

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.** Parts will be in blue and I will be in red.

1. What formal parts management training does your parts manager have (for example, the NADA Academy Seminar)?

I am 35 years Chrysler certified (points to the plaque on the wall).

Do you think it would be advantageous to attend one of these NADA seminars if for nothing else other than garner a different perspective?

It might be something I would be willing to do but taking an entire week off isn't easy.

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 vision statement at all.

One of the things we talked about in the parts class was having the right part, at the right time, every time. Wouldn't it be ideal if we could fill an order right away 100% of the time?

Yes but that just isn't possible. I just checked dealer track and we are at 96% fill first time rate.

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?

No, I have never tracked this manually. Right now, we are at a 96% FTFR.

I know how to manually figure a first time fill rate out. We should probably see if our manual matches our DMS number.

Yes, we should do that.

I will create a pocket of time where can do that together.

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

Most of our business is from intermetal, warranty, RO / internal. Virtually none is counter retail, and we do a fair amount of wholesale.

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?

Every parts counter person has the authority to adjust pricing; however, I go through deviation reports every single day looking for anomalies outside of an obvious explanation at first glance.

Has there ever been an issue that required some form of reprimand?

No not yet. I have worked with these guys for 10 years +.

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

Only parts personnel have the authority to override parts pricing. Also, the director of service and parts but he always touches base with me so we can get on the same page prior to doing anything.

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

Oh yes. Mr. Falcon adjusts internal price policies and they are always 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?

We are just a touch over retail for Warranty. We hire a company to submit to our OEM for warranty price adjusts each year but because we are so high already (nearly 50%), we may not make a request this next year unless it makes sense. We don't want to go backwards.

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?

We have a TON of money with our Work in Process. It's quite a problem right now. Generally we are very good but we have over 100k outstanding right now.

Perhaps we should get our comptroller, service director, COO, and you in a room together so we can get this figured out. I'm sure you want your guys want to be paid for this.

I would love that.

Okay, I will get it scheduled and get back to you.

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)?

I don't review the financial statement but I do use dealerops and dealertrack to track gross.

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?

I check daily to make sure that we are maintaining our margins.

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

I never have.

As you know, I am going to be making a huge push for e-commerce which will be helpful in the long run and short run.

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 have a parts order form and the lead comes to me directly and I distribute it out when I receive it through my e-mail.

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 don't have official training but we do a train as we go deal. Again, these guys have been here for 10+ years so they are well versed in what needs to be done.

What about the phone skills we reviewed?

That is something we could use some training on.

Do you want some assistance on setting this up?

Yes.

Okay great. I'll add it to my calendar to do some phone roleplay with the guys.

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?

No. I met with somebody before that had a virtual accessory catalog that was vin specific. The sales team plugs in the vin and it will have all of our accessories that can be purchased at time of sale.

I want to meet with that vendor. Can you set it up? I can certainly assist with getting accessories up.

I'll set it up.

16. What would help you sell more accessories?

Using the virtual catalog would help a ton.

Let's do it.

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 approve wholesale deals as they happen. I have fired some wholesale vendors if they get too out of hand with their returns or the margins are too low. I continually review wholesale reports.

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

I do not.

I have a formula I can send over to figure that. I will say, we are WAY over the breakeven point which is the great news but this nugget of information is good to know.

Okay. Send it over.

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

We do a yearly audit and correct errors as we notice them.

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 hardly ever use lost sales and we need to so we can get the right inventory in.

I 100% agree. Let's make sure we are all on the same page with lost sale reporting.

Oh I will.

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

We don't have customers pre-pay for them which creates big issues for us.

Let's start having customer's pre-pay. I'll coordinate with everybody so we are on the same page with processes and procedures.

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?

Our obsolescence is only at 5% right now. We do a great job managing that.

I want to add a \$100 wholesale pack to each vehicle we run through the auction to help clear up this obsolescence.

That would be fantastic. We don't have a lot so that will help in getting it chipped away. How many vehicles do you run through wholesale lanes?

Roughly 20-25 a month.

Oh that would help get us to no Obsolescence in a year.

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.)?

2/6. It's a tough balancing act. This actually takes up a great deal of time rejecting or accepting what is recommended.

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

Where do you feel like you struggle?

I just hate DealerTrack and want to switch back to Reynolds.

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

Stop treating the parts department like Gremlins. We are people too and are blamed for everything. Sales is the golden child and we are tucked away into our own little corner of the world constantly being shit on by everybody. Service techs, writers, sales. We are people too.

Well that breaks my heart. I'll work towards making this a much more positive work environment for not only parts, but everybody else included. I never want anybody on this team to feel that way.

Thank you.