

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)?

None. Our parts manager was trained by 2 previous mentors.

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

We do not have a formal vision statement. The only thing he could think of is that "we will get the customer the part they want as soon as we possibly can".

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?

Our manager does not check this manually, he uses the DMS. Our FTFR hovers around 84%.

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

Inside: 63%, Outside: 37%

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?

Counter people do not have that capability in our DMS. They need approval from the manager or asst manager.

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

Parts Manager/Assistant Parts Manager, Service Manager/Assistant Service manager

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

No, we are not. The owner set the internal pricing policy 15+ years ago with no updates since.

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?

The reimbursement from our distributor is cost + 30%. This is not exactly retail rate but is pretty close. My manager said "it's close enough not to rock the boat..."

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, each department head works with the controller during the close of the month to reconcile WIP. She goes over each WIP to make sure they are closed out correctly and to discuss any 60+ day WIP RO's. WIP seems to be a consistent pain point between our parts manager and service and body shop managers.

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)?

The financial statement is not given to the parts manager. Our controller gives him multiple runs for that department and he has access to the all reports for his dept in the DMS.

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?

Our retail rates do not change frequently but are assessed **almost** every month with other competitors in the market. Usually, retail pricing hovers around cost + 40%.

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

We almost never audit our parts page. Our advertising director gets the specials and/or coupons from the parts department manager and is in charge of posting that to our website and making any needed changes that come up, such as holiday hours of operation.

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 not have any type of parts online eStore. It is something that we are discussing currently.

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?

We train every one of our parts employees for a 2-week period when they are hired. Actual sales training is not something that is mandatory for the department. However, our manager does continually assess job performance based on numbers and what he sees. From there he will do needed training where he feels the individual needs work.

14. 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 not have a process for offering accessories to our new/used customers. The excuse that was given is that we have a very "price-sensitive" customer base that doesn't need additional accessories and that most of our vehicles comes with a lot of accessories that are port installed through the distributor.

15. What would help you sell more accessories?

Dealership opting to add less port installed accessories and opting to do/sell them at the dealership.

16. 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?

Yes, our wholesale customers are consistently getting reviewed and assessed. Wholesale is a big focus for our dealership and our wholesale customers go through an audit once a month.

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

No, this is not something that is tracked by our manager. However he does track their sales numbers on week by week basis.

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

We reconcile our inventory on an ongoing basis throughout the month. During the month end close, our parts manager reconciles our inventory with the accounting office and investigates any differences personally.

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

We do not track lost sales in the DMS. After pressing our manager about this, he says that they don't need to use the DMS for that because they use an internal list the counter people use. He defined a lost sale as a part that we do not have and the customer does not want to wait for.

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

Not being able to get back in touch with the customer once the part arrives. This is particularly the case for customers who do not have to leave their car with service.

21. 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?

Our biggest cause of frozen capital and/or obsolescence are special order parts but our department does a very good job of not letting these parts sit. Our current obsolescence is only \$2,203, which is .5% of our total inventory.

22. What is your phase in/phase out strategy? How do you balance this strategy with factory recommended stocking guidelines (RIM, ARO, Parts Eye, etc.)?

Our manager has a 4/12 strategy. However, since he does not track lost sales in the DMS the 4 requests/purchases would not include potential lost sales.

23. 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?

After utilizing this class, I would rate myself a 7.

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

I think something as basic as training can help the department tremendously. Sales training for our counter people, operational training for our assistant manager/manager, etc. Although you can't particularly calculate an ROI for this, I think this would be a relatively small investment for a potentially big reward.