

## 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 aside from MB training 30+ years ago.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **No vision but we will work on.**
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. He was wondering why I was hanging out at the parts counter doing it.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **About \$1mil of the \$1.8 mil monthly sales is tied to internal or shop ROs. About a 60/40 split**
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? **Manager reviews override report daily. Policy is not price adjustments only discounts but they are watched.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Anyone can override (discounts only not price change) but the parts manager reviews them all.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **For shop policy parts charges out at cost plus 10% but all other internal jobs are charged at retail.**
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 currently working to increase our warranty rate for parts as it is close to retail but not 100%. We review annually and are always looking to increase the rate via a review.**
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? **No we are independent dealer and our controller is tight on time and unable to review. If it**

**is excessive we are informed of it and work to reduce it. Managers review their department WIPs and are encouraged to close out all WIP by 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 review is done. FS is held close to executive managers and shared only as needed.**
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 use a price matrix similar to the one shared in class. Small parts have a heavy markup and larger ones have less. We review annually.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **Not often but recently improved it with hiring of new marketing employees. We do not host any online store so it is minimal.**
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? **No online store. It was tried in the past and was not worth the work. Amazon and Midwest dealers killed us.**
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? **Just MBUSA factory training. It is sparse for parts people.**
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? **Nothing in place. We used to preload cars with stuff but many people wanted it removed to save money so we stopped.**
16. What would help you sell more accessories? **Better stuff from MBUSA. The current aftermarket stuff we get does a better job and is well displayed but we don't press for 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? **Yes it is done once a year.**
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **He is not sure of the number but is familiar with the process. He relies on our CFO for approval of new staff as she has done the calculations. We are currently understaffed so badly that it is not a concern as each rep easily outpaces their breakeven.**
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **Annual and perpetual inventory. We**

are pretty tight so rarely do we have to write off parts but when we do it is done when discovered.

20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? **No we used to do it but MBUSA stocking program made it a mess. He thought it was best to drop it.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Accurate communication between parts and service advisors. We will work on that as part of our SMART goal.**
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? **We are pretty good with less than \$60k in \$2.4 mil in parts. It is small (sub \$10) parts that cannot be sent back so he doesn't even think about it much as he would rather have them here than deal with getting rid of them and suddenly needing it.**
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.)? **He relies on stockpro from MBUSA but manually reviews all phase in suggestions.**
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? **Of course he says 10...would any 30 year parts manager say less?**
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 less covid.**