

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)?

Mercedes Benz training

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

No

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, 91%

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

70% internal 30% external

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?

Only parts personnel can discount, daily reports are run to see what they are discounting and if anything is out of the norm they are asked to explain.

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

Only parts personnel

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

Yes, parts manager established internal pricing 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?

Yes, we are above retail and applied for a warranty rate increase 2 years ago

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, on a monthly basis to reconcile WIP

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

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?

Matrix set with a goal of 43%

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

Monthly

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, parts counter employees are in charge of responses and they are reviewed weekly

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?

Mandatory training from Mercedes for all parts employees and 1-2 warehouse employees are trained to work on the parts counter. Training is done yearly.

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 because most of the accessories are preinstalled by the factory and we do not order cars strategically.

16. What would help you sell more accessories?

Moving the retail counter closer to where customers are and ordering cars without accessories that we can install.

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, designated wholesale manager reviews vendors on a daily basis.

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

No.

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

Perpetual inventory bin counts are compared to accounting on a monthly basis

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, if a customer asks about a part and do not order it we consider the sale lost regardless of why.

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

Not having the part when it was demanded in the first place

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?

\$32K, older stock that demand dropped unexpectedly and we cannot return

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.)?

3 in 12, 2 in 6 for parts \$250 and under as well as parts for newer model vehicles

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?

Relocate parts boutique