

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)?

OEM Seminars, CDK University & ADMI training and their follow up programs.

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

Yes. "To Consider and treat every consumer like a potential customer for life, communicating a professional image with honesty and interest in their desires and needs."

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?

In the past yes, now it is done via CDK. Around 65%.

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

Inside - 68%, Outside - 32%

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?

Depends on the specific customer. Discount %'s vary from customer to customer. If the counter people go beyond a pre-set %, it sends an alert to the Parts Manager.

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

Service and Parts Director, Parts Manager & Asst. Parts Manager.

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

Cost + 10%. Historic, former Parts Manager. Nobody really knows. No, they are not current, and change is coming.

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?

No. We are not at retail for warranty parts. Every few years OEM evaluates an "impo" cost study and they adjust.

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?

No.

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 & no.

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?

Initially 175% over cost. Discount can go up to 35% from full retail. Monthly.

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

Rarely & rarely.

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?

No. CRM Dept. gets the emails. Then it is forwarded to the Parts Dept. No fixed process to ensure queries are responded in a timely manner.

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?

None.

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?

None. It never came up. Will change.

16. What would help you sell more accessories?

Implement a mandatory process, akin to F&I offering their "menu".

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. End of fiscal year. Once a year.

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

Yes. Their incentive plans have a breakeven quantity of \$.

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

Yearly inventory and frequent "spot checks". Variances are communicated after the yearly 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?

Yes. A sale that is not fulfilled the same day.

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

Setting up appointments and following up on them.

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 orders that are not installed or sold. Close to \$375,000.

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 is 3/12 and phase out is 1/9. OEM guidelines are used for the initial model inventory and then we work with ADMI to establish best practices that ensure a satisfactory fill rate.

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?

6.

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.