

## 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)?

No formal training through NADA.

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

Not at the time, though we are attempting large process changes and this would be a step in completing 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?

Not specifically FTFR, however we are graded on metrics like Fixed First Visit though Stellantis. At the moment with such bad supply constraints, this is the metric I focus on in order to keep our customer satisfaction and retention. We stick around 93% typically.

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

58% is Repair/Maintenance/Warranty, 42% Retail and wholesale. Based on gross profit.

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 department can change prices at will, other than a general 10% discount on parts and labor that the service advisors can apply to any ticket. We have specific rules based on what we can discount. Most unorthodox discounts go through me directly, since they ask for my permission. There is an override report that I can look at on a daily basis to make sure things are in line.

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

The only effect that the service department can have on price is the 10% discount previously mentioned.

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

All internal Mopar parts are set at internal, all aftermarket parts are set at 25% over cost. This is set by the general manager and are 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?

I assume this deals with the percentage we make based on warranty for parts, which was adjusted within the last few years to 59.81% over cost.

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 run open ticket reports on the 20<sup>th</sup> of every month and have to explain why tickets are open. These are sent to our Office manager and Controller.

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 get financial reports on a daily basis comparing our dealership to the group. I also share what I track for the month with the department and general manager.

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?

We set maintenance parts at list, and most else at a matrix pricing. Matrix pricing was updated 3 months ago. I've been giving it some time for our gross profit percentage to increase to make sure we're priced competitively, I'm due to do that.

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

I would say very rarely. There are some people that come in with these coupons, but it is rare.

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?

There is currently no online store, however we do have an online ordering/information form on our website that is rarely used. They are sent to me.

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?

Currently, outside of Stellantis training, this is not trained. This is a focus for us currently, with all the changing processes that we're trying to adjust.

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?

Not currently implemented, but will be in the form of a delivery specialist and accessory kiosks for sales and customers to use.

16. What would help you sell more accessories?

If we had two previously mentioned things set up.

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?

Yes, I adjust based on return percentage and gross consistently. These are also tracked sometimes by the fixed operations manager.

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

I don't know the break even point, however I know we need around \$3500 at minimum.

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

Other than yearly inventory we take, we do perpetual counts and daily adjustments to ensure accuracy. All

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

Our lost sale system doesn't really work correctly and we do need to adjust.

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

Concise process for communication and scheduling.

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?

Parts ordered and either cancelled, never picked up, or wrongly ordered. We have currently around \$24,000 in obsolescence.

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.)?

We have to use ARO to maintain our return percentage. We are required to follow 92% of their suggestions based on dollar amount.

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?

The MGR report is mostly things I have to look at all month. I'd say 8 though.

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

A way to better communicate to all departments.