

Parts Manager Conversation

Brady Marcus - Parts Director Adam & Chris - Parts Managers

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 in Columbia has been to ATD Academy for Parts Week. Karmak Parts Training - Foundations of Parts Department Operations & Leadership.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **Our Vision is to consistently be recognized by customers, suppliers, employees, competitors, and the general business community as the very best truck dealership, rental/leasing company, and service provider in the markets we serve.**
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, 68%. No.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **YTD thru 03/2024 - INSIDE: 24.13% = RO 17.8%, Internal 2.18%, Warranty 4.15%; OUTSIDE: 76.6%**
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? **Only the Parts Director and Parts Manager can edit the pricing structure.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **The front counter personnel can reduce the %GM, but the system will not let them go below Cost + 10%.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **There is a reduced margin, the internal rate that is slightly less than retail, set at 25%, slightly higher than breakeven of 22%, set by GM and Parts 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, Retail is charged to 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? **We provide WIP reports and analysis in every form and fashion. We push to get parts to enable Service to close out ROs at every chance.**
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, Sales and GP daily, Income statement after month End, (for bonus substantiation). Parts Managers rely on Keri's daily reports of Sales/GP.**
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? **Our goal is not to be the highest or lowest in town and we have added some multipliers since covid to gain a little extra points here and there, we do not do a good job at proactively comparing pricing to others, we do request information from account managers and customers if they can provide invoices or suggestions based on competition.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **We have a marketing person that does it, it is regularly looked at, but we don't have an exact timeline. Coupons are reviewed and updated monthly, and also work in progress to get good coupons.**
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, we do not have an eStore. Leads get forwarded to Parts.**
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? **Professional Parts curriculum through Mack/Volvo. We also have internal training for new hires.**
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 have a local options list that our truck sales personnel can use for add-ons and upsells.**
16. What would help you sell more accessories? **Having accessories in stock. We stock non-OEM bumper guards, headache racks and fast moving items.**
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 do not track wholesale versus retail.**

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **Thru 03/2024, \$3,453 per Parts consultant to breakeven. Columbia's daily objective is \$35,104. Duncan's daily objective is \$37,554.**
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **Cycle counts and the annual physical inventory. Monthly adjustments are captured through Karmak's Part Inventory Quantity Adjustments report.**
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. Lost Sales at Shealy Truck Center(s) are anytime, any customer walks away from a counter without the part they requested.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Contacting customers/payment arrangements.**
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? **Parts Returns, Wrong Parts Ordered, Special Order Parts never picked up. As of 3/2024 we had \$106k reserved for obsolescence.**
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 phase in 2 hits in 9 months, phase out 1 hit in 12 months, we are a little more aggressive than LPA, we do not have a lot of options for OEM. We have to take what they give us.**
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? **5, usually look at it a few times a month. 7, daily look at 1) negative on hands, 2) Parts with no bin location and 3) dirty core values to chase down problems.**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **To have more product width for the latest model trucks, we usually have to wait for warranty RO parts.**