

## 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)? **Did not have any formal training in the form of NADA but apprenticed for 3 years when this used to be a union shop. Passed ACE certification. Trained under the tutelage of the previous parts manager who was here for 48 years and retired in June..**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **Yes. To provide excellence to the community with value, trust and integrity.**
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. He has not done it manually, but we estimate it at 80%. Extrapolating on my random survey over several days of open ROs this seems close to right.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **57% Internal /43% 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? **The price grid is adjusted quarterly. Most counter people have the ability to make changes on the pricing in the DMS. They are pretty much on the honor system but the director can track when he checks on inventory and any adjustment can be seen by him and he can ask questions if something is amiss.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Anyone who can bill can make changes, service advisors, directors etc. Since we go to market with Simple Price Simple Process philosophy which means one price for all - price changes are few and far between. Although Service advisors can change pricing they are required to ask the Parts Director before doing so.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **We are at Retail Pricing for Internal - the FixedOps/Service Director and the previous parts manager established the current pricing with regard to Internal. We just changed it with regard to external wholesale.**
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 actually at a markup 1.86 for warranty, which is strong and slightly above the average retail. The controller helps with petitioning the OE along with the service director. They petition each year.

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?  
There is an open invoice report run by the Controller each week. The Parts Director stays on top of that along with the service director. She is an incredibly capable and efficient controller and if there is something that seems out of the ordinary, she will demand an explanation. This process ensures faster closing of ROs. There are also morning meetings three times a week, where the department heads go over any difficult or pressing matters including hard to close ROs and cars that have been DIS longer than normal.
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 Parts manager is given the financial statement each month. Every day he receives a copy of the fixed op doc as do all of the managers in the store.
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?  
There is not a formal retail pricing strategy as of now. This is something we will be discussing in depth going forward.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?  
We audit our parts web page fairly often. With regard to hours and mundane information, I handle a lot of the website management. We have a marketing consultant who helps with offers, etc. Parts manager check in at least once a month to Review our 3rd party parts order portal that is incorporated on our site is looking and working; "Simple Parts, LLC"
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 have a pretty good parts estore powered by "Simple Parts, LLC". We have an offsite manager who remotely manages the order process. About 70% of the items are dropped shipped. The other 30% are shipped from our location or picked up.
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?  
There is automatic training from the IGNITE APP in REYNOLDS that is mandatory. And everyone is required to go through the yearly Toyota University training to keep up to date.
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?  
Yes. We use AIM presentations on every customer. Sales person logs into AIM during the sales process, and the system records that they

presented and the time of the presentation. Every customer is required to see the presentation.

16. What would help you sell more accessories? More internal space to display, and a better boutique. Also, increased visibility of the trucks we do upfit so customers can visualize accessories after they have been installed rather than just seeing it on paper. (This is one of the action items I submitted discussing increasing the visibility of our accessorized vehicles.)
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? We just reviewed this in great detail in no small part thanks to this class. The gross in many cases was not justified due to the expense of maintaining the accounts. We just delivered letters to all accounts letting them know that prices are going up in the new year. We will likely lose some accounts, but the gross percentages will go up and we will be better able to service the accounts that stay with us.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? He did not know this off hand so I shared that it was calculated at \$4,816. He was pretty surprised. Intuitively I think he had an idea of the number but to see it calculated was eye opening.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? One or two guys a day update the "inventory pad" for each bin. This is perpetually done and discrepancies are communicated directly to accounting.
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, they are being tracked in the DMS. The definition of lost sale; if a customer left for any reason because we didn't have a part, or if part of an order was unfilled because we didn't have or couldn't get the part delivered in time.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Obstacles: Turn around time has slowed due to supply chain issues; customers become impatient and buy elsewhere, or even forget the order. The other obstacle is Service advisors that write jobs and request big parts orders while cars are DIS. Suddenly the RO is closed and the part or parts are not on it. Either the customer decided not to go through with the job or the Advisor had not fully got a commitment for the customer to go through with the job and placed the order hoping he could sell it later. Whatever the reason, it is tough on the Parts Manager. He can sometimes avoid this hassle if he emergency orders the bigger parts so he can return the part in the first month if the job doesn't go down. If it isn't an emergency order, then the part has to sit here 6 months before he returns it.

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? **There isn't a lot of obsolescence because almost everything is billed to an RO. Current value of obsolescence is \$0 on the 2213. But a big quirk is some of the service advisors that will write up ROs saying that they have sold a job.**
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.)? **Phase in strategy is 3/12. "IT is relatively easy to balance with factory recommended stocking". The suggested stock report also helps stocking. With regard to phase out, no orders for 9-13 months begins the phase out**
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? **9**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **He needs more good people. He has a good team but he is doing the work of a manager and counter person and customer relation liaison. A couple more counter people that are good sales people with good work ethic will make his life immediately better.**