

## 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)? *NADA Academy Seminar June 2023 / 33 years tenure with Toyota.*
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? *We do not for parts, but we do for our company. We exist to better the lives of our customers, our team members, and the communities we do business in. Our customers are the focus of everything we do. They are always treated with courtesy, kindness, and professionalism.*
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? *We have not tracked it manually in years. The last time was in 2002. Today's analysis shows 60%*
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? *70 inside / 30 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 on the DMS, Daily communication to let guys know what the expectation is.*
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? *Parts Manager, Parts Counter, SM has verbal authority but needs assistance making the change in the DMS*
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? *We are above retail for internal. 52% is our goal. Internal pricing was set by our Regional Fixed Ops Director*
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 in a retail reimbursement state (Indiana). We currently receive retail reimbursement on warranty. We petitioned Toyota for a higher than retail rate in August and are awaiting a response.*

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? No conversation is had monthly regarding the aforementioned, Its done on a case-by-case basis.
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)? The DOC is provided monthly. No financial statement data is provided to Parts Managers. We also send out a weekly scorecard that shows parts GP margins in CPRO, Internal, Counter Retail, and Wholesale.
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? 45% on CPRO's, 41% on counter retail. We are graded weekly on a scorecard sent out companywide showing all stores.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? Monthly
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 do not have an online E store. All online parts leads go to the Parts Manager.
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? None this is something we are currently working on and plan to roll out in Q4.
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? Yes, we use Toyota's AIM program. The customer gets a tablet to view accessories on the vehicle they are purchasing while they are waiting on finance.
16. What would help you sell more accessories? Sales preloading stock units
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 currently do not but will be reaching out to our DMS rep to show us where to find the ranking report.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? Yes / \$1,893 per person per day. John just showed me how to run that.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? WE currently do not do regular bin counts but have a plan to start doing them consistently beginning in September. At month

end we communicate any manual adjustments with the corporate controller before he reconciles our inventory.

20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? Lost sales are difficult to track in DealerTrack so we do not track them.
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Getting Service Advisors to call the customer and schedule the appointment.
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? Parts under 8 dollars that we cannot return to Toyota that are unsold after one year. Also unpaid SOP parts that never get picked up. \$2,743 total
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.)? 3/12 We use the settings in the DMS Toyota does not have a retail inventory management system. Our DMS will also give you stock order sales history.
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? 6 we switched to DealerTrack 3 years ago and its not user friendly on the parts side.
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? Provide more DMS training and sales training for parts counter people. Overall Gurley Leep is a great company that values their employees.