

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)? **My parts manager Frank attended ADMI training. He learned about obsolescence and idle inventory. He has been our parts manager for 23 years starting in September 2001. His training was in 1998.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **The dealership does not have a vision statement nor does our parts department. We currently are trying to brainstorm vision statements for our departments.**
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? **We do not track our FTFR manually, it's always through our DMS. Our current repair order FTFR is 98.2%.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **Our outside business with our counter retail is pretty much nonexistent. Our last month's gross sales was \$175,000. \$1,200 of the gross sales was outside sales. (wholesale and retail)**
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? **We have restrictions set up in Dealertrack to prevent our counter people from changing prices. When we set up their usernames and passwords they won't have the same access as our parts manager. The parts manager is the only person who has access to changing prices.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **No one can change parts pricing. Only the parts manager, our controller and dealer principle have that authorization.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Our internal pricing is not retail pricing. It is a percentage of marked up cost. The decision for our internal parts pricing policy was a discussion between the dealer principle, parts manager and the service manager. Ultimately the dealer principle came up with the internal price policy.**

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?
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?
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)? **Our controller meets with our parts manager monthly to discuss the parts financial statement. They typically meet during the second week of every month.**
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 retail pricing strategy for our parts department is having our parts being priced at list due to Ford's transparent pricing on their website. Our pricing is run quarterly through our DMS from Ford's catalog.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **Our service manager inputs any specials and coupons on our website. Our dealer principle over sees all website specials being applied. This is done 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? **Yes, we do have a parts online estore called OEC. Our parts manager receives a notification through his email stating there has been an inquiry. After there has been an inquiry the parts manager will have one of our parts counter person fill the order.**
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? **The sales training that is available for our parts personnel is through Starz which is a website all our employees are made a Starz ID which contains job roles provided with tests and trainings pertaining to your role and department. All personnel must be certified through their STARZ account. There is usually updates that we all have to take when changes are made but sales training is pretty much not happening.**
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 do have a parts boutique next to our parts department which has samples of bedliners, bed covers, seat covers and weather mats which is available for all our customers to see. We also have mannequin vehicles on the showroom with wheels, tires and other accessories to show options to customers.**

16. What would help you sell more accessories? **It would help if we had a stronger online presence to show customers what we have to offer, including pictures.**
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 review our wholesale customers unless they are seeking a return which results in our parts manager reviewing their account to see how much business they generate with us.**
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **We do not check our 2 parts counter people's sales each day to break even. The parts manager checks there wholesale/retail numbers for the week and makes sure its more than there weekly salary.**
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **There is really no procedure in place, only a yearly inventory check with the parts manager and our controller. We do have bin checks that are conducted daily. We hire a company called precision to go over all variances in our 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? **Our DMS tracks our lost sales however they are not being followed up. We are now setting up where our 2-parts counter people must input a lost sale into our DMS if that occurs. The parts manager will monitor it every 2 weeks.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Our biggest obstacle to getting our SOPS off the shelves and installed/picked up is getting the customers back into the shop. I do not believe there is a strong process in place where our service BDC is reaching out to the customers to inform them their parts are in stock. Our parts manager sends a daily email to the service advisors and BDC with a list of SOPS that were delivered. If the vehicle that needs repair stays here with us the SOPS get installed quickly but when the customer leaves and have to come back it, it becomes a real challenge getting these SOPS off the shelf.**
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 feel that our biggest cause of frozen capital/obsolescence is from not having a proper process for getting customers back into the shop after ordering special order parts. 25% of our inventory is from idle capital which is \$275,000.**
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.)? **Our phase in strategy is 3 hits in 6 months. This is because we have a 50% sales opportunity with that part being on the shelf. Our phase out strategy is less than 3 hits in 9 months. We are currently having**

issues balancing RIM and our DMS. This is because RIM looks at it differently than our DMS.

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 feel that my level of understanding the information that is on my DMS's monthly summary is an 8. It helps that Dealertrack lists our lost sales, bin counts, turn rate of our inventory, and phase in/phase out.**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **The one thing that our organization can do to help the Parts Manager do their job more effectively is to provide more training and accountability. Technicians, service advisors and our BDC agents need to take more training on the parts side of the business so that all parties know how the parts department runs. The assistant service manager as well as the service manager are to enforce daily job tasks that revolve around the parts department.**