

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)? *EFMBA w/ LHM, Toyota Parts Masters states MBA w/ LHM.*
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? *Focus on whats in front of you.*
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, 94%*
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? *62% wholesale + counter retail*
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? *Daily Exceptions report, override report, 4 total people can manually change price.*
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? *only Parts Employees*
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? *Yes, LHM Policy, Yes*
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? *Can not, Petition Toyota*
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, Every Week and Month End*
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)? *Yes, we use Quik*
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? *MSRP*

12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? *monthly*
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*
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? *Certify yearly w/ Toyota, Hub training with Asbury, monthly 1on1s*
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? *Yes, Aim w/ Toyota*
16. What would help you sell more accessories? *Getting better training of the Aim program*
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, monthly*
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? *Yes, As Do they.*
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? *Cycle counts 4x per year, 15 Bins per week, Every week.*
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, we lost sale without a Part. True Demand.*
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? *Communication with the customer.*
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? *\$322 in obso and no frozen capital.*
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.)? *3 Demand in 3 separate months in year 3/12, 9 mos no loc, no sale*
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? *10*
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? *Communication*

First Time Fill Rate

DEALERSHIP NAME	# OF RO'S	NADA Motors RO's Filled 1st	First time fill rate RO's Filled Same	RO's Not Filled	Actual 1st Time
4/8	142	133	2	7	93.66
4/9	121	114	2	5	94.21
4/10	142	137	2	3	96.48
4/11	73	73	0	0	100.00
4/12	103	97	1	5	94.17
4/9	84	81	0	3	96.44
4/11	142	133	3	6	93.64
4/15	168	158	3	9	94.05
4/10	158	140	5	13	88.61
4/15	154	138	3	13	89.61
					#DIV/0!
Totals	0	0	0	0	#DIV/0!

PARTS HOMEWORK – ACTION PLAN

S Specific **M** Measurable **A** Achievable **R** Relevant **T** Time bound

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?
Example: "I will decrease my 5K run time from 30 minutes to 21 minutes by June 15."

Increase parts to labor ratio. Goal of Greater Than \$1 to \$1

How does this goal align with or support your dealer's vision?
What are the BENEFITS of achieving your goal? What are the CONSEQUENCES if you don't?
Why is this goal important to you?

More in house gross profit. The consequence would be staying the same and not growing the business.

It's important because the customer is already here. We need to be selling every job (part) we can.

PARTS HOMEWORK – ACTION PLAN

How will you track your progress? Where will you find the information? How often will you check in?

Once in place, track weekly parts to Labor ratio. watch QLIK to see increases and pivot when needed.

Potential Obstacles?

Potential Solutions?

Customer perception of Matrix.
Service writer Perception

Both is case by case Basis and Communication

BOTTOM LINE! What is the financial impact (expressed in dollars) of achieving your goal?

6-8% Departmental Gross: March was 308K \$ ~~RSW~~-246W per month

CONGRATULATIONS! You've accomplished your goal! You added or adjusted policies, procedures, and behaviors. Now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

Discussing in regularly and constant training.

