

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 parts manager training. Just some PACCAR sales training events.
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
 - We do not have a vision statement currently but it is something we are working 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?
 - We have never tracked our first time fill rate manually before this exercise. Our current first time fill rate from the exercise is 72%
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - RO/Internal/Warranty/Body Shop = 20%
 - Counter Retail & Wholesale = 80%
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?
 - Our policy on pricing is for our counter salesmen not to override pricing. If they need to to make a deal, win business, etc... they are allowed to do so, but they have to send that new sale price to the manager so they can lock in the new pricing for that customer, and they have to be able to give good reason as to why we have to lock that current price in.
 - We also run an override report the managers check daily to see who is not following company policy.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
 - Parts salesmen have the ability to override pricing with manager approval. Service has no say in our parts pricing.
 - o However, we do work with service on pricing if need be in order to win the job.
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?

- We are pretty close to retail pricing for internal, A lot of our pricing overrides come from salesmen dropping our sale price a little because the truck salesmen is being difficult. We correct these when we see them on the override report.
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 sell our warranty at a cost + that is predefined by Peterbilt, CAT, Cummins, and PACCAR. I'm not sure who petitions for this, I believe this is set this way for all PACCAR dealers.
 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?
 - Yes, we have a report that comes out weekly on open tickets, to make sure we are keeping them cleaned up within 90 days. We also look to make sure that anything that has left our premises is paid if there is an open ticket.
 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)?
 - Yes, the DOC is reported to the Parts managers at the end of close of each month. Also, they receive a daily sales report of where their store is sitting with total sales and gross. This report shows where they are sitting compared to the last 12 rolling months.
 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 have a teared pricing strategy for customers that is set up on list minus, and trade plus or minus. Anything specific our salesmen work on to win customer business is set up as an override through our DMS usually at a cost plus.
 12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
 - Our parts webpage is updated daily from our DMS, and coupons our automatically applied and redeemed through the webpage. Hours of Business are not on our parts webpage, but they are reviewed quarterly to make sure they are reported correctly on the web.
 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?
 - Our online eStore is OPC, which is the webpage I was referencing in question 12. When a customer places an order it is sent to a specific salesmen at the store level that fills the order. A copy of it is also sent to the parts manager. If a customer needs to ask a question about an order, they call in to the store. Also, once the order is filled, the

customer is notified by a copy of the invoice immediate in their email that is sent out from our DMS.

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 send our new salesmen to the PACCAR RPM sales trainings, and we also put new salesmen through online trainings provided by PACCAR. As far as face to face trainings this is something we really lack in. This is an area I plan to focus on and role play to teach salesmen how to be salesmen not order takers.

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?

- In our stores with New and Used truck sales we are tweaking this process currently to see how it works. Right now we do not offer accessories to 100% of customers that have purchased trucks. The truck salesmen has been telling us what accessories the customer wants to add to their trucks, and we order those accessories to usually install in our shop.

16. What would help you sell more accessories?

- The way we are tweaking this process is to make it more like an automotive dealership where you buy a truck, then you go sit down with the parts salesmen that will show you what accessories you have available to add to your new truck. I believe this will really help with upselling and will provide a lot more value to the customer.

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?

- These are not currently reviewed as "wholesale customers" because our wholesale customers are not broke out separately in our DMS from retail customers. we do review what pricing we have our customers set up on and make sure we are making money and it isn't just a losing cost of doing business.

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

- This is tracked by our daily sales report that is given to the parts manager.

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

- Currently we have inventory controllers that cover a couple stores and perform cycle counts. Their job is to get through 3 counts each year prior to inventory. They communicate with the parts manager on the plus minus reports, and then we run a spreadsheet on what we have changed throughout the year. The variances are communicated to the accounting office at the end of the year when we perform physical inventories.

20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?
- Our DMS does track lost sales, but we do not do a good job at reporting lost sales. This is something we are implementing with the loss sales questionnaire, and the parts manager will track to make sure we are accurately reporting lost sales.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
- Our biggest obstacle is not making customers pre pay for their SOP parts. When customers pre pay, the parts get picked up because the customer already has paid for them.
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?
- Our biggest obstacle obsolescence in Jerome is superseded parts, and parts we are required to have on hand by our OE that are not moving...
 - o Our current dollar value of OBSO in is \$39,710 at 1.95% of our inventory value.
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 have MDI do all of our PACCAR planning. We adjust a few things when we see the need, but most of it is done through MDI. On all the other purchases, we use IRO in CDK. We can set our levels based on supply, phase in, phase out, and weight.
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?
- 5... we could use some more training on what is being reported.
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively?
- If we were to just name one thing, it would be to train our parts managers better.