

## 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)?  
I have no formal training except the NADA class I am currently completing. I do have 26 years of experience as a Technician for Infiniti. This does help with looking up parts and completing estimates accurately.
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?  
No, we do not. Our dealership has a mission statement. "Our mission is to attract, develop, and retain exceptional people to deliver an outstanding experience that creates loyalty beyond reason, one customer at a time."
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?  
I have not manually. I do track it with the DMS report daily. Our current FTFR is 87%.
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?  
Inside is 33%, and Outside is 27%
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?  
There is no control or security in place to prevent changes. However, policy for this department is no changes are permitted without Parts Manager approval.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?  
Only the Parts Manager can override pricing if requested. Service department can only alter parts pricing with coupons applied to whole repair.
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?  
Up until 2 months ago, we were at 30% over cost for internal pricing. Former General Managers had set the mark-up. We had a GM change, and he increased internal to retail pricing. Service labor was at a full amount, so it always upset me that parts should be full retail also.
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 close to retail. Currently, we are at about 65% over cost. This increase occurred before I became Parts Manager. I never heard anything about the process to increase it, but it started about 3-4 years ago.

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?  
No. This is nothing that I have been involved with, as far as with the Office Manager/Controller. I do complete all parts invoices for the month within a day of the month ending. Our accounting department will track this closely. I am not sure of the process Service goes through with repair orders.
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)?  
No. I only see the financial statement if I request it. I do pull up the daily accounting management report in CDK and track my sales and gross profit. I'm not sure if that is what is meant by the DOC.
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?  
For vehicles in the shop, our pricing is figured using a matrix guide for parts under \$500. For all other part sales, except accessories, retail pricing is used. I track gross profit percentage daily for customer pay service. Due to our inability to separate some payment forms from counter sales and wholesale, I can not track counter gross profit percentage accurately. By this, I mean we only have one form of credit card payment choice. As an example, there is no separation of wholesale Visa and customer pay Visa payment form.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?  
I check the site monthly, to make sure coupons are accurate. Coupons are changed monthly and updated for the seasons. All other content is controlled by our marketing department.
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?  
No. We have parts request forms to be filled out and submitted. All requests are sent to my email. I respond quickly by providing the information the customer requested, or make sure someone else responds in a timely manner.
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?  
There is some training supplied by Infiniti on their University website. The company also provides phone skills training at our designated training academy. While these courses are a great asset, I asses and monitor my parts consultant constantly. Any refreshing and training needed is completed on the spot.
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?  
Up until about 3 months ago, accessory sales were very low with new and used car sales. The sales department at the time did not offer or recommend accessories at the time of purchase. We now have a sales manager that is recommending accessories. The sales staff has access to accessory catalogs on Infiniti's dealer portal. We also have a couple small display cases in the showroom, and the ability to quote pricing if sales calls the parts department. We certainly could improve our accessory process.

16. What would help you sell more accessories?

I believe we have a sales staff now that will look at accessory sales as a benefit to our company's sales goals. Previously, this was not even considered. Once we have a good sales practice for accessories in process, I can access what we will need to do to continue and grow.

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?

I have not reviewed my wholesale customers in this way. I have reviewed and reached out to them during the current COVID issues we have been having. I did this to ensure they realize that we are still here for them and are willing to help them with their needs. Returns are not a big issue with our customers at this time, however I will start to monitor this to access any changes that need to be made.

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?

I have not calculated this figure out to determine the daily amount. We are a 2-person department, so we monitor our current state and projected amounts daily in our RAM meetings.

19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?

We complete about 6 inventories a year. I make sure that we complete bin counts and track down any discrepancies very quickly. Variances were not communicated with the accounting office until now. This was something that had ever been taught to me.

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 had been tracking lost sales, but since completing the NADA training on lost sales, I know they have not been entered correctly. I will be putting together a process to post and track lost sales once my new parts consultant has been trained. My definition of a lost sale is when there is a demand for a part, and the DMS shows a sale.

21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?

Up until about a month ago, we had a very good process in place for SOP parts. I would update the Service Manager of what was on the shelf, and he would make sure the customer was scheduled in. We really kept the shelf clear when everyone did the process correctly. Since, we have had a personnel change, and the process just needs to be reimplemented and followed.

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?

I inherited a very poorly run part department almost 2 years ago. Some parts were 5-6 years old. I taught myself about accrual money on the monthly returns and have been reducing the old inventory regularly. Another issue I have had was with my old parts consultant. He would struggle with getting the right part ordered at times. This would up my "part with no sale" number. I plan to get obsolescence under control soon. My current obsolescence dollar value is \$34,442.

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.)?

I do not have a phase in/out strategy currently. Since I do not feel that lost sales have been tracked correctly, I was not able to do this accurately. Infiniti's ARS program has been working excellent. It has picked up and monitored every part ordered and has us stocked with perfect supply levels.

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?

I would say a 6. While this is still not a good number, I feel it has increased with the NADA training I have completed.

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

Since we are a small company, I have been tasked with being a "Shop Manager" along with my Parts Manager duties. While I understand that my department could run on 1 person, the Manager side of the department is neglected. Since I am without any staff at this time, I am forced to work open to close, six days a week, perform all Parts Consultant duties, all Parts Manager duties, Service Dispatcher, Shop Manager, and Shop Foreman. It would help me do my job more effectively, if I did not have to deal with the Service department responsibilities.