

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)?

Andrew has had Larry Olsen training which focus on Parts Leadership training.

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

It is currently a work in process. 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?

Never

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

85% inside 15% 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?

All parts team members have access to change pricing, however, the culture has been established to ask for permission. The parts manager runs the price override report weekly to verify only approved price changes have been made.

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

Management

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

C + 32%. This was established by prior management.

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 we are retail.

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. That is done weekly between the PM and the SVM. PM also does a weekly verification of all packing slips.

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. This is done during the monthly business review.

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?

These are checked daily via the doc and it is communicated to the parts team weekly.

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

Weekly.

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?

Yes and the all parts gets emails sent to them when there is an inquiry.

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?

There is no formal 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?

This is part of the sales process.

16. What would help you sell more accessories?

More displays

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?

FOD observes this once a month.

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

Yes, \$2,223

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

Bin counts, daily order reconciliation, weekly reconciliation and physical inventory.

If there are any variances the office is emailed to adjust the GL after verification is done.

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 do not but plan on calibrating the team this month.

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

When the vehicle leaves it is harder to get them to return. The parts department pushes prepaid to make sure the guest returns.

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 have recently discovered our setting were not correct. Phase in and phase out setting were not correct, theretofore recommending the wrong type of inventory mix. Prior to the PM arrival, there was a lot of bad inventory in the warehouse that was not needed.

Current obso- \$82k

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.)?

Phase 9/3 and phase 6/1. Our store has seen a 45% growth over the last two years so our demand for parts has increased causing numbers demand to inflate. Currently we look at every demand and verify the reason for the purchases to make sure they are accurate.

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?

8

25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively?

Shoulder to shoulder time with PMG FOD and LTP FOD. Andrew is new to running his own parts department. In his prior role there 3 managers that shared responsibilities. Andrew had limited exposure to the managerial side of the business. Andrew is asking to continue with the support from our parent store and both FOD.