

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)?

Chad has no formal training as a manager. Chad started right out of college in our parts department 25 years ago. When our previous manager was preparing to retire Chad got 3 months of overlap training before taking over. Chad has taken a fixed ops academy 3 day course, not with NADA

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

Our parts department does not have a mission statement. Our mission statement for the whole business was updated in 2001 most recently. "To lead the market with volume sales created by Satisfying Customers through teamwork of dedicated employees".

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?

Chad monitors FTFR on Tekion approximately once per month when reviewing the parts performance report. He has not tracked it physically. For the whole department the current fill rate is 92.3%.

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

Our business is currently split 25-35% internal and 65-75% wholesale/ counter retail. Counter retail is a relatively small percentage of our "outside" business (1-3%).

3. 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 manager and wholesale manager are the only two people who can change the base pricing structure. All parts employees that can fill orders can change pricing for daily transactions.

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

Members of the parts department can override parts pricing. Members of the service department, including cashier, advisors, and techs cannot.

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

Internal pricing has been a 25% markup as long as Chad has been around. This is substantially lower than our retail pricing.

6. 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?

We recently had a very successful petition with our OEM and are currently a bit over retail pricing with our warranty rate.

7. 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, once a month our controller sends out reports and the parts department looks through the open orders.
8. 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)?
We have monthly director meetings where each department head (including Chad the parts manager) reviews their financials with the group. Documents for this meeting are distributed to the directors in advance. We do not have regular scheduled meetings on financials between the GM and the parts manager.
9. What is your retail pricing strategy for your Parts department? How often do you check to see whether your pricing goals are being achieved?
All retail and the shop at retail with list plus 22%. This strategy was reassessed about 2 years ago with when our store switched from CDK to Tekion.
10. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
We do not have a parts web page. Contact information is maintained by our consultant firm for the whole store.
11. 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 are part of the GM ecommerce platform for accessories. We have minimal and limited infrastructure for individual shipping for ecommerce.
12. 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 employees have access to the GM Center for Learning, which is not mandatory. Our parts manager and wholesale manager listen to calls live from time to time, but we have no formal assessments of the sales team. Chad would like some formal training if offered.
13. 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?
Parts department offers spiff to the new car sales team for accessory sales. There is no formal process to insure accessory discussions with guests.
14. What would help you sell more accessories?
Accessories currently do not count towards purchases for PASE, our OEM incentive program. Increasing OEM incentives for accessories could help.
15. 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?
Chad reviews the customer detailed sales report in Tekion. The most common reason to reassess a wholesale account is if there are too many returns.
16. Do you know how much each of your Parts salespeople must sell each day just to breakeven?

Chad is aware of the calculation but does not use it explicitly. The managers assign wholesale salespeople monthly objectives based on past performance.

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

Perpetual bin audits, most days for the main building, once a week for the out buildings, focused on most packed bins. Variances are recorded in Tekion.

18. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?

Yes, but we certainly miss recording some lost sales. Chad had refreshed the common definition after NADA academy exercise.

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

Getting the customers to come in a timely fashion. The service BDC and Service advisors are mostly responsible for contacting customers with open RO's. Prepayment is required for customer RO's but not for warranty work.

20. 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?

We have been a large powertrain wholesale dealer for about 20 years. Powertrain returns are expensive so we often hesitate to do them often.

21. What is your phase in/phase out strategy? How do you balance this strategy with factory recommended stocking guidelines (RIM, ARO, Parts Eye, etc.)?

Chad mostly follows RIM recommendations, RIM starts stocking guidelines at 1 order. Powertrain inventory is not part of RIM.

22. 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?

Chad feels he understands the report fully, but he feels it is about 7 for usefulness. Lots of important information is still missing from the Tekion report, including OEM incentives and order deals.

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

24. Chad mentioned more transparency from leadership, and was happy to be open about changes to inventory strategies and pricing.