goal so this data is more accurately tracked.

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

Our biggest obstacle to getting our special order parts off the SOP shelves to be installed or picked up are the restrictions in place to get in touch with the customers. Between calls showing up as spam, being sent directly to voicemail (in which most cases customers are not checking their voicemails), opting into text messages, emails being sent to spam, etc. it can be difficult to get ahold of these customers.

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?

Similar to our special order parts, our inability to communicate with customers regarding parts is one of our biggest obstacles. On the other hand, GM's RIM program does not allow returns until 15 months have passed while the guide for obsolescence begins at 12 months. We are currently working with our DMS (Tekion) to figure out a way to decipher our inventory that is greater than 12 months and not a part of our RIM program so we are able to calculate our true obsolescence and the current dollar value. We will then have to take any GM RIM parts that are greater than 15 months old into account as 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.)?

RIM primarily sets up our phase in/out strategy as we heavily rely on that program. However, we utilize a 4/12 phase in/out strategy internally as well while using DMS guidelines regarding age, cost, etc. to set up phasing criteria. We have multiple different notifications we are using to track this data on a daily basis.

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?

My parts manager considers his level of understanding to be a 10/10 regarding the information that is on our DMS' parts performance report and reviews this data about 3x a month to make sure we are in line with our goals.

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

My parts manager would like to hire one more driver and one more counter person for our organization. In regards to hiring another driver, we are constantly taking away employees from their standard positions to pick up or drop off parts. In regards to hiring another counter person, we have an employee that is currently showing a vast amount of knowledge and initiative, so we would like to move him to a more administrative position in the department.