

## 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)? *Over the course of 40 years as a parts manager had the privilege Nada and manufacturers and other organizations*
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? *Unfortunately No*
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 and current*
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? *Just over 40%*
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? *Sales team has the discretion for retail and wholesale overrides. Internal and service clients we allow service to determine if discounts or goodwill is required. Dept. Managers have DMS override reports as an audit resource tool.*
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? *The Service Director*
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? *Our internal is at retail. Parts Manager and we are 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*
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? *Dept. Managers have their own processes and compensation plans that drive this activity. The office manager/comptroller to a lesser extent influences this with periodic review of account schedules.*

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)? *It is given on 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? *Parts pricing is driven by a minimum gross profit target of 40% retail. To achieve this we must add a matrix pricing strategy that considers the factory pricing recommendations as well as our lower margin sales of highly visible competitive items. We currently use a tiered pricing to set the mark up percentage.*
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 do this on a weekly 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 do not currently have an eStore yet. Everyone in the parts counter will see queries/ order forms, however the parts counter managers will respond.*
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? *Various manufacturer training is taken through the year to maintain brand compliance, product knowledge refresh. Skills are more closely monitored by the manager's via, parts sales accuracy, customer return rates and overall sales volume are lead indicators.*
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 only because the common or popular parts are on back order. However we will have something other parts that are more commonly available.*
16. What would help you sell more accessories? *I've found the best sales tool for accessories is to select a small group of popular items and load vehicles for display and customer more easily accepts. I know the difficulty is the limitations of on line vehicle pricing competitiveness.*
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? *The parts director would perform this with the counter sales staff to get a sense of the how and why before any changes. ( In our store a management group of four make all reviews and decisions as a team).*
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? *Yes we have a matrix set for each one.*

19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? *The parts depts perform perpetual inventory counts through the year leading up to the annual physical full count. The managers also provide inventory values along with open claims as work in process information to the office manager. These activities allow for us to monitor not correct deficiencies as the business is fluid and fast pace.*
20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? *They are tracked through DMS and each one at the counter understands.*
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? *Collecting the most accurate customer contact information and their preferred method of contact i.e. customer gives home number and advisor calls go unanswered because the customer is at work during the day and or doesn't respond because they use their smart phone primarily. Advisor forgets to note DMS for texting approvals.*
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 store has roughly 6% obsolescence approximately \$200k this is primarily cause by the manufacturer managed dealer inventories and I'm happy to share in discussion.*
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.)? *With parts eye is the company we have used for couple years prior to that it was ARO*
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? *10*
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? *In our organization we have 100% of the tools needed to be effective parts managers at all volume levels. In doing so we've developed our ISO processes to create a team management environment between the stores and lateral support systems so everyone is interfacing on a daily, weekly schedule and then there's my position and roles as team leader to oversee all processes.*