

## 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)? *Sorry for any variations on this conversation. Our 36 year parts manager, Gordon Simpson, was in the hospital for much of March. Sadly and very unfortunately passed away April 1<sup>st</sup> from post-surgery complications. Our planned successor and now parts manager, Marc Curtis, is in the process of training. He, Marc, is attending NADA parts manager training at the end of this month with Mark in Renton, WA. He has also completed Ford parts manager training.*
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? *We do have one. Our team does not know it well and we need to fix this ASAP. 'Our vision at Bickford Ford is to be the premier Ford dealership in Western Washington, known for our commitment to Incredible Guest Enthusiasm, Employee Happiness, Financial Prosperity, Market Mastery, and Continuous Improvement.'*
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? *Marc has not and has been acting parts manager for a week.*
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? *60% inside and 40% outside.*
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? *We need to implement a policy and control through DMS to avoid price changing. It is not a significant issue, but still al liability.*
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? *Service advisors and manager can with discounts codes for employee/senior/military. We are notified, but it has been abused.*
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? *We are below retail. Our former parts manager and management team established them over 9 years ago. They are not 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? We are at 68% and with a outside analysis are told we could likely go to 78-80% and it has been over 2 years since we petitioned.
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 do this occasionally, but also need to have a clearer structured process to handle WIP. We have a lot of old WIP that stretches 2-3 more days than should be permitted.
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)? Yes, it is given to them around the 12<sup>th</sup> of the following month. We do not discuss it in detail and need to improve this. We talk about the overall gross profit and that is it.
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 price to be competitive in our market. We have found we are too low on the very least expensive items and need to implement a price elevator strategy.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? Twice a year. Very little has changed and we do not have a store, just a form to inquire. We plan on changing this and having a more dynamic engaging presence.
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, we have had two providers present demos for us last month and plan to move forward with Revolution Parts.
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? Training through Ford at their website fmcdealer.com is available and we require each team member to be level 3 certified in their role. We do not have formal training policies in place and need to start assessing and measuring skill and ability to find areas for improvement and training.
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 offer to 100%. We should. We did in the past, but ended the accessories position and place in the sales process. Sales consultants are incentivized to sell accessories.

16. What would help you sell more accessories? Having a dedicated accessories consultant in-between the showroom and parts department. We did in the late 90s and early 00's. Introducing each guest to retail parts department at time of their vehicle purchase.
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? Our previous manager did meet with wholesale parts team members monthly and review their accounts to make sure we were making a healthy profit. We need to reimplement a new review structure to continue this and find ways to improve.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? We calculate \$975 in sales per day needed each for our 7 parts sales people to break even.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? We do an annual physical inventory, but need to do this at least twice a year. We do bin checks. We need more formal policies in place to improve accurate inventory and are working with Marc, parts team, our DMS and cleaning the space up to improve.
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 tracked in the system. Not on a consistent basis, we need to improve our process to have the counter people enter them as they occur.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? The biggest obstacle of getting our special order parts off of the shelf are, 1. Not having all customers prepay for special orders. 2. We need to make sure that service calls the customer to get them scheduled for the install. This will hopefully be eliminated when we get the special order process ironed out.
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? We think that the biggest cause for frozen capital and obsolescence is that we have not done a parts purge in a long time. We also don't have an easy way to market our obsolete parts online. We are on the RIM program now and we do a monthly return with them to prevent obsolete parts coming from that program.
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 are developing this and don't have a policy in place yet. We know how vital it is and are targeting parts 8-9 months old to plan a way to move before they hit 12 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? Our understanding is 6/10 currently. After Marc's training and more experience focusing on this, we will continue working towards 10.
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? Hire another counterperson with him to replace his old position ASAP, Provide him a space to store over 60 powertrain boxes currently outside that are a liability, eyesore, and slowdown to business. We are working on both now.