

nParts Manager Conversation

Parts Manager Dean -

GM Jack -

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)?
 - a. Many years on the job training
 - b. Not sure of formal training. Mostly on the job.
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
 - a. To be as accurate as possible.
 - b. No We do not have one... yet
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?
 - a. 70%
 - b. I dont think we have manually. Current is 65%
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - a. 76%
 - b. 80%
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?
 - a. At discretion of the employee if they can make the sale.
 - b. I allow price changes. I can run a report for discounts to see if there is abnormalities and address issues individually.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
 - a. Parts Department
 - b. Parts personnel, advisors and department managers.

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?
 - a. Yes
 - b. Yes we sell retail for internal. This is a Kendall think at all our stores (at least Central Oregon)

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?
 - a. Yes we are at retail for reimbursement. I do not know the last time we petitioned.
 - b. Yes we are at retail for reimbursement.

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?
 - a. No
 - b. Yes, we use Reverse Risk and leave detailed notes about each deal. We run reports and have constant communication. The Parts and Service Managers are overseen by a Fixed Op Directors who also has eyes on this in addition to the GM and the Area GM

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)?
 - a. No for the financial statement. Yes for Sales, GP and Profit (DOC)
 - b. No for financial statements and yes for 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?
 - a. Matrix for strategy. Weekly for pricing goals
 - b. We use Matrix pricing, we also round up to \$.99 (or some other number to add gross). We also adjusted pricing for low cost items (ex. Bulbs) to \$10 for increased GP. This happened recently when I got back from Parts Week.

12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
 - a. Monthly
 - b. We put out a monthly special, but a lot of the time it is just "repeat last months". There is not much effort in this

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?
 - a. We do not have an eStore. We get to leads as they come in. All departments get the leads.

- b. We do not have an eStore. We did at one time, but the cost was not paying off. All sales, parts, and service leads go to the Sales Managers and they assign them to the correct departments. We communicate by email when the leads are responded to.
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?
- a. VW training is available for Parts. It is not mandatory.
- b. We currently do not have sales training for the Parts Department. We do however have daily training for the sales department. We are going to implement training for ALL departments. VW does have factory training, some is mandatory and some is optional.
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?
- a. Yes we have a process. Kiosk
- b. No we do not have a set process in place for 100% of the time. We do offer accessories and we accessories new vehicles (lift, wheels, tires, finance products, tint, etc), but this is not a catalog or a process that is monitored to offer accessories.
16. What would help you sell more accessories?
- a. Display
- b. Boutique, better display in the correct place (lounge), a consignment agreement with the manufacturer (not available with VW), \$20 per new car sold for the customer to spend.
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?
- a. Yes I review. No set time for review.
- b. Parts Manager does. This is not reviewed by me at this time.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
- a. No
- b. They do now
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
- a. Bin Checks
- b. We do yearly inventory (ours is tomorrow in fact). It is communicated to the accounting office via the scan and 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?
- a. Yes we track lost sale. Yes we have and understanding. Demand is definition.
 - b. We just started tracking lost sales after Financial Week (when I heard about lost sales). Our definition is "was there a demand and was the demand met or could have been met". We used the questionnaire provided by NADA.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
- a. Communication.
 - b. 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?
- a. Restricted allowance from VW. Current amount is \$18,206
 - b. VW only allows a certain \$ amount each month and we maximize that. We need more allowance to send back. Managing obsolescence and coming up with ideas to get rid of it instead of accepting the \$ amount provided by VW... get creative, manage and get rid of the parts.
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.)?
- a. 3 inquiries in 9 months. No sales in 12 mo.
 - b. Same as above. We also stock in what the factory requires to please VW.
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?
- a. 8
 - b. 8
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively?
- a. Be able to use slush fund to reduce the amount of obsolete parts.
 - b. Training, be of service to the Parts Manager, be present.