



## 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)?

- Just Toyota ongoing training - no formal training, he was curated.

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

- Our store had a mission statement that my parts manager Mark was told way back in 1996,

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, we have never tracked it manually, and our Repair Order FTFR is %94. He feels if we are having a hard time filling demand, we absolutely would do it manually.

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

- Counter/Wholesale is about %20 and 80% is internal.

**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, we just trust. We hire more on character, & personality. That's the most important part. We have discount codes that they can use and that is what we try to train on. Having a discussion with our parts counter guys finding the balance of what's best for the client/best for the store.

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

- Only the parts department staff.

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

**Are they current?**

- No we are not, we are at cost + 33 and we've netted %24.82 for the year. Both my GM Philip Cianni and my parts manager agreed on these numbers.

**8. If you are in a Retail Reimbursement for Warranty state, are you at retail for warranty? If no, when was the last time you petitioned the OE for retail reimbursement?**

- Toyota warranty rate is MSRP on almost everything, so we get reimbursed on MSRP (except for transmissions and hybrid batteries)

**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?**

- My parts manager works with our controller to keep our cashier's screen clean - usually bi monthly

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, definitely the financial statement. And meets with the GM to speak about it when needed. He has created his own report where he inputs numbers and looks at everything, and if something seems out of whack, then he reports/discusses it w our GM

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 run a pricing matrix, we try to make sure our RO mechanical GP % is higher/break even than warranty. We try to have our parts counter guys hit %30 GP.

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

- Once a month

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?

- Toyota Parts Center Online - they are a group of people who do that. It isn't live on our website yet, and we just got it together in June. There are only 2 dealerships who are going to be on this new platform.

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?

- Ongoing training (yearly) from Toyota. University of Toyota, and there are certifications that are required.

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 just use AIM, and our accessory coordinator, Marina. We use aim for everything - it's even our electronic communication for we-owes.

**16. What would help you sell more accessories?**

- If we were able to increase our show rate in AIM, and also to have some more display vehicles on the ground again. An expanded accessories line is coming and that should also help us out quite a bit.

**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 take a look every 2 to 3 months. We look at a report with return % 's and stuff. We can't use dealertrack DMS.

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

- Roughly about \$2,400 gross sales per day for each person - that covers all expenses

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

- Variances are done at the end of the year (13th month) and it's done with the physical inventory. We give parts personnel free reign to do what they need to do with our inventory but we also do a perpetual count every time we move a bin around.

**20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition?**

- No they are not being tracked in our DMS. If our fill rate was lower than he'd be more interested in doing it.

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

- Human nature

**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 form of obsolescence in this store is when someone comes up with some sort of program that involves parts investment, the program gets shut down before we can use the inventory - like when they decided to do in house leather or clear bras. Tires are also the biggest part of our obsolescence, and the return policy is very tight. Non toyota accessories get stuck here as well, as well as touch up paint - Our current dollar value is \$80k in obsolescence currently (so under %10).

**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.)?**

- It's pretty aggressive. Our period is 10 days - To phase in, a part must have a demand of 1 or more in any 3 period(s) out of the last 9 months - so 3/9. To phase out, no sale in 9 months = automatic phase out. The reason why he has chosen to do this is because it makes it a lot easier to return the parts - this really jives with Toyota's return policy.

**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?**

- 9 (10 as far as the parts portion) but the rest is a 9

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

- Everything that he needs he says is supplied - as far as the empowerment/trust. He is provided with the empowerment to go and get what I need to get what I need/when I need it.

