

## 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)? **Mike Nichols seminar on parts and service, NADA parts seminar**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **Not really. We should utilize the Subaru Love Promise more in our department**
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? **Yes, monthly. Currently about 90%**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **It should be about 50/50 because of our Wholesale, especially the Mitsubishi parts**

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?

**We don't have anything security-wise in place to keep people from changing pricing. There is so much price matching, especially on Body parts right now that it would result in me getting called constantly to override pricing to price-match. We get rebates from Subaru for price matching.**

6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Any counter person or parts personnel. Service advisors are not supposed to be able to, but I suspect that they might be able to**

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **We try to be at Retail pricing for Internal but it doesn't always work that way. It is set that way but we do discount for the sales manager when we need to. Tires are lumped into this with less margins so it brings the GP % for internal down.**

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?

**Yes we are and we just got an increase about 18 months ago; we are actually higher than Retail for Warranty.**

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?

**Parts and Service Managers meet with the GM monthly to review WIP. Our WIP is generally very low.**

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)?

**All Department Managers receive a copy of the Financial monthly and review with GM together in a monthly meeting.**

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 try to keep Retail pricing at 50% GP and examine weekly using the DOC to see if adjustments are necessary.**

12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? *I do not really audit the web page for things like hours as those do not change but I do update parts specials on a monthly basis.*

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?

*Yes; Miramar does all of the orders once daily. The leads come to a specific gmail email address and once daily she checks it and processes the orders.*

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?

*We really don't have in-store training; usually once a quarter Subaru releases a mandatory online training/testing to remain certified. We don't really assess, test or refresh on sales skills but we really should.*

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 biggest deterrent to accessories is poor communication and process from the Fixed Ops to Variable side. Sales feels it costs them more than it makes them, which has historically been true, and it hurts their surveys so they don't have a buy-in to it.*

16. What would help you sell more accessories?

*Besides having a better process and the buy-in from the salespeople, I would think maybe accessorizing a car in the showroom, once we get cars and our showroom back...but we can't do that until we get a showroom again after construction.*

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, we review monthly.*

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

*Not to the penny, it's hard for me to track that based on staffing.*

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

*We run negative on-hand reports to do reconciliations. We do random BIN checks monthly but I want to move to weekly once we get moved into the new building. We have an inventory adjustment report that we can run and keep an adjustment ticket open that we use to bill out variances after the BIN checks.*

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 we track them and they SHOULD all have the same definition. My definition is if someone asks about a part and you don't have it, it's a lost sale. I expect each counter person should have at least 6 lost sales a day.*

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

*Communication. Getting the customer to come back...that all relies on communication from the advisors or whoever ordered the parts.*

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?

*For us, the bulk of the frozen capital is Mitsubishi. Not being a dealer any longer makes all returns a slow process; returns are based on your stock order volume, and it's only a rate of 2% so our ability to return is very low. Subaru under \$1k, Mitsubishi \$60k*

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 rely on Parts Eye for Phase In guidelines and after 10 months of no sales the parts start to 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? *I'd say an 8.*

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

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*More help—better trained staff, supporting counter personnel with training.*

