

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)? **Ongoing manufacturer training, Toyota**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **No. It was agreed that we see benefit to having one and will create one.**
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? **The only manually tracking done was for this post-class homework. The study showed a 76% actual first time fill rate on the 25 RO's reviewed over a 9-day time period.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **80/20**
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? **Access is restricted by user, on an individual basis, in the DMS.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Parts Manager only**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Yes. We are at retail pricing for internal. This pricing is set and regularly reviewed by our owners.**
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**
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? **Our service manager is responsible to review open RO's and work with the office manager to ensure that everything is closed in a timely manner.**

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 financial statement is not given to the Parts Manager; however, the DOC is available. Each morning the Parts Manager reviews daily sales and gross profit percentages. His goal is to maintain a 40% gross profit percentage to sales.**
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? **The Parts Manager states he is not aware of our pricing strategy, that this is handled at a corporate / ownership level.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **Never. Parts Manager states they tried coupons for a while a few years ago, but nobody ever looked at that. This may be an area of opportunity.**
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**
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? **Position specific parts training is provided each year by the manufacturer and is mandatory. Skills are assessed by a test at the end of each training session.**
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? **A "Service Walk" is taken with 100% of our vehicle buyers just prior to entering the finance office. Each buyer is introduced to both the service and parts advisors and given an opportunity to ask questions and customize their new ride.**
16. What would help you sell more accessories? **Most of our new vehicles are arriving from the manufacturer heavily accessorized. We could put a few more accessories on our pre-owned units to make them more desirable.**
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? **The Parts Manager looks at a snapshot of each wholesale customer's history of buying and returning a minimum of weekly.**
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **No This may be an area of opportunity.**

19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **Bin counts at a minimum of monthly, total physical inventory yearly and performed with the help of other parts managers within our dealer group. Parts manager is unclear how variances are communicated or handled.**
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 only have one other counter person, and he has a general understanding of both the benefits of and process for reporting lost sales.**
21. What is the biggest obstacle to getting your Special-Order parts off the SOP shelves and installed/picked up? **Lack of pre-payments, buyers not returning calls, changing their mind, or getting the parts somewhere else. This is an area in need of improvement.**
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? **Parts Manager did not know the answer to the question or how to find the answer. We are currently at \$28,432 in technical OBSO which makes up 34% of our inventory profile. This is an area in need of improvement.**
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.)? **Our Parts Manager relies heavily experience and instinct for our market to manage his phase in/phase out on a daily basis. We are not currently bound to any 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? **8**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **Nothing.**