

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)?
 - a. Degree in Business/35 + Years in the industry of working in various parts role (Counter Person/Assistant Manager/Manager).
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
 - a. Make money and keep the department profitable.
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?
 - a. Has not been tracked manually as the DMS tracks it for me. FTFR is 90-92%.
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - a. Inside business is close to 70% and counter retail/wholesale is 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?
 - a. Our counter people have full access to control parts pricing as I have empowered them to make the right call. They have been with me for 10 + years and there is a full trust level.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
 - a. Only Parts Department has access to overriding parts pricing...service has zero access including the Service Manager.

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?
 - a. All internal pricing is at full retail. That was set up since the department was in my control.

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?
 - a. In Canada-No retail reimbursement for warranty pricing. Set to 35% by Honda Canada.

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?
 - a. This is reviewed with the controller monthly and even mid-way through the month to ensure invoices and RO's are closed out in a timely fashion. Service holds the process down as Ro's sometimes are not closed off right away.

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)?
 - a. The Parts Manager receives the statement anytime during the month and end of month. Daily sales etc. are reviewed as the Parts Manager has full access.

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?
 - a. Daily checks are in place to ensure the benchmarks are being hit for gross %.

12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
 - a. This is not done often as the GM looks over the Web presence and maintenance.

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?
 - a. No parts online eStore is currently in place. Parts forms are available if a customer goes online to inquire about a part.

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?
- a. Honda Canada provides up to 42 courses for a new hire for Parts Training. Prior to covid there was in class training. New courses come out from time to time to keep up with the industry trends.
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. Our sales department is incentivized (10% of full list-no discounts) if they sell accessories at full pop. Bonus is monthly to each sales rep. Yearly recognition is also in place for top sales accessory consultant.
16. What would help you sell more accessories?
- a. Cars in the showroom being fully accessorized would help grow accessory sales, also more of a push on used vehicles being accessorized.
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?
- a. This is reviewed monthly to see how our wholesale business is tracking. We have had to fire wholesale customers for late payments/too many returns etc.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
- a. This is reviewed part of the monthly forecast.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
- a. Every month an adjustment for inventory is conducted. The controller has the results, and we go over the variances. This keeps inventory clean and accurate.
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?
- a. Lost sales are tracked based on NADA criteria. When I did the lost sales survey for Shamil when he was in class February, I had 100% of the answers correct on what is a lost sale.

21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
- a. Service needs to ensure they are calling and booking customers in as soon as the part arrives and following up continuously. They have a good process for the most part, but needs to be consistent for absences when the BDC is away etc.
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?
- a. We have no obsolescence in my department.
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.)?
- a. Phase in 3 months/Phase out is 9 months.
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?
- a. 100%-I have learned the insides and out of CDK and Reynolds when we used that DMS.
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively?
- a. Communication of all important business changes and updates.