

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)?

He didn't have formal training – He learned everything from his training with our current V.P. of Operations who was the parts manager over 20 years ago when he had started. He would consider himself self-taught as a manager.

I will be working with him on everything I learned in this class and reviewing his DMS summary report with him on a monthly basis moving forward.

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

Core values are read daily to the entire parts staff at 9 am every day. His most impactful Core Value is Core Value number 24 – We are each responsible for fostering team work and there is no such thing as it is not my job.

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?

First time fill rate is not tracked by the parts manager on his own. However, he does receive a report through Netstar and MBUSA calculates the FTFR. Current repair order FTFR is 86% using MBUSA. He thinks the DMS is skewed based on when report is run and he does not calculate the FTFR using the DMS.

We are working through the calculations we learned and getting a good idea what our fill rate is and how we can improve. We are starting to review inventory issues and getting rid of obsolescence so we can bring in new parts.

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

He believes that the inside sales number is 85 and the outside is 15. He believes he was told that 12-20 % should be wholesale number. Our actual calculation is 78 inside -22 outside. He states that our one wholesale counterman would tell you that we are 60 outside and 40 inside

because he will always tell you that he is too busy! We are having a conversation with the team to review importance of taking care of our technicians and the importance of doing so.

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?

He stats that there are no securities in place in our DMS. He says that to manage all of the pricing changes and discounting, he must sign off on all pricing changes before they are applied. He says he believes this happens every time.

Created a parts discount spreadsheet that is shared among the managers and GM and has to be edited each time discount is made.

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

Parts manager, service manager and service director are able to discount and change pricing when needed.

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

Yes, we are at retail pricing for internals. GM established years ago and all pricing is current.

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?

He said we are at retail and he feels that sometimes, warranty pricing comes out even higher than retail pricing. We just received an increase in rate at the end of last year for 2021.

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, he works daily, weekly, and monthly on all required reporting and reconciliations with office manager and service managers. He works off of a shared file called the reconciliation spreadsheet. He documents all of the information and the spreadsheet is then updated and modified by office manager. He runs a 3613 to review any RO's that aren't closed so that he knows about it.

I am involved weekly to go over WIP and make sure service orders are closed.

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)?

DOC is checked once a week and he has complete access to it. He has never seen a financial statement before.

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?

Retail pricing is 18% off and the parts manager verifies this is happening once a week at least. There are accommodations made if a sale is needed and someone calls asking, we do it within reason and it is mostly for our accounts who spend the most.

We have completed an automotive group wholesale spreadsheet that includes all whole sale accounts for all 5 stores and the sales, gross, returns, etc. made by each shop year over year. This is helping us create a marketing strategy to try to gain all the business for all manufacturers for all accounts and then move on to attaining more business.

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

The web page is audited once a month. He is responsible to add anything or take away any discounts or specials. He makes the counter and boutique specials and the service director is responsible for service coupons include parts discounts.

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 do not have a parts online eStore. We do have a parts order sales lead that goes to the countermen and parts manager and is responded to immediately but unlike Amazon, the client cannot look at part numbers, eta's, or order the part on their own.

We need to address easier use of the web page for clients to attain part information or parts needed so we do not lose sales.

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?

Parts personnel training is mandatory through Mercedes-Benz quarterly. There has been no recent sales training for him and his staff. Nothing like a declined sale and how to counter that. Our new fixed ops trainer is learning parts and he has been told that he will teach the parts team on the sales process.

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?

GM is working on it for the sales sheets to provide each salesperson. Each sales sheet he provides the part numbers and pricing for and hands off to service manager to establish labor times. Accessories are listed on the website for clients as well.

16. What would help you sell more accessories?

Loading more loaner cars with accessories and more vehicles in the showroom. He said only one car currently is in the showroom with the accessories and the accessories are roof racks.

Working with Sales Managers to start showing accessories on showroom cars.

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?

Returns are reviewed quarterly for his wholesale accounts so that he knows if someone is abusing the policy of not charging re-stocking fees. He is much more lenient with bigger wholesale accounts and what is being returned and he said usually all of those returns are justified. He said whole sale is stagnant across the board and he would like to start using all of the other stores we own to start pushing our store and brand and see if he can gain some accounts based on our reputation as an automotive group.

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

According to this month about 2800 a day as his forecast is to sell about 10k a day. He justified that number using 4 counter men. He does not include himself in that number although he does sell parts.

Need more accountability for individual counter men, but need to share this information with them daily so that they can set and achieve their goal daily.

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

Reconciliation sheet is used and it is done mid-month with the office manager. At the end of the month he measures bulk oil. He said if there is an inventory issue he waits until end of month to address because he said it usually ends up being somewhere else.

20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?

He said we should be doing it and his counter men know they should be doing it. His definition of a lost sale is when a client comes in, we don't have the part, client didn't want it or client came in, left without it or we didn't have it and they wanted it. Basically everything is a lost sale if we had a demand and sell it at that moment in time.

Having a team meeting in parts to review NADA definition of lost sale. We have line item on weekly manager report that the parts manager will start tracking lost sales.

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

Client's not coming back for parts is the biggest obstacle. We call and email and there is usually no response. They have a report that they run weekly and give to the appointment coordinator so they will call to try to get clients back in as well. They will take pre-payment on SOP parts unless it is a good client or a stocking item. We will make sure items are pre-paid for moving forward and start using parts drivers and mail to get into client's hands.

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 biggest issue in his inventory is the \$10 and under items that cannot be returned. A lot of these parts came in a pack and they did not quote it up front to anyone. Another issue is VIN parts that have been ordered for recalls or modules that cannot be returned. \$16,000 is the current inventory of obsolescence.

We are selling the pack and not individual numbers of hardware moving forward and \$10 and under items will be pre-paid for at all times.

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.)?

3 and 12 is the phase in strategy. Stock pro is super helpful and helps to achieve a high fill rate. Stock order report is reviewed daily, but biggest issue right now is the amount of parts requiring a VIN to order to stay on top of manually phasing in parts. He has to wait for appointment or a car to arrive in order to order the parts.

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?

6 would be his understanding of the DMS report but he feels he has a much stronger understanding of reports provided to him by MBUSA. He wishes that he knew where to look on report to find calculations that would be happy and he now understands the activity section of the report and how to better handle his obsolescence.

After talking to GM and I about obsolescence he was able to send \$16,000 back in older parts and even returned items such as grease that he thought he had no chance on sending back.

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

He said If he asks he gets. He thinks he could use several better people in his department and he needs a way to monitor the phone system. The department is 2 stories and he can't see everyone throughout the day or hear what they are saying on the phones. He needs to have someone to count on and buy into all of the processes. He said he needs to have training in sales, monitoring selling and providing confidence in selling.

Last week we hired a former MB parts manager at another location to help our parts manager. This should resolve this issue.