

## 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)?

**He has had no formal training. He has not attended NADA, Driving Sales, no schooling. American Honda parts training on the Honda IN is the extent of his training.**

2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?

**No, we do not.**

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, weekly and monthly tracking is done. Results are posted in the PARTS manager's office The FTFR is 94.6.**

4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?

**Most of our business comes from Internal which is 68 % and retail counter represents 32%.**

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?

**No restrictions are put on any parts employees, however the parts manager does run a daily report that shows the number of discounts and what percentage was discounted.**

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

**All employees can discount up to 10% without the parts manager's approval.**

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

**The manager sets pricing guidelines and updates quarterly based on market price.**

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 currently at retail for warranty work and the rate was updated within last quarter.**

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?

**We do not have a body shop. All parts are costed by the last day of the month but we struggle with service and getting cooperation for closing their ROs in a timely manner. Every month it's a constant battle to get RO's closed. Labor is calculated for mechanics and added and then reversed if there is an overage.**

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, the parts manager does not receive and is not involved in any discussion about financial statement. Our parts manager does run daily, weekly and monthly reports that allow him to track profit and production. He also gives monthly reports to the Havey Auto Groups Parts Director. He also has a conversation with the Parts Director, pertaining to monthly gross and production monthly.**

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 utilize matrix pricing in the parts department. We did not check it and we had a price increase 60 days ago.**

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

**Non-existent, as we never do this.**

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?

**We do not have a estore and we do not offer any type of a part's presence on our website.**

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 do not have a formal training process for our parts department other than the training provided by our OEM.**

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?

**Accessories sell sheets are presented to customers at point of sale on both new and used Hondas.**

16. What would help you sell more accessories?

**Legitimate space for a Parts Boutique as well as a strong presence on our website. However, our parts department is and has always been dependant on our sales department**

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 this is done on a daily , weekly and monthly basis any other discounts and provided for good loyalty to our store .**

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

**Yes our current break even point is \$3,800 dollars a day per employee**

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

**Yes this report is provided to the parts director monthly**

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 do track lost sales. Common understanding of a lost sale is any sale we are not able to fill from stock. Our team understands this is the best way to assure we have the best parts selection available.**

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

**Unfortunately we do not have the space that's required to do much more than a piecemeal job with our special order parts. Getting the service advisors to actually follow up would be the largest of our issues!**

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?

**Missed diagnosis and warranty parts would be our largest contributor to obsolescence in parts.**

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 currently utilize a 3 in nine call for pass in and 2 in six for our phase out factory authorized return policy is a percentage of total gross sales hence the reason my project was partially focused on this.**

24. On a scale of 1-10 (10 = expert level) what is your level of understanding of the information that is on your DM's monthly summary?

**Dan our parts manager considers himself a 8 on a scale of one to 10 For understanding our dms reporting**

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

**Constantly improving personal and warehouse size are the key contributing factors to our ability to grow at a substantial rate !**