

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)? **None, he laughed at the question. He was very enthusiastic about wanting to attend training, but said that there hasn't been any offered to him outside of some online training modules through the manufacturer's website.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **There is currently no vision statement. We talked about the effect of having one to unify the department's sense of purpose.**
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, he tracks it through a report that he already had printed and nearby. He had just checked it that morning and says he looks at it on at least a weekly basis. 78.04%**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **80% internal, 20% wholesale. The wholesale we have happened organically, he said we don't do much to facilitate new wholesale business.**
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? **The 2542 report tells anytime a price or price level is changed. Parts employees know what their floors are for any given part, so anything below that (which is rare) requires explanation/ approval. He checks the report weekly.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Only parts employees can change pricing, no service employees have that ability.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Yes, we are at retail. The previous parts manager implemented the policies and are revised when needed by the current Parts Manager while reviewing numbers with the GM.**
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're at cost +71%. Our last petition was in 2014, he's not confident there's much more money to be had on that front currently.**

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, open invoice reports are reviewed weekly. Anything over 30 days requires an explanation and estimated completion date.**
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)? **No, the manager doesn't go over the financial statement. Yes, the parts manager reviews the 2541 report that lists all invoices daily and also reviews the counterperson productivity report daily.**
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? **High volume cheap products (wiper blades, etc.) are market based and are adjusted as needed. All other parts have set pricing and are raised across the board as needed usually after an economy shift.**
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? **Monthly, we work with the ad agency at the beginning of each month to update promotions.**
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, but Honda/Acura is currently updating their systems to transition into their new "DreamShop" initiative so it's not entirely functional while they're working on implementing that software. All leads get routed through the parts manager's email and he delegates to the team as needed to help fulfill the orders.**
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 are online modules available through Honda for new employees, but they're one and done classes. There's currently no formal training, but prior to covid we had trainers that would come on site that he said were very helpful. We're looking into getting that going again.**
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 currently have accessory booklets and displays throughout the showrooms, but there's definitely a deficiency to be addressed. Getting sales associates to add that extra step in the sales process can sometimes be a struggle, but I intend to improve the "what's in it for me?" aspect in regards to the sales associates in order to garner more accessory sales.**

16. What would help you sell more accessories? He shrugged his shoulders, but that was him being polite knowing I'm a sales manager. I'm well aware that the sales department is dropping the ball on really harnessing accessory sales to their full potential and intend to correct that issue immediately.
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? Yes, they're reviewed quarterly or as issues arise (i.e. they're hard to work with or have a high return rate).
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? No, I shared with him the calculation we did in class.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? Weekly bin counts are conducted by 3 separate people: first a blind counter, then a parts employee, then the parts manager. Large variances are communicated directly from the parts manager to the controller typically via email with all of the specifics.
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, the DMS tracks lost sales. "If the customer comes in and wants a part, but doesn't buy it, that's a lost sale."
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Long term backorders in which customers end up buying elsewhere or changing their mind and simply getting the customers in once their part arrives.
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're currently at \$2000 in obsolescence. The biggest challenge being trying to maintain inventory for older vehicles that come in often enough, but not as often.
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 typically requires 2-3 requests within 90 days. Phase out is when it isn't sold 3 times within the past 6 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? "8.5-9. I feel like I understand everything I need, but there's some stuff in there I simply don't have a use for."
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? Offer formal training for the staff and manager.