

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)? **One NADA seminar 10 years ago.**
2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? **No written statement.**
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? **Not tracked. Current FTFR per our exercise was 48%.**
4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? **78% inside/22% 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. Counter personnel change pricing every day.**
6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? **Parts manager and counter people. Service dept cannot change parts pricing.**
7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? **Yes at retail on "Genuine" parts but not on aftermarket parts (ie NAPA, Advanced Auto, etc.) Dealer and parts mgr establish pricing annually.**
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? **Wyoming is not a retail reimb state. Limited to 40% markup on warranty parts.**
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? **Open RO's and WIP are reviewed weekly by the service mgr, parts mgr and controller. All RO's are closed daily once customer pays or leaves the dealership.**
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)? DOC is prepared and discussed weekly as part of our Thursday mgmt meeting. Financial stmts are distributed & discussed monthly after submission to the manufacturers. By the 10th of every month.

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? Retail pricing matrix is based on MSRP. Pricing goals are adjusted with market feed back from counter customers and price matching requests.
12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? Rarely look at parts web page. Concentration is on vehicle sales and service.
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? No dedicated e-store. Limited web sales thru manufacturer website. Parts sale leads are sent to parts manager's email and processed as received.
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? Parts sales training is informal by our senior counter people and the parts mgr. Sales skills are not assessed and only addressed if over-heard by mgmt.
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? Accessory sales are offered during new vehicle "walk around" at time of demonstration and prior to closing. Parts dept and parts mgr are introduced to all new vehicle purchasers prior to final delivery.
16. What would help you sell more accessories? Better social media advertising of accessories. Better accessory displays in customer waiting areas. Pre-load more accessories on new and pre-owned 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? Wholesale customers are evaluated daily as purchases or returns are processed. Slow pay customers are cut off after 60 days no pay and high return customers are confronted once then cut off.
18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? \$2168 per day, per person.
19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? Monthly reasonableness and \$ trend analysis is performed by controller. Reconciliation is performed annually with physical count.

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 were not being tracked prior to my attendance in this class. I implemented lost sales and emergency purchases policy with NADA definitions being taught to counter personnel. Lost sale is the in-ability to provide a manufacturer part upon request by a technician or counter sale, at the time of request or same day.**
21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? **Follow up and scheduling of installation with customers, by service advisors, once part has been received.**
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? **Not tracking lost sales/emergency purchases. No phase-in/phase-out criteria. Using GM RIM & "gut feel" for stocking levels. Current obsolescence is \$49,434.**
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.)? **No current phase-in/phase-out strategy. Only managing RIM daily.**
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? **7.**
25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? **Enroll him in an NADA parts management seminar.**