

## 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)? **Parts Inventory Control classes with Honda and Mitsubishi. Parts Financial Management class with Honda.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **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? **No.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **Inside 55%, Outside 45%.**
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? **A daily exception report is run daily to review the previous day's transactions.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Counter people, Advisors, Service Manager, Body Shop Manager.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Yes. Dealer Principal.**
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 currently at cost + 65%. We are in the process of petitioning for an increase.**
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? **Each department works monthly to close out as many transactions as possible. There are still some older ones, but much better than it was.**
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)? [Parts Manager does not see the financial statement, but has access to the MIS Drilldown report on CDK.](#)

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 a matrix on our Service counter. From the retail counter, we sell at MSRP. We also have our eStore sales post through the front counter, causing the GP percentage to be well below MSRP.](#)
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? [Not enough. We had a call with FedEx who reviewed our site with us and suggested improvement opportunities to the site.](#)
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, it is through Revolution Parts. As orders or questions come in through the website, we are all alerted via email. Laura is our lead counterperson to manage orders and respond to customer 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 required training for Counter people through Ford. There are also other online training modules that Ford makes available to assist with Sales training. I do not do skills assessments now.](#)
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 have recently started a process that gives every new customer a handout that discusses accessories and gives them a QR code that links to our website to view and purchase accessories. We track how many times that code is scanned.](#)
16. What would help you sell more accessories? [Better displays and dressed up showroom vehicles.](#)
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? [Every quarter we evaluate our wholesale business, including each customer's behavior and adjust discount rates for some customers.](#)
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? [\\$2500](#)
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? [Reconciliation report is done monthly. Sid has shown me how to review accounting journals to find issues that arise.](#)

20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? *When we started on Ford's RIM program, we stopped posting all lost sales. We will start doing it again. My definition of a lost sale is a part that we do not have on the shelf at the time of demand, even if we can procure it for the customer.*
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? *Getting Service customers to return for their SOP.*
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 cause of obsolescence is returned wholesale collision parts. Most of these parts cannot be returned to Ford on the 60-day program. I have tried to put as many body parts as possible on RIM to ensure returnability, but that's only a small portion of the body parts we sell. Currently, we have \$122,000 of obsolescence.*
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 3 in 12, Phase-out 1 in 12. RIM will sometimes recommend parts that haven't phased in yet. I research what that part fits and see who might already stock it. I then make an educated decision.*
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. I don't always take the time to review all the summary report, such as parts that have phased out that month.*
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? *I'm extremely fortunate to work for a company that supports me. What I'm trying to do is get the median age of the department younger. We have had entirely too many short-handed days this year, causing me to not be able to do my job effectively.*