

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)?

Hyundai certified master level parts manager training.

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

"Under promise and over deliver."

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?

The parts department runs report 2219 on Reynolds. Current fill rate is 60.79%

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

An estimated 72% of business comes from RO/Internal/Warranty). The other 28% comes from counter retail & 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?

The parts department manager runs the counterperson override list on Reynolds reports. This list provides all the information needed to see what prices have been adjusted on counter tickets and ROs.

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

The parts manager and parts counterman.

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

Internal is set at retail pricing. Pricing is set on the Retail Markup Option screen on Reynolds.

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 at 75.6% above the cost of the part. The last time the dealership had requested an increase in 2015.

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 service and parts department get with the controller to review schedule 15. This report shows any pending payments the departments are waiting to get paid. The open invoice report is run weekly by the parts manager for review in getting any open counter tickets closed.

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 runs the counterperson productivity report that provides the gross profit numbers made by the counterpersons. This report is run weekly.

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?

All parts quoted to retail customers are set at retail matrix pricing. This pricing is set on the Retail Markup Option screen in Reynolds. Pricing goals are reviewed weekly.

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

The parts department does not have a webpage.

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?

The parts department does not have an online eStore.

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?

All parts personnel must be certified by Hyundai to ensure the job is done properly. All training is encouraged to be taken to see that the department is always growing.

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?

The dealership puts accessories on all new vehicles under the dealer installed options.

16. What would help you sell more accessories?

This process has already boosted sales of accessories.

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?

The parts department must hit a wholesale gross margin on all sales made to wholesale customers. The goal is 25% gross profit. If this goal is not met, then pricing is reviewed.

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

Roughly, \$1200.00

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

Bin counts are performed on a regular basis within the parts department. A parts reconciliation is run by the accounting office at the end of each month to compare the parts departments total inventory value to the general ledger.

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

Lost sales are tracked and reviewed each month. If the part is being requested or ordered for retail customers or ROs, the part must be tracked as a lost sale.

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

Communication with customers informing them the part has arrived. The lack of available techs to do the job properly.

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?

The lack of communication with customers informing them of the parts arrival. This keeps parts on shelves. Current obsolescence is \$5,068.

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 is used to help track any aging parts. Based on the age of the part, the parts manager must set up a return for credit.

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?

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

The organization can provide either a dedicated parts warehouse employee or another counterperson. This will ensure the department has proper coverage and allow the manager time to produce strategies to keep obsolescence low and profit margins high.