

## 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)?

Michael Boatright, our parts manager has been to four NADA Parts Manager Classes (Inventory control, Wholesale Selling, Managing Your People and he's so old, he doesn't remember the fourth)

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

The Indigo Auto Group has it vision statement (Insert the five principles here)

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?

With 38 years of experience, he has never done it manually.

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

90% vs 10%

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?

We have an Exception report to monitor employee transactions and monitor their behavior. The report will list price change, cost change, who made the change, as well as who was sold to with the change made.

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

Only the Parts Manager and Parts counter can change prices.

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

We are at retail pricing for internal.  
The Parts Manager and GM establish parts pricing policies.  
They are current.

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 and two years ago. This year wouldn't have been advantageous for us to petition.

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, monthly reports are run and all parts invoices and repair orders are verified and closed out in a timely manner. The report is in Excel format.

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)?

The Parts Manager is given the Financial Statement at the end of the month to review. We also have a website that the Parts Manager reviews daily to review all key metrics.

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 a matrix pricing strategy in setting prices and track our goals measured against gross profit margins

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

Our website is audited on a corporate level. We do not have online coupons from the dealership, the only coupons are those offered by the manufacturer.

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?

Yes. For our eBay Store we have a manager that monitors the page and responses. For the other online sites, it is monitored by the parts managers who receive the emails/leads/questions.

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 utilize all factory sponsored training programs and it is mandatory. All assessments are done monthly.

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?

Yes, we use Insignia, a factory sponsored online selling tool.

16. What would help you sell more accessories?

More training outside of just factory mandated classes.

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, absolutely. We do not accept wholesale returns on special order items. We monitor on a monthly basis. We have our systems set up to make sure gross margins are maintained at a minimum of 25%. The ticket will freeze if it is offered below that margin.

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

No.

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

We do perpetual inventory. We minus and plus in our numbers which creates a variance in the DMS that is picked up by the business office. (Depreciation/Appreciation Report)

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. We use RIM which does not monitor lost sales as part of their calculation.

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

Getting the customers pack in to get the parts installed. We live in a destination area with seasonal customers.

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?

This is not a major for our dealership because we utilize RIM. We are sitting at \$33,000.

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.)?

Any two sales will phase in a part. That is factory recommended. RIM.

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?

My Parts said 100

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

More personnel.