

## 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)? **We currently require all of our parts managers to complete the Paccar Part Essentials training program. We are considering/planning to send all new parts managers through the NADA/ATD parts management course and developing a plan to send some of our current managers through the course as well.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **We do not have a vision statement at this time. Our Vice President has emphasized its importance and we are making this a priority. A meeting is planned for the end of July with our VP, parts managers and the marketing team to start the process of developing a parts department vision statement.**
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, we haven't tracked our FTFR manually. We are in the process of tracking 50 RO's and FTFR with our Vice President for the ATD Academy. If this process works well, we are considering pushing it out to all ten of our locations.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale) **Our Inside business is 18%-20% and outside 80%-82% depending on the month. Unfortunately we do not separate our Body shop and RO sales from our overall counter sales. Our VP is pushing accounting hard to get this changed.**
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 report is generated every day with all overrides. This report is reviewed by the Parts Manager at store level, Parts Operations and Parts Sales Managers to ensure overrides are not excessive. Our VP has just implemented a policy that this report be reviewed monthly and discussed at our KPI meeting with him.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Only the Parts Counter staff and Managers have the right to override parts pricing in our DMS.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **The mark up is 1.25 for items below \$1,000 and 1.2 for items above**

\$1,000. This has been a long-standing policy and agreement between both departments. Upon completing the ATD Academy parts week, our VP had mentioned we need to re-visit this policy and consider selling parts internally at retail price.

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? **Ohio is a Retail Reimbursement for Warranty state and they our OE is good about paying. The only questionable thing that happened is they sometimes sends us a replacement part with no purchase or mark-up on our part. Our attorney is checking into if this is a violation of state law.**
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? **We currently do not have a good process for this. We promoted new Parts and Service Director with the ideal to creative cohesive policies and procedures across all of our branches. WIP and the way it is processed and reported will be high priority.**
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 DOC is available for all Managers along with the Income statement for each branch. They are reviewed monthly with each branch parts manager, Parts Director and Vice President.**
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 pricing strategy is complex as we categorize each part by price, use, manufacturer etc. and institute the appropriate mark-up for each category to be competitive in our market. For example, large engine parts have a much smaller mark-up than less expensive/smaller parts to be competitive with other retailers in our AOR. OEM exclusive parts, on the other hand, have the max mark up that we feel the market will bear. These price plans are reviewed quarterly and fine-tuned depending on sales volumes etc. Ohio Peterbilt has a current goal of 30% overall margin on parts, this number is reviewed at the monthly KPI meeting.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **Our marketing team monitor our Web page. Hours of business is viewed when a request to change it is submitted. Cat Coupon are monitored every week to ensure that we rebate has been submitted. The newly hired Marketing manager has made it a priority to keep our website updated weekly with new and current parts information, sales, HOS etc.**
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? **Yes, we use OPC(On-line Parts Counter) Emails are generated to all stores when an order is placed.**

Email is direct to all parts staff and our inside sales team is responsible for processing order. The branch managers are responsible for following up and making sure order is filled. A Sales Order is also printed to be pulled and invoiced. We have started the planning process of developing an actual E-commerce online parts store exclusive for Ohio Peterbilt. Several meetings have taken place with regards to how the inventory will transfer from our DMS to our on-line store and how payments and shipping will be processed. This is a priority for Ohio Peterbilt with a launch date goal of mid-2025.

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 available and it is mandatory. Ohio Peterbilt require each employee to get 24hours of training in a year. Vendor Training, Paccar Eportal Training videos and workbooks are where most of our training content comes from.
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? Most of our accessories are installed at our PDI center on new trucks. Our truck salespeople work with our customers to determine what accessories are desired and we install them at our PDI center before they are delivered to the customer/dealer location. We don't really sell accessories as we used to at the store level. Chrome and lights are special ordered upon request as we have realized that keeping inventory in stock tends to become either discounted or written off. Our used truck department really don't add many accessories to the inventory on hand as most of the used inventory was sold new buy us and accessories were installed when they were new to the first owner.
16. What would help you sell more accessories? Having a larger parts show room would help in selling more accessories. Paying commission to new and used truck salespeople on the parts sales would also help as they are the face of the customer many times. I believe keeping New and used Stock trucks on the lot with different levels of accessories installed would also go a long way in selling more. Customers can't buy what they don't know what they want, but seeing it already installed would help them decide.
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? Parts Operations does not review Wholesales customers as we do not separate wholesale sales in our DMS. However, our Parts Vice President is working with the accounting team to get this changed. He has emphasized how important it is to be able to measure sales and margins of our wholesale customers compared to our other internal and external customers along with comparing us against national averages.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? We have not done this calculation but believe it is an important measure to evaluate. Steps will be taken to determine this metric and distribute it to each sales person.

- What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? We cycle count every P/N 2x a year. Top 25 dollars and top 25 fast moving P/N are counted quarterly. Dirty Cores are counted quarterly. Additionally, a Physical inventory is performed at the end of the year. Physical inventory is what is reported to our accounting department along with the variances.
19. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? We do track Lost Sales. Our definition: if customer walked away without the part or ordering it. It's a lost sale. We just distributed the NADA/ATD sales quiz to all parts salespeople and evaluated the results. As expected the answers were all over the board. Parts director is working with out training team to institute an new training class that helps salespeople learn when and how to determine what is a lost sale.
  20. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Ohio Peterbilt just instituted a prepaid process for retail customers as we have determined that most of our aged SOP's are from retail customer orders. All retail customer that order SOP must pay in full when being ordered along with a 25% re-stocking fee if item can be returned. Weekly review of the SOP shelf and then calls to the customer to remind that part is in stock, after (2) weeks return part or put into stock.
  21. 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 ordered parts from the shop and over the counter are largest contributor to frozen capital. The second would be when a Customer whom we stock up for changes their preference or product line. Our current obsolescence is \$1,526,090.00.
  22. What is your phase in/phase out strategy? How do you balance this strategy with factory recommended stocking guidelines (RIM, ARO, Parts Eye, etc.)? Our phase in/phase out strategy is 3/12. A large majority of our inventory is monitored by Paccar MDI. After a year MDI would request parts returned to PDC. Parts older than 24 months are written off.
  23. 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? On a scale of 1-10 my level of understanding is a 9. I review the DMS report consistently and evaluate our performance. We are not using our DMS to its full potential and our VP is working with the accounting team to better utilize our DMS.
  24. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? We need easy to read dashboards on overall and branch performance metrics that are updated immediately and readily accessible by all parts managers and executive management. Our reporting/IT team is working on this project but it has turned into a very long process.