

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)?

NADA Parts Class many years ago, as well as, Honda Online University

2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?

"The Customer is always right. The customer is our business"

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, usually around 90%

4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?

Customer RO 45%

Internal 20%

Warranty 12%

Retail CTR 2%

Wholesale 16%

GOG 5%

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?

All counter folks have access to change pricing. We look at the exception and deviation report to see what is going on monthly. We don't have controls in place.

6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?

All counter personnel.

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?

Yes, internal is retail. Former academy attendee who is no longer with the organization.

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 currently at 78.15% over cost for warranty. We are also currently petitioning for a review of our pricing to allow for an increase.

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?

Yes, The Parts Director and Controller review all WIP and open RO's to reconcile the month end statement.

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)?

Yes, monthly.

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?

1.67% over cost. Items under \$15 are much higher.

12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **Very rarely**

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, Manager receives the inquiries.**

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?

When required through Honda Online University

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, we have salesperson present sell sheet with list of options and pricing. We also send email following purchase with estore link and 10% off.

16. What would help you sell more accessories? Sales People doing better job selling accessories.

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?

Currently a work in progress, we know we need to improve.

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? No

19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? Once a year physical 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? Yes, if we don't have the part and we don't overnight it, it gets marked in the DMS as a lost sale.

21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? We don't make it a focal point of management. We rely on Service BDC to coordinate the parts and she is very nice but doesn't have skin in the game...

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? COVID.... We normally are around 5%, but currently are at 10%... Working out of it slow but sure.

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 work with third party consultant DCSI. The recently changed strategy from deep to wide. Six month supply to three month supply and wider selection in stock.

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? 9

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

Don't discount service.and don't use coupons...