

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)? **Most of the training comes from inventory consultants. The parts manager also attends the National Aftersales Conference for BMW as well as parts manager emersion.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? Yes, the company mission statement:

We are a committed team of professionals, dedicated to providing our customers with the premier experience and environment for acquiring and maintaining their vehicles.

We will thereby strive to be the first choice for automotive services in our particular market.

In pursuing this goal we will seek to respect, balance, and fulfill the needs of our customers, our employees, our suppliers, and our investors.

As a result we will earn their loyalty.
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? **Have not tracked it manually. FTFR of 88% is provided by our consultant company.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **66% Inside / 34% 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? **None.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Parts personnel only.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Internal pricing is list -15%. This was established by the president of the company.**

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 a retail reimbursement for warranty state. Reimbursement is 107% of 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? **Yes, the parts manager makes sure all the parts invoices are closed. Service manager is responsible for closing repair orders.**
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, the financial statement is given to the parts manager. Due to the consistent performance of the department and lack of expense fluctuations, there is not much reviewing performed.**
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? **A matrix is used for pricing. The strategy is based on the cost of the part (lowest priced parts have the most markup, the markup decreases as the cost increases.)**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **We do not update our parts website frequently.**
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 utilize the OEM accessory catalog. The parts advisors follow up daily on parts requests.**
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 training available from the OEM for parts advisors. Sales skills are not assessed or tested.**
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? **In the past, we had a designated parts accessory advisor that would engage with sales customers at the time of the sale. After he left the company, we did not rehire for that position.**
16. What would help you sell more accessories? **An increase in our accessory sales would come from more competitive pricing, a dedicated accessory advisor, buy in from the sales department and marketing coupons.**

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 wholesale accounts periodically. However, due to our captive market and loyal customer base, the expense of conducting business is very low. Along with our firm return policy, the expense of return parts is kept to a minimum.**
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? **No.**
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? **The process of daily perpetual inventory count ensures inventory accuracy. Adjustment reports are shared with accounting.**
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, lost sales are tracked by all parts advisors. If a part requested is not in stock, it is a lost sale.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **The biggest obstacle is having customers return to pick up or install their part.**
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? **Obsolescence is very minimal; the majority is from take off wheels when adding accessory wheels to new cars. We have \$22,000 in obsolescence with \$705,000 in inventory (3%).**
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 in is based on cost (\$0-\$10 is 1 demand in 12 months, \$10-100 is 2 in 12 months, >\$100 is 3 in 12 months). Phase out is 0 sales in 9 months.** We do not follow OEM stocking guidelines.
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, our parts manager is very familiar with all the lines items on the monthly summary.**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **Because of our Parts Manager's tenure and experience, our parts department is very consistent and efficient. I believe that sales training for parts advisors would be very beneficial. I also believe that I can help engage the sales staff to participate with the sale of accessories at the time of delivery of sold vehicles.**