

## 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)? *She said she has no formal training, only the required GM training classes on Global Connect.*
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? *We do not currently 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? *She said she has not ever tracked first time fill rates, and I showed her the importance of it and the money we could be losing by not paying better attention to it. For the 25 ROs that I tracked, we were at 84% FTFR.*
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? *The majority of our business comes from Customer ROs and Warranty claims. We have a very small wholesale business and a small counter retail business. She says we are at about 90% ROs and Warranty claims.*
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? *She is the only counter person in parts and has permission to change pricing.*
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? *The Service Manager and Parts Manager are the only staff with access to change 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. Our service manager is the one who sets the pricing for internal. They are not current and need to be relooked at rethought out.*
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? *We did a warranty audit last summer at our dealership, and applied for a warranty labor rate increased. We were approved and were able to raise our labor rate.*

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? **The Service Manager and Service advisors work closely with the office manager to keep a close tab on work in process documents. They go through every RO that is still open for whatever reason and document the reasons it is still open.**
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 for parts is reviewed and discussed with the Service/Parts manager on a monthly basis.**
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? **To maintain at least a 40% gross profit margin on every RO and we are looking at reports weekly and tracking gross profit.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **We try to go into our service/parts page and update coupons on monthly basis.**
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 have a parts accessories page on our webpage but not so much an e-store. We went to our website and did an order inquiry on a certain part. Our question was never answered and we never got a call back. This was addressed by our service and parts team as a whole and we agree that we need a better process in place.**
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? **The only training that parts personnel has is the required GM training to stay certified.**
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? **We do not currently have a process to offer accessories to our new and used customers. We have discussed better procedures to have brochures, accessories order guides, and a new boutique to help promote selling more accessories.**
16. What would help you sell more accessories? **A well-organized/managed boutique would help us sell more accessories. We do not currently have this in place out our dealership.**
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 have very few wholesale customers, so this is not something we do.**

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? She did not know the number for how much they needed to sell to breakeven. We shared the template with her that was discussed in class.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? We run a yearly inventory count and random BIN checks once a month.
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? Lost sales are not currently being tracked like they should. I explained that as a group we need to do a better job of eying these numbers and setting a bar for lost sales.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Our biggest obstacle is getting customers back in the store to either pick up or have their ordered part installed. This class has made us realize we need to start requiring customers to pay in advance before ordering a SOP. This will limit parts not being picked up.
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? Our biggest cause of frozen capital is parts that have never been picked up or sent back. These overaged parts get put into stock and begin to age. We admit that we need a better system of tracking this system and implementing better processes.
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.)? We do not currently have a phase in/phase out strategy. Our parts counter worker goes off of CDK suggestions and recommendations. This is another area that needs to be addressed in our parts department to stock better turning inventory.
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? She says her understanding of our DMS monthly report is around a 6, and admits there is work to be done to better understand different factors.
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? We can do a better job of tracking special orders parts and making more of a group effort to contact customers to pick them up. It would help lower our SOP shelf inventory and keep it from aging as much.