

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)?

As a parts manager, prior to the NADA parts management week, I had training from the manufacturer only (Honda Canada and Kia Canada). Online and in class training regarding business management and inventory management.

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

Not I know.

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, we track the FTFR by Partseye program and review it monthly. But I never done it manually. The FTFR was 83% during December 2023 as per Partseye report. As per the First Time Fill Rate chart calculations, we are at 64% at this moment.

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

78% inside vs 22% outside

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 have the exception report from CDK to show the price overrides by each person. I will have a conversation with the person if I see anything abnormal.

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

In our system, only the parts person and parts manager can override price.

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

We charge retail pricing for internal. Internal parts pricing policies have been established by the previous dealer owner. The policies haven't been changed by the new owner/dealer principle yet.

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?

Unfortunately, we cannot charge retail for warranty in Canada. Manufacturers set the reimbursement percentage for warranty parts.

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 close the open parts invoices and repair orders as much as possible before each month-end. WIP value must be posted on monthly parts reconciliation. No parts invoices open over 14 days.

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)?

We have weekly trending meeting to review the financial statements forecast vs month-end target.

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?

For fast moving competitive parts and body parts we charge list price. Other parts we use parts matrix. Overall, our pricing goal is to achieve 45% gross profit from retail parts. The actual gross profit has been reviewed weekly. Parts matrix has been reviewed semi-annually.

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

Should be done quarterly.

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 have a standing alone parts website: Torontohondaparts.com. We have 2 dedicated online salespersons to deal with customer inquiries, fill online orders, and ship out parts. Parts manager can see the response rate and time on the website.

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?

Tire suppliers do have sales training for tire sales. Tirelink rep. comes in twice a year to give parts personnel training. But we don't have any other sales training.

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 accessories sale sheets for each new car model. Every new car customer must sign off the accessories sheet to ensure the salesperson has presented the accessory options to the customer.

16. What would help you sell more accessories?

A better online selling tool. We are currently using Tirewizard, but it has limited functionality.

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?

Wholesale customers have been reviewed yearly during the annually business planning.

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

About \$2,000 per person per day.

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

We have weekly random bin count, semi-annually full physical inventory, monthly parts inventory reconciliation. Any adjustments will be communicated with accounting.

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, lost sales have been tracked in CDK. We use NADA recommend definition of lost sales. However, newly hired employees do need to get trained in lost sales tracking.

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

Waiting for backorder parts to complete the job and get customer to come back to do the job.

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?

Non-returnable parts and accessories.

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 2 sales in 9 months, phase out is 12 month no sales. Honda Canada does not force factory recommended stocking guidelines, we can setup our own phase in/out strategy.

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?

Better cross-department training.