

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)?
None. I do have past relevant experience working in a parts department though.
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
We do not have a vision statement.
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?
No, I haven't, and I don't know what the current Repair Order FTFR is.
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
Most of our business comes from inside.
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?
It is password protected, and only the Admin has the ability to change a person's privileges.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
Only the Parts Manager and the Service Manager (and probably the Admin) have the ability to change or override parts pricing.
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?
We are not at retail pricing for Internal. We charge 10% over cost for parts on Internals. This policy was established by the owner and is 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, we are at our retail labor rate (\$133.50/hour) for warranty work. We petitioned Mitsubishi in April 2022, when we switched DMS', to receive 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?
Parts and Service work with the Office Manager and the Comptroller to follow up on all WIP documents. We try hard to stay up-to-date.
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 discussed with anyone, but Parts does have access to all those reports.
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?
For aftermarket parts, we charge 40% over cost (so if a part cost us \$100, we would charge \$140). For OEM parts, Mitsubishi dictates what list price will be.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
I don't do this. We have someone who manages the website.
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 do not have an online parts store.
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?
All training is informal, on-the-job training. Sales skills are not reviewed.
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?
Offering customers accessories for their vehicles is up to the Sales team.
16. What would help you sell more accessories?
It would be helpful if Sales would accessorize the cars before being sold (ie, sell the cars with accessories already installed).
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?
We don't really review the wholesale customers; but if a wholesale customer bounces a check, they have one additional chance to pay, and if they do, after that we accept cash or credit only going forward.

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
No, I don't know that.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
We are just now doing a full physical inventory. I don't know when this was last done, if ever, but going forward, we will continue with perpetual bin counts to make sure we know what we have.
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 track lost sales. If a customer wants to purchase a part and we don't have it or we can't get it for them, that's considered a lost sale.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
Service is very busy with an over-full schedule, and they are often short-staffed. Ideally service would schedule the SOP customers for installation once we let service know that a SOP has come 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?
I know the last parts manager (who was very secretive about everything) never wanted to do a physical inventory, and I think he just always accepted whatever parts were suggested by the inventory management system (PartsEye) so he could get good numbers. We have stuff that's been here for years, and no one knows what it is, including me. That's why we finally got the go ahead to do the physical inventory. I think the current dollar value of our obsolescence is around \$80-90K.
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.)?
I'm not sure what this is, but I know that PartsEye is constantly pushing parts on us that we don't need.
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?
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25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively?
Hire more people. I am one person and also cover the Service desk when needed. We could use at least two more people in the Parts department.