

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)?

The training my parts manager has taken is the Toyota Parts Sales and Fixed Operation Sales Skills.

Recommendation: The manager should attend a training course such as NADA's Advance Parts Management.

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

My dealer currently doesn't have a vision statement.

Recommendation: Invite all parts personnel to a meeting to jointly develop a vision statement for the parts department.

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?

The last time the First-Time Fill Rate was manually measured was in 2014, the results always gave 95%. Our current Repair Order FTFR is 90.70%.

Recommendation: Measure the First-Time Fill Rate every day. Make it part of the daily routine.

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

Retail and wholesale 35%.

RO sales, internal and warranty 65%

Recommendation: Make an action plan to increase the volume of retail and wholesale.

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?

There is a pricing policy, but it is not documented. The DMS does not have any restrictions.

Recommendation: Limit access to DMS price level codes to parts employees.

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

Only parts department employees and the Parts Manager.

Recommendation: Eliminate the employee discount accessor.

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

The internal parts pricing policy was established by me, the GM. Our current retail pricing for internal is determined by our parts manager.

Recommendation: Prices should be discussed between the GM and parts 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?

N/A

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?

Every month the parts manager meets with the comptroller to review the carry over and work in progress. They proceed to verify that all parts invoices and repair orders are completed by its due date.

Recommendation: Continue with these practices.

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)?

The financial statement is provided to the parts manager monthly. Subsequently, sales, expenses, and operational profit are reviewed and compared with the same month of the previous year.

Recommendation: Implement a DOC for the parts manager. Additionally, schedule weekly meetings between the parts manager and the GM to review the DOC.

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?

My retail pricing strategy is to check the parts department every day and make sure they reach their objective.

Recommendation: Continue with these practices.

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

Once a year. We do not use discount coupons.

Recommendation: check it every month and create online offers for parts sales.

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 an online store.

Recommendation: identify suppliers of parts and accessories catalogs to sell online.

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?

Training is compulsory. Each employee must be certified. They use a Toyota platform. Each employee's training progress is monitored monthly.

Recommendation: The manager should be responsible for ensuring that all employees are certified every year.

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 do not have a well-defined process. We will be working on it next week.

Recommendation: implement within the sales process of the new or used vehicle the sale of accessories.

16. What would help you sell more accessories?

Offer accessories in the service line. Create discount coupons for customers who buy new and used Toyota cars.

Recommendation: Integrate the parts and service department in the process of sales.

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?

We are not doing so. The wholesale customers we have come to the dealership to pick up their parts.

Recommendation: create a report to analyze the sales, gross and returns of each wholesale customer. Identify which are the best customers and which are the least good.

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

The answer is yes. Our goal is to sell \$200,000 per month. This represents \$7,692.30 and 2,197 daily.

Recommendation: Hold meetings with employees to clarify goals and expectations.

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

We do not have any procedures. The differences are worked out by the parts manager with the comptroller.

Recommendation: bring together the parts manager and the controller to discuss the importance of communication between the two departments.

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 tracked. Employees are not clear about what a lost sale is.

A lost sale is a part that I can't sell because I don't have it in the warehouse.

Recommendation: explain to the staff that it is a lost sales. Check it every day

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

There is no clear process for tracking special order parts.

Recommendation: Establish the process.

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?

The parts return program is not used consistently. Lack of internal procedures for tracking customer parts. The current dollar value in obsolescence is \$65,925.

Recommendation: define who will be responsible for this task.

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.)?

For Phase in parts, we use the demand of 3 in 12. For Phase out parts the parameters are 0 sales in 6 months.

Recommendation: Keep the current parameters.

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?

My level of understanding is 10 on a scale of 1 to 10 on our DMS's monthly summaries.

Recommendation: In case a manager did not understand, taking a training would be vital for better understanding of the software.

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 and coaching.