

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)?
 - a. No 'formal' training. Started with McGrath Auto Group in 1984 in Elgin as the parts driver. Experienced a culture change with that group (as it grew rapidly), so he left to join Haggerty Auto Group in 1988. Went from parts counter to assistant manager to manager. Plans to put in another 5-10 years here and then retire.
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
 - a. Nothing official in writing. Kenny (parts manager) instills the idea that his department's main purpose is to quickly provide both employees and customers with parts efficiently.
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?
 - a. Unfortunately, Kenny did not have those metrics available.
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - a. Per Kenny, he thinks it is 80% internal and 20% external (vs approx. 95% / 5% stats found during NADA class)
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?
 - a. There are privileges setup within CDK that limits adjustments. We only have (2) counter guys (worked here 27 years and 29 years, respectively) and they let Kenny know daily if exceptions / adjustments were made and for what reason.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
 - a. Only our parts manager and two counter people can adjust parts pricing.
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?

- a. We are not at full retail price for internal. Per Kenny, we used to be at retail but as margins have compressed our internal pricing lies in the 10%-25% above cost range.
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?
 - a. Yes, we are at retail for warranty (and slightly higher for GM warranty tickets, currently sitting at 102.37%).
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?
 - a. Per Kenny, we have a minimal amount of WIP monthly – about 1.5 years ago, our body shop moved to our Chevy store and that has made WIP considerably less at this location. Invoices and RO's are closed in a timely manner.
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)?
 - a. It is provided to Kenny, and he reviews monthly.
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?
 - a. Our parts dept uses a pricing matrix that is review every 6-months. We have a director of operations (mainly responsible for back-end across the locations) and he leads the meeting to discuss pricing, results, etc. Our parts manager did mention that we benefit from a significant amount of warranty work (both GM and with extended warranty companies – paying list or above).
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
 - a. Per Kenny, "not often". Our website is basically turnkey with Ansira (GM preferred partner), so fortunately a good amount is audited for us by that company.
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?
 - a. We have an "eStore" via our website. Leads are sent in daily and copies are sent to our parts manager. He said he normally has 5-10 eStore related leads to follow up with every morning.
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?

- a. We primarily rely on GM's "Mark of Excellence" online training modules which our manager and countermen are enrolled in.
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?
- a. We do not have a formal process to offer accessories to New and Used customers. However, we largely encourage the GM Rewards Program to be utilized for parts / accessories at the time of sale. Aside from that, we dress vehicles on the showroom and have displays around the dealership.
16. What would help you sell more accessories?
- a. Probably a formal process. Aside from that, a general attitude to encourage accessory sales (i.e. remind every department of the benefits - it's a team effort)
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?
- a. No. We do minimal wholesale business at this location.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
- a. Kenny did not have that number on hand.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
- a. Kenny said there is minimal variance. We do a parts audit every October, and historically have \$25k-\$40k of variance (to the good). Relatively small number
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?
- a. Not being tracked in our DMS. It sounds like our parts department relies heavily (and believes in) the RIM program with General Motors. Kenny pointed out that under the RIM program, parts can be returned to GM up to 15 months without any fee(s) being incurred by the dealer.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
- a. Getting a hold of the customer. In short, we have a process whereby the customer receives calls from the parts department, from the service advisor and our service scheduling department.
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?

- a. Per Kenny, we have \$151 of obsolescence. I took this answer with a grain of salt, but he referred back to the RIM program whereby inventory can be returned to GM within 15 months at \$0 cost to us.
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.)?
- a. Heavy reliance on RIM. Our parts manager still makes manual orders based on what he observes.
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?
- a. Our part's manager gave himself an 8/10.
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively?
- a. Just overall, better communication between departments.