

Parts Manager Conversation – JIN LEE N389

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)? *29 years in the department. Hyundai/GM certifications, Max training for ACE technician school.*
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? *He is not aware of one specifically for the department, only a general one he saw in their employee handbook years ago.*
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. This will be the first time we track this.*
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? *70% internal / 30% outside*
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? *Only the Parts Manager and Assistant Managers have password access to override pricing.*
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? *Only the Parts Manager and Assistant Parts Manager.*
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? *We are not at Retail pricing for internal. Internal is Cost +15%. Retail Cost + 40%. These have not been adjusted in recent years, to his recollection.*
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? *Warranty rates are set by the Factory and the department has not petitioned for 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? *The Parts and Service department managers do not currently have a set procedure to work with our Controller. Each department spot checks the WIP throughout the month, especially at month end.*

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)? **No. The financial statement is not distributed to this Manager. They run their own reports through the DMS, but rarely.**
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 strategy is set by "Parts Eye" and pre-existing default matrix within Dealertrack. They have not been tracking pricing performance metrics.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **They do not audit the parts webpage. There are no coupons, only hours of operations listed on the bottom of the landing page for the Sales Department.**
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 a parts eStore. The only way to request a part is through a parts request template that emails the Parts Manager once submitted.**
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? **Hyundai has an ongoing training and certification program that requires employees to stay current on new best practices. This is issued 1 or 2 times a month.**
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? **There is no process to offer accessories to 100% of customers. The Parts Manager has been reluctant to order and stock accessories due to the stricter return policies of non-OEM and the individualistic nature of accessories to Make/Model.**
16. What would help you sell more accessories? Implementation of accessory displays and POS literature in the Parts Department and Dealership showrooms.
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? **They have not reviewed individual wholesale accounts stating they have around 200 different active accounts.**
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **They are not aware of this figure, but do know that the Assistant Manager sells the bulk of the department's parts via wholesale business.**

19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? They currently spot check inventory whenever they have time – perpetual bin counts.
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? “Sometimes”. They did not have a common definition until they were presented with information from NADA Parts class.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? 80% of the SOP is warranty related orders which were not used or customer did not show up. Most of this is orders through the Service department. Special Order Parts ordered directly through Parts are all prepaid.
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? Ordering the wrong mix of parts, warranty and recall parts, the value estimated is about \$10k / month. Which they are penalized by write offs taken from departmental gross.
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.)? Parts Eye has a preset guide that they are not sure what the values of are. They have just been following the software recommendations.
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? 5/10.
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? More staff as they are at capacity for the current team.