

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)? **Our Parts Manager has been in different Group 20 courses in his career, he also has continuous training through Toyota's programs, and lastly from our current DMS Reynolds.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **Our Dealership has a Vision Statement, a revised one is coming in the next week. I would say less than 50% know and understand it though. This is an area that needs improvement.**
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? **Historically it was tracked manually, but the current DSM's track it automatically. Saves time and from double checking periodically it's correct. Our current FTFR for the month end of March was 90.34%.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **Internal is approx. 75% and Outside is approx. 25%.**
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? **Most counter people can change pricing, some examples are extended warranty, internal, coupons and any other promotions. These pricing change/gross profit percentages are checked every day, if there is a pattern of high use or a pattern of continuous use from a counterperson, then a one on one follow up is in order to correct a possible problem. There are reports in or DMS to track this. Also on an invoice, it shows the parts person what the gross profit and percentage will be, so the goal is always a constant reminder.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **It appears most managers can, and the service writers may not be able to change the parts price, but they can discount off of the grand total of the parts portion on the repair order. This is a huge issue for the parts dept.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Used car dept gets charged retail pricing, new car accessories is cost plus 25%. This pricing structure was implemented by the General Manager.**

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, and we just received an increase from Toyota this month (April 2024).*
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 follow up when repair orders have been open too long because of back ordered parts. If we have parts invoices that are open, it's because of a back ordered part. That doesn't happen too often as a retail tag would be closed because of prepay. 95% of the time would be a wholesale invoice and those are tracked daily.*
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)? *Parts Dept. Manager does not have access to our financial statement. Most dealerships he has worked at before provided a copy at the end of the month. He has no idea what costs are going into Parts dept until the end of the month. It's definitely a source of frustration, but this policy is dictated by our Controller.*
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 goal is to be at 40% gross profit, yet still be competitive in our market with other dealers and 3rd party auto suppliers. Parts Manager tracks this every morning, but his staff can also track this themselves by looking at the invoice or pulling their employee number up in a sales report in our DMS.*
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? *Not nearly as much as we should. We are getting better at this task though. We have an e-store now, so this is important.*
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 an e-store that is doing quite well. Parts Manager and 1 more person who runs the website get the alert emails when a person places an order, or when they simply want to ask a question.*
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? *All training we have is through Toyota's Dealer Certification Program. This is an ongoing training that keeps all enrolled employees up to date with training, and their own status within Toyota.*
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 use Toyota AIM system to offer accessories, however it's not done on 100% of deals. The reason being is that customers get very impatient after they have completed the finance part of the deal and just want to sign*

paperwork and go home. We have a One Person (cradle to grave) sales system, and Sales People focus more on selling back end than accessories. They are compensated 5% of the selling price of any accessories, which may not be enticing enough for them to focus on accessory presentation.

16. What would help you sell more accessories? In Sales, the only thing that can help us is enforcing a policy of "AIM Presentation on 100% of deals". An increased commission would encourage more sales too, but we don't have too much room in our pricing to increase their accessory sales commissions.
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! This is a daily conversation with Parts staff. We also look at the slow-paying charge accounts we have as well. We do charge a 20% restocking charge when applicable.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? We don't go off of sales, we go off of gross profit, and it fluctuates per day based on how many working days in the month, but also as gross goes up, so do the expenses, this happens when you have commission-based pay plans. The dept needs approx. 10k a day in gross profit to break even, then we divide that amongst 8 salespeople. We are over staffed because we have 2 separate fully functional parts depts in two different locations instead of one stand alone parts dept.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? We must balance with the business office every month, we have two categories that must balance, hard parts, and the other is oil. We do a Monthly Reconciliation.
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 tracked daily, and a suggested report is printed out to put them on the next stock order. "We took a poll on what a Lost Sale was, and not all polls were the same. For me personally, if a person leaves without purchasing a part, it's a lost sale." - Jim
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Having ASMs contact their customers and bringing them back in. Our biggest problem of obsolescence is special orders for service customers that don't come back in for installation.
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? Service customer not coming back in to get special order parts installed. We have approx. \$12k in obsolescence at the moment.

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.)? We usually use 5 in 12 months simply because we get daily deliveries from Toyota or we can drive there in pick up a part from Will Call. Also our smaller size of the building plays a role, Parts Manager is unable to stock many collision parts as we simply don't have the room for them.
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? 8 - 9 level
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? Trust your Parts Manager to do their job correctly.