

## 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)? **Joe Martinez completed all 3 Parts Management Courses with NCM. Ford Motor Company Wholesale Training.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **No Vision statement as of now. Working on one by end of year to and will be on a banner and hung in back counter front counter warehouse and Part Manager's office.**
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? **No, 90%.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **35%.**
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? **Only the Parts Manager, Service Manager, Service Director, and GM have access to make exceptions. Everyone has to go to one of the managers for changes if and when necessary. Our DMS is set up so that no one else can make deviations.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Only our Service Manager, Service Director, and Parts Manager have access to override any parts pricing.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **We use cost plus 65% on all Internal parts pricing no matter the amount of part. Was set forth by our Service Director and General Manager. They are current and never deviate.**
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? **We are not a Retail Reimbursement State, but we did do a petition in 2022 and were granted a rate of cost plus 84.9% up from 45%. More than doubled our percentage.**

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 do meet weekly and go over WIP and discuss what is needed to be able to close RO's on a timely basis. We believe in pushing every job for the month it should be in and do not like to carry over any RO's that should be closed in month. We push hard every end of month with Advisors, Techs, Cashier, Parts Crew, and Warranty Admin to close any and every ticket possible. Our Office Manager is in our weekly meetings with General Manager and discuss where we are and where we should end up.
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)? Financial Statement is not given to the manager, but is available if necessary. Parts Manager does have a tracking board he has to update daily and a weekly operating report of sales, GP, Wholesale, Obsolescence etc... and do have daily access to the DOC at any given time.
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? We price the lower priced items with the highest percentage increase and lower the percentage per pricing levels. We do check or pricing goals weekly and have been met, besides wholesale from time to time.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? We have our Digital Marketing team that we talk to monthly to go over any coupons or online specials. And our Hours are rarely reviewed or updated but haven't changed.
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 use Ford Parts and Parts Revolution as eStores. We have one person assigned to respond to every query on a timely basis and he has someone in warehouse to help him make sure the orders are filled properly. Luis Garcia is the person responsible for all email leads and Joe Martinez Parts Manager is the back up.
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 real Sales Training besides Ford STARS/University training as of now. We are looking to buck that trend and begin to open our minds to the fact that we are sales professionals and not just order takers.
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 dedicated Aftermarket Sales

Consultant, but he only talks to customers who are interested in accessories and does not talk to 100% of our customer unfortunately. We have discussed it and decided to change the process so that he can get in front of as many customers as possible. It is a big opportunity for us to increase sales and profitability quickly. We do have 3-4 units accessorized at any given time around the lot and showroom to show customers what a unit can look like.

16. What would help you sell more accessories? As discussed before making sure our Accessories Manager is getting in front of all our customers. Making sure all Sales Consultants talk about Ford Pass Points and offer to use them on accessories at time of sale so they don't expire. Additionally, we need to add a dedicate display area of common accessories we do and can offer.
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 review monthly. We talk about ones with growth and make sure we are servicing them properly and we reach out to those accounts that have fallen off and make sure there isn't anything we can do on our end to help. We go over accounts payable to make sure they are current and cut off any accounts with excess of money out and no recent payments. We are currently running 15% on wholesale and know that is the just breaking even point and will look to find ways to keep our accounts and increase to 18-20% gradually. We also try to go out to wholesale customers place of business monthly to meet with them and keep in touch personally.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? With 4 total employees I am aware our individual gross sales per day needs to be \$1,500 minimum daily to keep up with our tracking goals.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? We do a inventory Bin counts weekly and must report to the accounting office and all dealer management. And I also run a variance report weekly to make sure there are not patterns of concern.
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 are tracked in our DMS. Our definition of a lost sale is not accurate and only one of 4 of my counter men has a good understanding of what a lost sale is. We recently had a eye opening discussion on the true understanding of a lost sale and hope to better our process to help us have a better fill rate.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Making sure there is communication with our customers right away when parts arrive. Lack of continued communication with Advisors and following through with SOP's ASAP.

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? The pre-paid policy not being implemented and Techs ordering parts not necessary on R.O.'s. Not returning on timely manner within 45 days. Our current value is \$49,000.
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.)? We use RIM monthly and we just signed with Dealer Mine to help us phase out any and all parts not necessarily needed to carry on our shelves. We must remove parts even before they become obsolete and phase out faster.
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. We just changed DMS and although I do pull reports necessary to do my job well, there may be better reports or tools within our new DMS that I need a better understanding of. I will continue to ask questions and learn more about our new DMS and how it can help me manage accurately and effectively.
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? Instead of the weekly summary meeting with all Store Managers and Ownership, have a bi-weekly meeting with just Service Manager, Parts Manager, Service Director and General Manager for deeper dives in each others departments and be open with each other and be able to give constructive feedback that will benefit our whole store.