

## 1. 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.**

2. What formal parts management training does your parts manager have (for example, the NADA Academy Seminar)? **University of Parts Management General Motors 1992, and Gulf States Toyota parts certification training.**
3. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **Yes, the parts department has a vision statement but only the parts manager can recite it. Sometime through the year's employee focus and the importance of the vision statement has lost its luster. The vision statement is "We will always be ready to assist the next customer or associate to the best of our resources and ability."**
4. 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, but not recently, when we switched from Reynolds to CDK twelve years ago it spoiled us letting us know the FTFR with a report. We normally ran around 90% on this report. We haven't run manual numbers in years and don't remember what they were back then. We did run the numbers manually this week and came up with 83.33% FTFR using a total of 42 RO's.**
5. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **If I had to guess we are around 80% internal and 20% external. We used to calculate this in the past but just don't have the time to do it anymore and Covid has affected all the numbers. We did the calculation and came up with 71% internal and 29% external.**
6. 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? **CDK Overrides, only parts department employees have access to these overrides. Examples are replacing a customer's tire that ends up being covered by warranty and they will only pay so much, or service contracts won't pay matrix pricing just list price. All parts employees know that the parts manager checks on his dashboard all through the day and looks at any exceptions and deviations.**
7. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Only the parts manager and designated parts employees can override parts pricing.**

8. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Yes, we are at retail pricing for internal. This was established by the owner/general manager. And yes, the internal parts pricing policies are current.**
9. 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 at retail reimbursement for warranty. Arkansas is a blue state, but Toyota pays retail for warranty.**
10. 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 and service manager work with the office manager on all work in process documents. The Owner/GM sends out a monthly report to all of us and we meet to report back an estimated time that the open invoices or RO's will be closed out.**
11. 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)? **The financial statement for the parts department is not given out or discussed with the parts manager. We have a daily internal doc that is updated and reviewed daily.**
12. What is your retail pricing strategy for your Parts department? How often do you check to see whether your pricing goals are being achieved? **Our retail pricing is matrix priced around 10% over MSRP on average. Some parts are menu price by source and can't be adjusted. We check to make sure our pricing goals are being achieved daily on the parts and service internal doc.**
13. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **Never, we need to work on this!**
14. 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 eCommerce yet but we are looking into either Revolution Parts or Simple Part. We do have a link on our website that all retail online orders are emailed to the parts manager and responded to by somebody in the parts department.**
15. What sales training is available to Parts personnel? If training is available, is it mandatory? How often are sales skills assessed, tested, and refreshed? **All parts personnel are required to complete GST's certification training which is an annual curriculum. No internal training at this time but parts manager strongly recommends phone skills and customer satisfaction training for all parts employees, service advisors, BDC, and anybody answering the phone or dealing with front line customer service.**

16. 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? **No, we turned this over to the sales consultants a year or so ago for some reason. We are currently working with service to restore our accessory process. Guess we can blame this on Covid or not having enough employees, but we just failed to make this an important part of our parts business.**
17. What would help you sell more accessories? **Better cataloging from Toyota, it's terrible. We also need to be motivated to build a better boutique on the showroom floor like we did years ago. We also need to have better communication with the sales department.**
18. 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 only review wholesale customers when there are red flags (late on a bill or return an entire order). Reports and analysis in CDK let me know Sales\$, Gross\$, Return\$, Net Sales\$ and over 30 days late money owed. Anything over 10% return is considered bad.**
19. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **No, I used to do this, but we don't have a real good way to track this anymore. We discussed figures from my class, and they were about what the parts manager figured they were.**
20. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **We perform regular bin checks daily but tend to do a better job of this in the second half of the year. We also do a monthly reconciliation and if we are off, we try and figure out why. If we can't figure out the discrepancy any adjustments which are very rare quarterly go to the office manager where the adjustments are made. And we have yearly physical inventory count.**
21. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? **Yes, lost sales are being tracked in CDK, but we are not doing a very good job with marking them every time. For a while we put a lot of emphasis on marking lost sales and our number was a lot higher. I am old school and believe if you don't sell it put a lost sale in the system. If you put a lost sale in and sell it later, it won't hurt a thing.**
22. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Our biggest obstacle to getting SOP's off the shelves is communication between parts employees and service advisors. Who's going to contact the customer. Some parts are ordered by parts employees and some are ordered by advisors, but they are all supposed to be contacted by BDC. But, turn over is destroying this communication process.**
23. 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? **No doubt the biggest cause for**

obsolescence is GST's latest return policy. Off the DMS report which should be looked at monthly our obsolescence is \$29,434 which is 22% of our inventory.

24. 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 follow GST's recommendation for phase in/phase out. This is phase-in 3 in 8 on most sources and any body parts are 5 in 12.**
25. 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 9 only because I am expecting you to ask me something that I might not know. But I strongly understand the DMS summary.**
26. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **Engineer and communicate a plan to the parts manager and leave him alone to make this project happen.**