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)?
   1. 6 months of hands on training with the old parts manager including DealerConnect trainings

2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
   a. No

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?
   2. I have not ever tracked our fill rate manually. Currently its 81.3%.

4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
   3. Based on the total sales made this year from Jan-April:
      - Inside 93.2%
      - Outside 6.8%

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?
   6. The policy is that there are no price changes unless set in the customer's account. I set a report to run regularly to show if there's been any changes to prices and by whom.

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

   8. The service manager and the parts manager

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

10. Yes, our internal pricing is set the same as a customer pay RO would be. We have a pricing matrix from NADA that is used to price the parts

11. 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?

12. We are currently priced at cost + 72% for warranty parts. We last petitioned a couple years ago.

13. 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?

4. We have our office manager, service manager, assistant service manager, and parts manager review the Work In Process report daily with a goal to not let it get above $20,000 total.

14. 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)?

15. I go over the parts statement in detail every Monday, then every Tuesday I go over inventory total with my office manager to be sure the totals are accurate.

16. What is your retail pricing strategy for your Parts department? How often do you check to see whether your pricing goals are being achieved?

17. The retail pricing strategy is the same matrix pricing used for all of the other parts pricing.

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

19. Every couple of months. Usually there are no coupons. Anytime business information is changed it is updated immediately.

20. 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?

21. On our website customers can fill out a part inquiry form which is then emailed to the parts and service managers. We respond to the emails as soon as they are received and parts are looked up.

22. What sales training is available to Parts personnel? If training is available, is it mandatory? How often are sales skills assessed, tested, and refreshed?

23. There's a large variety of sales training/topics on DealerConnect which is taken quarterly. Employees have the opportunity to enroll in extra classes if they want to. We also train on-site once hired and from there try to address any issues with selling immediately.

24. 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?

25. The day after a customer buys a new or used vehicle, our accessory specialist calls the customer and asks how they are liking the vehicle at this point and offers his services to the customer regarding accessories. We can get aftermarket accessories if needed. We can also see what accessories the vehicle had on it when it was sold to the customer. Often times the accessory specialist will look at that then make a list of some prospective options to add.

26. What would help you sell more accessories?

27. I think we would sell more accessories if more customers knew they could wrap the cost of the accessory into their loan. We could also push the Chrysler credit card more. I think it would also be beneficial if there is a specific time set aside each day for the accessory specialist to call.

28. 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?

29. Yes, I aim to review them monthly

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

31. With all the department expenses divided by the working days in the month it is averages to around $525 per parts employee per day

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

33. Our inventory is checked monthly by doing manual bin checks. Any variance is then looked into by the parts manager and communicated to the office manager.

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

35. Yes, lost sales are being tracked in DealerTrack. A technician turns in a RIM sheet, listing the parts required for the vehicle. If the part is not in our inventory it is reported as a lost sale even if it can be sourced from an aftermarket store.

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

1. Our biggest obstacle is getting all of the parts here. The majority of the parts on our SPO shelf aren't able to be installed due to a backordered part.

37. 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?

38. $5,781.29 – this is every part that hasn't been sold in 9 months or more and hasn't been received in the last 3 months as a special order. All recall parts have been removed from this list. The current biggest cause of obsolescence in our store is from either a miscommunication with parts ordering or simply the incorrect parts being ordered. Another contributor would be that we weren't participating in the Parts Locator or D2D programs through Chrysler. We are now signed up and have been getting rid of obsolescent parts pretty quickly.

39. What is your phase in/phase out strategy? How do you balance this strategy with factory recommended stocking guidelines (RIM, ARO, Parts Eye, etc.)?

40. We primarily use the ARO recommendations. However if there is a part requested by the head technician specifically we look at the demand for the part and proceed from there.

41. 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?

42. Probably a 7 or 8. There is definitely more detail to understand but I feel pretty good with the big picture overall.

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

1. We are definitely at a point where hiring another person would be really beneficial to both the parts and service departments. The more detail tasks would be more closely monitored and fine tuned.