

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)?

My parts manager currently has Honda Assistant and Honda Parts Manger training.

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

Every customer matters and every penny matters.

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?

My parts manager has never done a manual FTFR but is aware of how to do so. Our FTFR is 93%.

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

Inside is 58% and outside is 42%

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?

The only people who can change any prices is our 6 counter salesman/saleswomen.

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

NONE OF THEM CAN.

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

We are not at MSRP pricing for internal. Our GM is in complete control of our internal markup which is currently cost + 44%.

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?

The last time we petitioned was 3 years ago, we are currently at cost + 75.69% a little above MSRP.

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 always do a monthly reconciliation at the end of each month with our Part Manager and controller.

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)?

Our Parts Manager always has access to the financial statement. Our Parts Manager as well as all other department managers have a meeting every Wednesday with our GM.

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?

We have a price matrix and our manager checks it daily and adjusts accordingly.

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

This is done monthly by a dedicated web page employee.

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 are all trained to check all eStore orders daily and we all make sure to stay on top of providing the fastest customer service possible to ensure the customer is taken care of immediately.

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?

Honda offers online training that helps build customer relations and customer service skills all parts personnel must be at 100% completion.

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 have an Accessory Salesman that is stationed in the showroom that personally engages with all customers that have purchased a new or used vehicle at our dealership. He builds a great customer relation and customer experience for our customers. He has a great accessory display that he put together with the help of Honda it has all the information for our customer and he has a great gallery of our products that have been installed on previous customer's vehicles.

16. What would help you sell more accessories?

We believe that if our manufacture had better accessory options we could increase sales in accessories.

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 review our wholesale customers weekly, this is done by our Parts Manager and Wholesale Representative.

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

Each employee salesman/saleswoman must make \$961.53 in GP sales to breakeven.

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

We count 1 bin a day and our shipping and receiver makes all adjustments after running parts transactions to find any previous sales that have been pulled incorrectly or any orders that may not have been filled properly. He then adjusts accordingly based off his investigations.

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 all lost sales every day and always emphasize the importance of using lost sales accurately.

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

Currently we have a great SOP procedure. Each parts sales man is obligated to consistently observe their special order parts and make sure no part is on the shelf more than 90 days. This procedure is done on a monthly basis and has to be turned in to our parts manager by each employee.

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 true obsolescence is zero. We use all of our return money for our special orders and potential obsolescence each month.

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 don't use recommended stocking levels from our manufacturer. Our manufacturer recommends a 35-45 days' supply but because of our large whole sale department we run a 29-day supply. This helps us with any frozen capital.

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?

One way we can be effectively is for our organization to build a larger ware house to store more parts and create a new front counter that is more appealing to our customers.