

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)? VW training and certification. **Possibly look into NADA Academy for parts.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
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? Yes, manual FTFR 95%
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? 60% shop, 40% counter/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? Each parts employee can change pricing, utilize discount codes in DMS
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? Parts Manager- counter person
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? Yes, Parts Manager/GM/Service Manager, Yes-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? MSRP for warranty reimbursement
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. **Should everyone meet on certain dates, or set a schedule**
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)? Monthly financial DOC, reviewed with GM

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? Currently have an escalation pricing formula, Parts Manager reviews the daily sales to evaluate Gross Profit. **Do they coincide with each other, or should we dive deeper into matrix?**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? Monthly
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? Parts Manager and counter person gets emails-responds within 10 minutes. **Should we send out an automated email to ensure good information**
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? Training thru VW on weekly basis
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? Introduce new customers to online accessory page, as well as pre-load new vehicles with optional accessories
16. What would help you sell more accessories? More 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? Monthly
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? Yes **All employees pull their weight and meet that number most times**
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? Yes, conduct perpetual and monthly reconciliation. **Count misc. in shop and service drive weekly**
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? Yes, part could sell and do not have
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Shortage of Techs and scheduling times for service department

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? Long wait to install SOP \$42K
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 hits in 9 months 3/12 for phase in/ no hits 9 months phase out. Does this include outside sales and/or other dealer stock
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? 10
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? We have implemented all resources available

PARTS HOMEWORK – ACTION PLAN

S Specific **M** Measurable **A** Achievable **R** Relevant **T** Time bound

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?
Example: "I will decrease my 5K run time from 30 minutes to 21 minutes by June 15."

S M T

I will decrease obsolescence to 5% in the next 6 months

How does this goal align with or support your dealer's vision?
What are the BENEFITS of achieving your goal? What are the CONSEQUENCES if you don't?
Why is this goal important to you?

R

We strive to offer good mix inventory when customer needs part.

Benefit: reduce the investment currently frozen

PARTS HOMEWORK – ACTION PLAN

How will you track your progress? Where will you find the information? How often will you check in?

S M A T

Daily reports
Monthly DMS reports
Check financial reviews

Potential Obstacles?

A

miscounts
service mis billed
sales not give proper paperwork

Potential Solutions?

A

ensure count
check service/work in progress
check proper R/O closes
ensure proper paperwork from
necessary depts

BOTTOM LINE! What is the financial impact (expressed in dollars) of achieving your goal?

S M R T

\$150K in return obsolescence credits

CONGRATULATIONS! You've accomplished your goal! You added or adjusted policies, procedures, and behaviors. Now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

S A

regular meetings, discuss all of the above

