

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)? **No previous parts management training.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **We adhere to the Toyota vision/statement of "Kaizen" - Continuous Improvement.**
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 have never tracked our FTFR in either the DMS or manually.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **About 70/30**
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? **No measures are in place on our DMS to prevent price changes. Our counter people know not to change pricing unless special reasoning (military discount is the main reason for example)**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Anyone with parts access can change pricing - warranty admin, parts advisors and service/assistant service manager.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Internal pricing is set at 50 points. Our GM set the internal 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? **Less for warranty reimbursement - about 35 points. Retail is 40 points. Recent increase in labour reimbursement due to passing Toyota inspections.**
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 days leading up to month end and on month end, I work with the warranty admin and the assistant service manager to go through, close and finish off as many open S.O's as possible. This eliminates open S.O's rolling into the next month.

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 GM shares the monthly financials with parts and service managers to show our strengths and weak areas and we provide ideas on how we can improve - on a monthly basis. We also compare our dealership to another like-make dealer (in this case Toyota) that is in our auto group.*
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? *Pricing is mostly locked in by Toyota's MSRP guidelines. Parts like accessories, cabin/air filters, oil filters and tires stay at MSRP pricing as they are menu priced for oil changes and warranty. Other parts such as brakes, water pumps, alternators etc etc all have different price bumps as they don't fall into menu pricing. We just recently started adding these bumps to certain parts to increase gross just a little.*
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? *We don't have a parts web page per say other than an inquiring parts section where a guest can send an email for which parts they're needing. We have an in house social media editor and website designer that takes care of all the promotions, social media uploads/videos etc.*
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? *We do not have an eStore. It is something we have talked about potentially adding in the future.*
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? *No sales training is provided. We train how to use the DMS and parts catalogue as the priority and give tips on work tracks when talking to guests.*
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? *Product advisors will talk to guests when they're shopping for a new or used vehicle about accessories and show them through the "build and price" feature on Toyota's website. We have a new "under construction" accessory section that will have a computer setup where we can have a one on one with the guests to show all the accessories available. We are in the works of building accessory packages*
16. What would help you sell more accessories? *Completing our accessory showroom so guests can visually see the products up close. More one on more time with each new owner or potential owner to showcase the accessories available.*

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 only have a couple bodyshops and mechanical shops that we work closely with. However, after NADA course teachings we are going to watch the data more closely and start cutting off some shops from the "wholesale" discount due to low sale numbers and returns for example. We feel that not everyone should get the discount just because they're a mechanical shop.**
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **\$2,798 per day per person (3 parts people)**
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **Daily bin checks were in place but due to staff shortages that doesn't happen as often. We try to always check to see what the DMS shows and what is actually on the shelf/drawer when selling or quoting parts. Adjusting and or investigating as needed.**
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 were previously tracked but tracked incorrectly. Everything was flagged as a lost sale if we didn't have it sitting on the shelf that day/time of quoting or selling. We have now started using the NADA guideline of "Was there a demand?" and "Did you capture it? - YES or NO".**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Having guests return to have parts installed. Too many no shows and missed appts. We are implementing deposits (in full) on special order parts. Once the part is paid for, the chance the guest returns is near 100%.**
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? **Old parts that could have been returned in the past but never were. Sat on the shelf for more than 2 years and then became nonreturnable back to Toyota. A lot were SOP's that weren't picked up or guest never returned to install - part then just sat on shelf and aged out. We just wrote off about \$50k so low value of obso parts now. We are working on bringing a select few parts back into inventory at \$0.01. Rest will be either eBay but most just recycling/garbage.**
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.)? **Phase in/out is new for us that we learned through NADA. Our strategy that we are trying is 3/12 (3 demands in 12 months)**
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? **4-5, but continuously learning to increase my understanding.**

25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? [To offer training like these NADA courses to all who are interested in increasing their skills and knowledge so they can apply it on the daily basis.](#)