

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)?
 - **Honda Parts Management Seminars, GM Parts Management Training.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
 - **We currently do not have a formal Vision Statement for the dealership. Notwithstanding, in the Parts Department we have conducted business throughout the years with the mantra to treat our customers and fellow employees with honesty and respect.**
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?
 - **At one time we had tracked First Time Fill Rate but stopped some years back. Based on the FTFR exercise we are currently at a 68% fill rate.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - **60% RO, Internal & Warranty 40% Counter Retail & Wholesale**
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?
 - **Prior to July 1st, 2022, None. Too much discounting had a negative impact on our attempt to get a warranty rate increase via Dynatron. Since we have put measures in place allowing only the Parts Manager and senior counterperson the ability to discount parts.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?

- **Parts manager and senior counterpart.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?
- **Prior to July 1st, 2022, Internal was cost +20% and Retail was cost +40%. The GM changed it to Internal +40% and same for 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 petitioned for a Warranty rate increase with Dynatron in spring of 2022 but failed due to too much discounting by Service Advisors.**
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, the Parts and Service Manager go over the WIP Reports weekly with the Office Manager.**
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, it is given and reviewed on a monthly basis.**
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?
- **Prior to July 1st, 2022, None. Now it is checked weekly to meet our goals.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
- **This is reviewed quarterly.**
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 currently do not. Email leads and questions go to our BDC dept and are then referred to our parts department to be responded to. Not very efficiently I might add being I have still not received a response from my inquiry during class.**

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?

➤ **Currently, just the Honda training modules and no sales skills assessment in place.**

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 the past we have put accessories on the showroom floor models as a means of increasing accessory sales, although with the lack of inventory that has been suspended for some time now. Beyond that, each salesperson has accessory brochures on their desk to be given to customers and F&I has accessory sell sheets with pricing and visual guides to be reviewed with customers.**

16. What would help you sell more accessories?

➤ **Accessories on showroom models and additional visual aids at point of sale.**

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 them quarterly.**

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

➤ **No, that has never been tracked but should be along with setting daily, weekly and monthly sales goals.**

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

➤ **A perpetual inventory system through our DMS is currently utilized coupled with a monthly reconciliation performed by the Parts and Office Manager. We have not done a physical inventory in years but have hired an outside company to perform one slated for the first week of September.**

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, lost sales are not currently tracked. A lost sale is defined as not having the part in stock when needed therefore having to be ordered potentially leading to a lost sale.**

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

- **The biggest obstacle to getting SOP off the shelves in a timely manner is getting the customer back in to pick up the part or get it installed. Implementing the various practices from the NADA Academy SOP Process Guide will surely help improve this process.**

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?

- **Most of our frozen capital and/or obsolescence consists of outdated accessories and wholesale returns. Our current total obsolescence is over 92k.**

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 are following a 3/12 phase in/phase out strategy. We do not currently balance this with the factory recommended stocking guidelines.**

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?

- **9**

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

- **After attending this parts class, I can confidently say the single best thing we can do for our parts manager is send him to an advanced parts department seminar at The Nada Academy. Here he will acquire the tools and training necessary to implement positive change, set goals and track metrics designed to bring our parts department to new heights!**