

## 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)? **All on the job training, nothing formal. Toyota classes. Ron Brinkman 2 day training in Minneapolis.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **No visions statement. Attitude of help the customer but does everyone feel this?**
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? **A couple of times, for a Toyota training class- 2012/2013? He thinks it's 80-85% Reynolds calculates high 90's but includes quick lube.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **90%+ inside. Wholesale used to be higher percent but it was low margin sales (6-8%) Penske wants to be at 20% plus on 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? **Only Parts Manager can change price levels. On a repair order, it shows up on exception report if changed due to warranty, etc. Reviewed every week to look for trends**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Quick service advisors can, to adjust for prepaid maintenance pricing. They work as a hybrid counter person. Nobody else in service has access.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Retail for interal. Changed when Penske took over in 2012. Old ownership was at 30% markup.**
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 at MSRP, but our matrix pricing is higher, and Toyota not paying the higher amount. We have started looking into our options.**

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?  
Reviewed every month end with service manager. Less so with the office, but GM, parts and service managers push for close and make sure all RO's are closed that can be.
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)? Penske browser provides daily updates and is available to parts manager at any time. Contains most of the pertinent information relevant to daily operations. Parts manager looks at it every morning.
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? Matric pricing (approx. 45% on customer pay) able to review daily with browser. Consistently achieve goal.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? Our marketing company reviews and updates specials every months. Checks parts page periodically to make sure it is working properly.
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? Do not have an eStore. Internet leads were going to sales, but were changed during NADA class to go directly to parts. Also removed the parts number required.
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? Online modules, but focusing on stocking information and parts info rather than sales.
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? We were horrible at this, but thanks to Matt going to NADA we now have a plan in place!
16. What would help you sell more accessories? Implementing the plan and ensuring we inspect what we inspect is going to have an enormous impact on accessory sales.
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?  
PAG sets guideline of 20% margin. A customer requiring less than 20% margin requires approval from GM to justify.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? Not really. Long answer but nothing substantive.

19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **Physical inventory every fall by outside company. Perpetual inventory checking bins at random every week. Parts manager does inventory reconciliation each month.**
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? **Tracked by DMS, based off results of lost sales quiz we don't have a common understanding of exactly what that is. Putting together a training session to use lost sales flow chart and get a common understanding.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Customer not always leaving with appointment to get it installed, RO SOP typically don't prepay.**
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? **Essentially no obsolescence as its written off. Can return everything over \$8, but small items can add up.**
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.)? **3 in 12 for both. No factory stocking guidelines. Denzo rep through Toyota gave some suggestions that were helpful.**
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? **Feels he is 9-10. Understands the reporting comfortably.**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **Would like to be able to be a little more aggressive in wholesale, also acknowledge the additional headaches that come from wholesale returns. More training in general would also be helpful.**