

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)?

No formal training, just STARS training/fmc dealer online courses.

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

We treat you like family

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

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

15%-18%

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?

None. Our counter people need to be able to adjust pricing constantly with all the different programs and policies in place with Ford now. A customer's price code is not always what a part is sold to them depending on the program or how the order was sent to us for processing. We can monitor activity with the "ROV" CDK report, but numerous orders per day require us to change parts pricing and collect back end money through the trading platform.

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

Certain parts groups in the shop, counter persons have the authorization to override pricing based on pre-set pricing structures with the service department (mostly on maintenance items) Most other pricing changes require a verbal manager's approval. Parts pricing is updated solely by the parts department.

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

No, we are not at retail. Current internal pricing rate is cost+30%.

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 in a retail reimbursement state. Our warranty rate is currently cost+69%, slightly about the retail rate. I believe Mr. Spitzer signed a mulit-year agreement for our current warranty pricing rate a couple years back.

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?

We do discuss this topic in weekly meetings with the fixed-opps management team. Closing RO's is done through the service department. Parts Department management monitors open invoices throughout the month and follows up with counterpersons when necessary. We average around \$700k in 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)?

No, it is not. Parts management pulls sales numbers on a bi-weekly 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?

Retail pricing is currently set at list+15%. Reporting would be very helpful in this area as our retail counter persons often sell wholesale parts that affect their GP. I do not believe that page 5 reporting is entirely accurate, and we do fine tuning occasionally with the business manager.

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

Other than fordparts.com, we don't have a parts specific web page. We update when needed as the information referenced in the question does not change often. Parts manager does not have full control over the fordparts.com page. Some accesses are controlled by the dealer principal.

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 not have a parts online eStore other than fordparts.com. We do receive leads from our dealer website. Parts questions/leads are forwarded to the parts manager for follow up with the customer.

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?

STARS training is available for our counterpersons. It is not currently mandatory but encouraged. We review this 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?

A parts specific process, no. Most new/used customer accessory purchases come from the sales department via due bills. Many customers do utilize fordpass points to make accessory purchases once points are loaded post new/used purchase.

16. What would help you sell more accessories?

A previous dealer I worked for had a salesperson who sat with each customer to go over accessory options on their vehicle purchase and worked directly with the parts department to facilitate the procurement process. He/she would also work with service to schedule installation if necessary to make it as seamless as possible.

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. We get trend reports and look at them monthly.

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

I do not. Some day to day operating costs I'm not privy to. We suspect it to be based more on gross and as a whole for all counter people. Based on monthly sales expense, we're around \$26k to \$30k needed daily as a whole. Broken down by average per counterperson, about 2k in gross per day (14 counter persons).

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

We do bin checks as time allows. If we discover a variance in the process of pulling an order, we review and adjust/post an order/address any breakdown in process if necessary. We also have strict receiving procedures as well as daily bin and facility maintenance. Accounting variances are not relayed to the accounting office, only during annual 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?

Lost sales are not a practice that we implement in day to day business. The volume would need a lot of follow up from our wholesale customers which is not really feasible as well as from our service writers when a job does not sell. My definition of a lost sale would be losing a purchase due to the part not being in stock.

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

Getting customer's back in to actually pick them up. When a part is received, the retail counter persons give the customer a call to notify them the part has arrived. They follow up with the customer a week or so later.

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?

Special ordered parts returned after our 60 day return period with for does play a role in this. There is also some inventory that organically goes idle which is probably the biggest culprit.

Our current <12 month inventory value is \$439,841, about 10% of our total inventory value. RIM, should it work as outlined should help with this number as time goes on.

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.)?

Outside of RIM, we are at 3 in 6 phase in and 7 months no sales phase out on our default stocking source.

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?

More training. There's always something new to learn, a different perspective to take into consideration. Outside of STARS online courses, some form of formal OE parts management classes would be helpful.

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