

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)?

Mike Nichols – formal parts management training.

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

Our mission and main goal is to take care of the customer (retail, wholesale, etc) and also our advisors.

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?

Back when we used inventory cards, we would manually calculate FTFR before the DMS. Our current Repair Order FTFR is 78-83% when counting complete total.

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

Inside is usually 70% and Outside is usually 30%.

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?

Certain functions in the Application environment allow me to look at each counter person's access. Newer employees have less access than older employees.

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

All counter staff and parts manager. No one outside parts department is authorized.

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

No, internal is based on our warranty index. Shane (our GM) and I established our parts pricing policies. Currently 178.

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?

No, we are above warranty pricing. October of last year we petitioned the OE for retail reimbursement.

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 have a near month-end process where we like to do a soft close around 4 days before the end of the month.

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)?

I look at the GL, and sales gross profit analysis in the DMS daily.

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?

Everything is basically booklist. I check through sales analysis GP % all the time.

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

Not very often, and we rarely have parts coupons. We'll give out discount for boutique items for customers who purchase vehicles. We'll also do seasonal boutique discounts.

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, separate from the store website. (shopBMWUSA.com) and BMW supports the website. Parts manager can see order forms & leads.

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?

Yes, BMW has a training class that we send everyone through (online class that shows product and newer generation vehicles). BMW requires training classes to be taken quarterly (ranges from 8-12 half-hour classes).

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?

During the buying process, customer will be introduced to the Parts & Service department. Only accessories offered during buying process is in boutique and also given contacts to purchase other accessories.

16. What would help you sell more accessories?

Availability and utilize our in-house company AZLOGOS to help make more accessories for BMW.

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 week we review our Wholesale customers. We use our wholesale analyst report that tells us how often our customers are buying from us.

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

Yes, with 8 people in our parts department that actively sell parts, each employee would need to sell about \$1,300 in gross per day.

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

Constant bin counts and the scanner report/audit. Accounting can see the inventory report but they don't know exactly what's posted in or out.

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, if I don't have it on the shelf to sell you, it's a lost sale.

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

Follow-up and communication are our 2 biggest obstacles. Also persistence with the customer.

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?

Special orders. Current dollar value is \$94,810.04

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.)?

If I have 3 distinct sales in a year period of time, I will phase it in. As far as phase out goes, I phase out about 6 months and I give it 3 months before I return it. The factory and I work together through a platform called SRD. Their philosophy is less aggressive with 6 sales within a year.

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?

I'd say between 7-8.

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

Within reason, I get everything I need (equipment, training, materials, corporate support) from our organization.

OEM support and help goes in waves.