

Parts Manager Conversation

1. What formal parts management training does your parts manager have (for example, the NADA Academy Seminar)?
 - a. **None**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
 - a. **At Herb Chambers Companies our Mission Statement is to provide the highest quality of service to our Customers in the sale and repair of their motor vehicles. We will operate professionally managed dealerships committed to being the leader in the market they serve. In all instances, the highest level of integrity is to be maintained with customers, automobile manufactures, and employees.**
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?
 - a. **YES, 94%**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - a. **76% - Inside / 24% 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?
 - a. **Parts countermen are allowed to choose between established price levels for internal transactions, only the Parts Manager can over-ride the allowed pricing levels.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
 - a. **Parts Manager & the Parts/Service Director only.**
7. Are you at Retail pricing for Internal? Who established your internal parts pricing policies? Are they current?
 - a. **No, the internal pricing has been established companywide by the Parts and Service Director. Yes**
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?
 - a. **No, most Warranty jobs are sold above retail / Volvo MSRP. If for some reason it is below and we would be taking a hit, I would submit a petition for 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?
 - a. **We have a monthly operations meeting where: Parts, Service, GM, Controller, and Directors sit down and discuss overall operations. As a Parts manager I keep a daily eye on what invoice are still open >14 days, I check that daily.**

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)?
- a. **Yes, I have access to view through CDK & also Volvo provides a Fixed Operations reporting tool where I can export data into Excel, then analyze things such as return rate, percentage of sales divided into categories such as Mechanical / Collision / Retail / Internal / Accessories...etc.**
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?
- a. **Always sell parts @ Herb Chambers Matrix pricing. In Wholesale, our competitors who sell to Independent shops / Collision Centers, sell @ List - 20, unless there's established relationship between a Collision Center & Dealership. All parts on Customer Repair Orders are sold at Matrix, Warranty has its own pricing level established by the Volvo. Extended Warranty/3rd Party is sold at List/Retail 99% of the time.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
- a. **I am familiar with the deals / discounts that are listed on the website.**
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?
- a. **We do not.**
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?
- a. **Volvo offers an excellent online training program called THRIVE that has great parts sales information, also the electronic Parts Manual is a fantastic source of information.**
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?
- a. **We offer a Volvo interactive Accessory display on a new vehicle in the show room to advertise what is available / compatible with new/used cars. (Examples: Roof Racks, Cargo Boxes, Bike Carriers, along with smaller item displays such as Mugs, Notebooks, and Clothing.)**
16. What would help you sell more accessories?
- a. **Increased Car Sales.**
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?
- a. **I do, within Volvo's Fixed Operations Dashboard, I'm able to once again export data on wholesale customers and view their return percentages based on a group as well as individual customers. For example our return percentage on Independent Repair Facilities is much higher than Collision, Sales with these Independent Repair Facilities is also lower. I've now implemented a stricter NO RETURN POLICY on special order parts / along with the option to bill them a restocking fee and return to Volvo for our valuable customers.**

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
- a. **Yes**
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
- a. **I actively run perpetual inventory counts weekly, I monitor the negative on hand report & check the too see what has not been received from Volvo > 1 week. I weekly view the entire inventory on excel and look to see what parts show an on hand quantity >1 with no bin location. Any adjustments that are made from perpetual inventory adjustments are printed off and given directly to the Controller & filed in the parts department to provide specific details on any adjustments.**
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?
- a. **Yes, I would say that our biggest contribution lost sales comes from missed appointments. The best way that we as a Parts Department has overcome this is by reinventing our Special Order Parts bin for Service, we have improved the daily received Special Order Parts Report to provide a better understanding to what parts have arrived on a given day. Our common definition of a lost sale would be a special order part that has not been filled onto an RO within 4 weeks or the furthest booked out APT Date from today (Roughly 4 weeks). I've actively been working on holding the Service Dept. Accountable for No-Show Customers and the obsolescent unclaimed parts that fill my inventory.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
- a. **Missed Appointments / Communication between the Service Dept. and the Customer.**
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?
- a. **Obsolescence is parts not sold or received >12 months. I would even go further to keep an eye on parts not sold within the 8-12month range. CDK offers a couple reports that show parts that haven't been sold in >12 months but they don't include when they were last received. I find the best way to handle this is by exporting the entire inventory into Excel and sorting by MNS >12 Months, MNR >12 Months. Here I can see an accurate figure of what is truly obsolescent. The exact dollar value for that is \$25826.27 that includes an \$8000 engine we stock for Manufacture Loyalty Purposes. With my Volvo loyalty, I get a larger return balance to send these obsolescent parts back to Volvo monthly at no charge.**
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.)?
- a. **Volvo's RIM program is called VR - our strategy is to daily review new recommended stock offers provided through VR, Volvo offers forecasting data such as monthly sales nationwide vs. here in house. Generally speaking if the part sells more than once a month we will consider stocking the part. (This does not include basic maintenance parts)**

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?

24.

a. 10

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

a. **Organization is the most important part of keeping and maintaining an inventory. Understanding exactly what you have - and where, is the most crucial aspect to running a business. Organization can reduce your work load and stress by implementing clean fool-proof systems to prevent mistakes from happening such as losing parts / forgetting to bill them. I've found that weekly reviewing the inventory electronically to search for discrepancies such as parts on hand, missing a bin location, can greatly assist you in understanding where mistakes are being made on a day to day basis. Diving a bit deeper into this data, you can see who is making these mistakes and why. Having uniform systems that each parts employee follows the same way, increases productivity and helps create scenarios where another person may be able to identify a mistake and prevent it from happening. This comes from good communication and an understanding of everyone's job in the department.**