

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)? **I have training from VW as well as training from former parts managers from some of our other stores. I also consider training from trial and error. That is another way of learning.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **Inspect what you expect.**
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? The DMS states we have our FTFR at over 90% but now while manually doing the FTFR you realize how that DMS number is not 100% accurate.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?

Inside Sales = 66%
Outside Sales = 34%

Inside Gross = 85%
Outside Gross = 15%

Although our outside sales counts for 33% of our sales it is only about 15% of our gross since most of our sales come from our online store, which I calculated in our outside sales and 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? **I do not have any restrictions set on my parts counterman because their pay plans are based on gross and they understand the importance of discounting and changing prices. I also look at our daily sales and gross% and have expectations for each sale type.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Parts countermen and myself as the parts/service director.**

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Because VW's retail price varies and is not a set amount for every part, I work on a COST + equation for internal pricing. It is set at COST + 1.47 to equal 35% gross for my used car department and COST + 1.12 to equal a 10% gross for all internal accounts such as policy accounts, shop supplies, advertising, company vehicle expense, etc. This is an agreement I created many years ago with our other department heads to make it fair across the board.**
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? **We are at retail/MSRP rate.**
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, I do look at WIP weekly and have an EOM process in place to make sure all repair orders are closed in a timely manner. My daily doc also reviews receivable schedules such as warranty, extended warranty, and wholesale accounts.**
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)? **Daily DOC is run every few days and passed out to what I call my "A-Team" which includes my 3 parts countermen, 2 service advisors, 1 warranty administrator, BDC rep, business manager, and GM. The financial statement is also shown to my personnel so they can learn the importance of my Daily DOC so instead of seeing our progress once a month, they see it every other day.**
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? **Every other day by looking at my daily doc.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **I don't do it personally; I have a 3rd party team called Fixed Ops Digital who takes care of our dealer parts website. I then have another 3rd party team called OEM Interactive who manages our Revolution/True E-Commerce website. I have no issues.**
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 have a process in place. One of our countermen is responsible for our e-commerce store. All emails direct straight to Revolution and are checked daily. Our average fulfilment rate is 3 days.**

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? **I do make training mandatory that is provided by the manufacture. All parts and service personnel need to be certified. The training table is looked at monthly and if someone needs training, I will let them know. All our parts countermen are cross trained in all main aspects of the parts department such as running back counter, front counter, revolution, daily stock order, customer orders, inventory management, EOM process, etc.**
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? **I do not. Our sales staff doesn't push accessories, but we create enough sales through our e-commerce website to get our VW Accessories bonus.**
16. What would help you sell more accessories? **Not worried about putting accessories on new vehicles to be honest.**
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 look at this probably on a quarterly basis unless a specific vendor starts to return parts frequently. Since we are in a smaller city we do not have too much wholesale business to begin with. We only have about 8-10 wholesale shops.**
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **Not individually since they all get paid off the total department gross. They are not on individual gross pay plans. Of course, their commission percentages may be different based on tenure and experience, but they are not individual. The 3 countermen do know what the department needs to sell/gross every month to break even and create a 10% net based off the data from the daily doc.**
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **Variances are not communicated with the business office. A monthly rec is run. Overage is not put back into gross until our annual physical inventory.**
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 currently not being tracked.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Not too much of a problem here at our store.**
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? **I understand NADA views "New parts no-sales" as obsolescence but since we don't view that as obsolescence and we've never had an issue with obsolescence I don't have an issue with frozen capital. Our**

obsolescence “12+ MNS” is usually around 1-2% but cleared every month with our monthly buyback.

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.)? **Not an issue here at our store. Our settings are pretty good (3/9) and we do not have many issues**
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? **I would say a 7-8. There are only a certain number of sections we look at for our reconciliation and inventory management processes.**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **I would highly recommend sending any parts manager on NADA training to gather as much information as possible and learn all aspects of the parts department. All the manufacturing training courses are helpful but do not get as in depth as NADA.**