

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)? *Manufacturer training, college business/accounting courses*
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? *build lifelong relationships, that connect families, strengthen communities, and personalize the automotive experience*
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? *94%*
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? *85%*
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? *All counter people have the same basic access throughout the group. Permission must be granted by director on case by case basis for advanced access/privileges. Due to nature of job, price changing is permissible for counter people. However, activity and override reports are used to monitor them.*
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? *Parts personnel only*
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? *Yes, corporate, yes.*
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. Reimbursement is cost plus 78%. 1.5 years ago.*
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 meeting and discuss what the issues are and reasons why the RO is still open, and what, if anything, can be done to remedy the situation.*

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, we are given the financial statement at end of every month and review w/ management team and corporate. Yes, I'm able to run the DOC and do so almost every day.](#)
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 use matrix pricing in all of our part departments. Our gross profit percentages are checked on the DOC and statement to ensure they align with 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? [Every month](#)
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? [No eStore. All online queries are sent to parts manager.](#)
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? [There is mandatory training through the manufacturer as well as inhouse training for all new hires. Managers and/or experienced counter people provide on the job training when needed.](#)
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? [No concrete process. Accessories presented by sales staff.](#)
16. What would help you sell more accessories? [Instituting a concrete sales process would help. Using our showroom to display more of a variety of accessories. Maybe even having some kind of brochure for the customers to browse while sitting with their sales person.](#)
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, every couple of months. However, due to the nature of our company-wide wholesale division, multiple brands would have to be affected before any changes could be made.](#)
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? [Yes. Anything over \\$4200 per day per person allows our dept to be profitable.](#)
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? [Perpetual inventories done throughout year along with random bin checks done weekly. Anything major is communicated to the controller and handled through our parts policy. Otherwise, our yearly physical is](#)

performed by an outside company and if there is any discrepancy, whether a pickup or loss, it is rectified at that time.

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 they are. If a part is needed and it isn't on our shelf, we should be recording it as a lost sale.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Service advisors calling customers / setting appts to bring customers back in**
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 inventory is extremely clean; there is very little frozen capital within the parts dept. Our obsolescence is negligible, currently at 1.1% / \$2,166.03**
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.)? **Generally PI-3 in 90, PO-2 in 12. Volvo implemented their inventory management system a few years back. It has a ARO portion, mainly fast moving parts and common fail mechanical parts, where the parts are protected/returnable. It has a proposal portion to it as well. These are the parts that are still phasing in, are large or expensive, are not returnable etc etc where we can either accept or decline the stocking of those parts. Proposed parts are not protected, so I still run my DMS reports and make my stocking decisions based upon each parts demand and then accept/decline/or add to the proposal to complete our stock order. Monthly return accruals are based upon the previous months purchases and are use it or lose it**
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? **10**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **Other than a larger parts dept (and building for that matter), as we are growing and running out of space, nothing comes to mind. All the tools/resources/knowledge have been provided and/or made available if requested**