

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 12 years' experience as parts manager and 20 years in the parts department. He does not have formal parts management training but has been working here 12 years as a manager and has gone through 3 buy sells.
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?

Parts department employees have a vision statement to get the right parts on time to the customer, be that retail, service, or wholesale. To go out of their way to get the right parts in the hand of the customer.
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?

Yes, took random 10 RO's and looked at the fill rate. Most were filled the same day. If a part was not in stock, we picked it up about 8 out of 10 were filled and the ones that were not were usually backorder parts. The current Repair Order FTFR is 81%
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?

85% of our parts business comes from inside. Our service and parts departments are one of the busiest stores in CA. Our parts department averages over 1 million in sales every month with 500-550K in gross.
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?

Parts counter people are not allowed to change prices without the approval of the parts manager. The parts manager checks the gross profit percentage on each counterperson. If something is out of the ordinary, he addresses.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?

Parts pricing changes can only be made with the approval of the parts manager, service manager with parts manager approval and the fix off director.

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?
For internal we are at retail pricing for most items. But if a vehicle needs an expensive item, then it will be sold at list and in some cases with the GMs approval less then list. The policy was established by the GM and the Fixed Off Director.
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?
Yes, we are retail reimbursement warranty state, and yes, we are at retail for warranty.
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, the parts and service managers do work with the office. The parts manager checks the open invoice few times in every month and makes sure they are open for a reason.
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 parts manager has access and utilizes it every day Reverse Risk. Reverse Risk pulls all the information from the financial statement.
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?
The retail pricing is set up using matrix. We take the cost of the parts and plus the percentage. It is based on the cost of the part. The cheaper the cost of the part the more bumped is the percentage. Every month the parts manager checks and if adjustments need to be made, he does.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
The parts web page gets looked at once a month. Updates are done once a month.
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 don't have an estore but customers can go on our website and request part information through the order parts section. The parts manager receives the emails and responds accordingly.

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?
Parts personal do train on dealer connect. Training includes information on the products and service and also how to deal with customer questions. They are mandatory for all parts counter persons. They are done every quarter.
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 don't have a process of accessories we do sell accessories but not a lot. Salespeople will walk customers over to parts if they need accessories.
16. What would help you sell more accessories?
If we had the room, we could display accessories, this usually helps but we don't have room to display. Also, we do offer 15% off accessories.
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 wholesale customers do get reviewed. The customer that buys often do get reviewed every quarter and corrections are made if need it.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
Yes Reverse Risk is has all the information on every parts sales persons sales gross and returns.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
Parts done leave the department until they are charged out on the RO or sold to the customer. Parts bin counts are done often. 2 times a year the parts manager counts all the bins and 1 time a year on outside inventory audit is done. Also bins that are high volume are counter often. Every month end parts reconciliation is done with the office.
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 because I think that is an old method. If a customer was ready to buy a part but the part was not in stock that is a lost sale.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
Almost all SOP parts to retail customers are pre-paid so we don't have a problem there. When it comes to service it is about getting the service department to get the cars back

in. Our service is very busy. Wholesale is also a problem when shops cancel orders or do returns but unfortunately that is the problem with wholesale. If an item is expensive, we do make the wholesale customer also prepay for it.

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 biggest cause of obsolescence is service. Techs order parts that they end up not needing or wrong parts. Thankfully, we have not had much obsolescence as it has always been under control but with our current volume it is getting harder. Our current obsolescence is \$7k and our inventory value is 1.2 million.

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 use and utilize ARO. We also keep an eye on certain items that are selling often, and we manually add as much as we need. Our parts department is small, and we have 8 40-foot containers that we keep parts in.

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?

The answer is 9, the monthly summary is looked at least 2 times a month.

25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively?

As with most departments the parts department needs more space at our current location. We do have a big warehouse few blocks away but it will be better to have everything in one location. We also keep parts in 40-foot containers.