

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)?
 - It is important to mention that in Mitsui - Peru we don't have a parts manager, the service manager is also in charge of the parts area. The training that the manager has received is from the importer "Toyota del Perú" (TDP), the programs are: Parts 21 Program (inventory and sales control management), DPOK program.
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it?
 - Yes, which includes the objectives and goals of the area.
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?
 - Yes, the SAP system is always used to verify the fill rate indicators.
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)?
 - Internal Sales: 67%
 - External Sales: 33%
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?
 - Everything is managed in our SAP system by hierarchies according to internal policies.
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors?
 - The parts boss.
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current?
 - Yes we have, the prices are set by the TDP importer and are always up to date.
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?

- If there is a guarantee both by a service workshop and by sale at the counter, a minimum of one guarantee is serviced monthly.
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?
 - Yes, both the opening and closing of orders and invoicing are monitored by daily, weekly and monthly reports together with periodic meetings.
 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)?
 - We have a weekly billing, income and profit progress report, and at the end of the month the comprehensive sales, margin and profit report is presented.
 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 monthly campaigns for service workshops and sales at the counter, and each month the result is verified and continuity or change of campaign is defined.
 12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated?
 - Social networks are reviewed weekly to maintain or activate new campaigns.
 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 have an online store, but we do manage applications or apps and RRSS as a sales tool.
 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?
 - TDP carries out quarterly courses and training focused on spare parts sales management. If they are mandatory.
 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?
 - Mitsui has an area specialized in original accessories and all these sales are channeled through that area. It is the best accessory boutique from a dealership in Lima.
 16. What would help you sell more accessories?
 - The accessories area generates periodic campaigns which are transmitted by RRSS. It would be important to improve synergies with the sales area to increase the sale of 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?
 - Wholesale customers are periodically reviewed by reviewing margins, order revenue and billing.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven?
 - We have KPIS to measure the achievement of the daily goal of the spare parts sales staff.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office?
 - Periodic inventory controls are carried out and the Long Position report is sent weekly to management.
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 not recorded, it only tracks the unfulfilled quotes.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up?
 - Contact with the client once the spare part has arrived, since sometimes it is not available to contact them.
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?
 - The biggest causes are returns and wrong orders, currently equivalent to 10% of the total stock.
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.)?
 - The 7 storage techniques are used to optimize storage by size, shape and time.
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?
 - The KPIS or indicators will help us propose improvements and strategies in the operation.