

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)? There hasn't been any formal training for the Parts Manager. He worked as a Parts Advisor for five years and applied for the manager position when the opportunity arose. While he possesses business knowledge, his potential to become a great Parts Manager will be fully realized with proper coaching. My future plan is to send him for Parts training at NADA.
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? Not yet, but I plan to introduce the vision statement soon.
- 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? FTFR was unknown to him.
- 4 What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? 84% inside and 16% outside
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?
There is currently no additional security in place, which is a matter that requires immediate attention. We recently encountered a situation where the Used Car Manager was attempting to obtain a better price for an internal order, while the Parts Department was still in the process of verifying the pricing. During this time, someone accessed the system and altered the price, which is unacceptable.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? Parts manager or fixed operations only but we got some work to do.
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? Currently, we only offer retail pricing, though, on occasion, the Parts Department has provided discounts for internal orders. Moving forward, this practice will change, and the Dealer Principal has established internal full retail pricing.

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? After speaking with the Parts Manager, it was noted that he has never encountered this issue, though he is aware of the process.

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?

The Fixed Ops/Body Shop Manager collaborates with the Controller. While the Body Shop Manager is well aware of every Work in Progress (WIP) service, managing WIP remains a challenge. However, they do review WIP together when necessary.

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 Parts Manager does receive the DOC, but not the full financial report. I am planning to provide them only with the specific portion they are accountable for.

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?

Don't do it all

12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?

The Parts website isn't frequently audited, but I do regularly check the coupons and business hours since we aim to refresh our promotions monthly.

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?

It appears to be broken. I tested it with the Parts Manager by sending an inquiry, but he did not receive the email.

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?

According to the Parts Manager, VW offers an online module that is very helpful. However, beyond that, there is no additional training available.

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 offer a full range of accessories, but the sales representatives need to do a better job of showcasing what we carry. Our showroom is equipped with all the necessary accessories for clients to see, but it's ultimately up to the reps to highlight them effectively.

16. What would help you sell more accessories?

The Parts Department needs to ensure that high-quality accessories are displayed at the retail counter. Additionally, the sales representatives must present these accessories effectively and maintain the showroom in a pristine condition, always showcasing the latest products as if it were a grand opening.

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 engage in wholesale business, but it is not a major focus for us.

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?

The parts manager has no idea, but I've shown him the academy experience.

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

Binchecks! Four times a year is the goal.

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

No, they do not currently track them. I have completed the exercise, which underscored the importance of maintaining accurate inventory at all times. For instance, if you lose the same part three times in a month and a client needs it installed the same day, it highlights the critical nature of accurate inventory management. It was a real eye-opener.

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

To expedite getting customers in as soon as possible, we are facing an issue where advisors are not contacting clients. To address this, the Parts Manager will email the client and CC both the advisor and the appointment coordinator to schedule the appointment.

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?

Currently, we have \$48K in obsolete inventory, which is approximately 12%, while the NADA guideline recommends keeping it under 5%. The root cause is that some of this inventory was ordered by previous management, but we are actively addressing the issue. This also ties back to special orders—if we don't contact the client and the part just sits there, it will eventually become obsolete. The team is aware of the process, and this serves as a teachable moment.

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.)?

If a part hasn't sold in 12 months, it will be flagged for phase-out. However, if the process is properly managed and followed, we can catch it at an earlier stage. Review inventory for items that haven't sold in 4-8 months, initiate the phase-out process, and start making plans accordingly.

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? 7/10

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

I was surprised that he didn't mention training as a concern; instead, his biggest stressor is the communication between service and parts. The lack of a clear process has created a disconnect between the two departments. However, I do believe it would be beneficial for my Parts Manager to attend training when the right opportunity arises.