

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)?
 - Ford:
 - Sales strategies
 - Training matrix: diversity, product, data quality, parts and catalogues, parts return process, warranties, etc.
 - Zapata:
 - Leadership: Liderez, Ivy
 - Job interview by skills training
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
We do not have one.
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?
Yes, we run frequent reviews. We compare First fill (Total parts) vs Order fills (# of completed orders).
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - Calculated for May 2024: 49/51
 - Manager answer for 2023: 52/48
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 do not have controls in place, however, we run monthly reviews on the margins of the month's sales by each employee.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
Wholesale salespeople, Parts manager and service manager., however only managers can change pricing to a price below cost.

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?
General management defined internal and employee pricing. The current pricing for internal charges and employee purchases is cost + 10%.
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?
It is defined by Ford.
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?
We run monthly reviews with general management and weekly reviews with service manager.
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)?
Monthly review between managers, but they have access to view it on a daily basis.
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?
All prices defined by Ford, and it is currently set at cost +40% for all parts and cost +25% for accessories.
In the case of external suppliers, we defined pricing same as parts, at cost +40%.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
We do not have a parts 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?
We do not have one.
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?
Ford: Training matrix like the one for parts managers.
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?
Yes, the accessories salesperson approaches clients to offer the current accessories.
We have accessories kit and quotes for each model.

16. What would help you sell more accessories?
Showcasing all accessories in vitrinas and installed in cars sitting in the showroom.
Previously Ford had a policy in which a dealer could purchase accessories and if they were not sold within 3 months they could be returned at no cost.
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?
Yes, once a month
18. Do you know how much each of your parts salespeople must sell each day just to breakeven?
Not quite. Based on the yearly budget, specific objectives are set, and based on those we measure our salespeople.
There are monthly objectives and they are reviewed on a weekly progress meeting
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
We have weekly inventory counting. Each count is notified to the general manager, parts manager and accounting.
We also have bi-yearly inventory checks done by and internal and external audit teams, as well as accounting.
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?
We do not track lost sales in our DMS, we also do not have a common lost sale definition.
Parts manager: Lost sales are sales that were not completed because of lack of inventory or not competitive pricing. Clients do not come back later to check if they can purchase that part again.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
Counter sales person request that client pays 100% of the order and invoicing is done after the part arrives, however, sometimes there are mistakes to identify the payment.
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?
Insurance taking parts back after declaring total loss on a crashed car
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 a clearly defined strategy
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?

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

Improving DMS for inventory purchases, it has to be done manually every month.
We need to standardize processes among different areas.