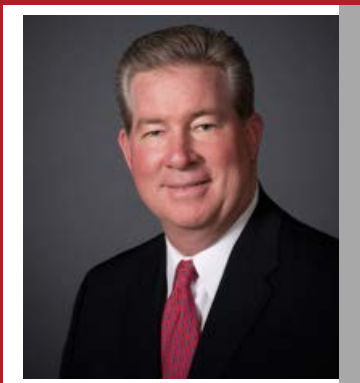




NATIONAL  
AUTOMOBILE  
DEALERS  
ASSOCIATION

# Customer Retention in the Parts Department



**Jim Phillips**

*Director of Education, OEM and Allied Industry*

NADA Academy

McLean, Va

757-618-5552

[jcphillips@nada.org](mailto:jcphillips@nada.org)

The views and opinions presented in this educational program and any accompanying handout material are those of the speakers, and do not necessarily represent the views or opinions of NADA. The speakers are not NADA representatives, and their presence on the program is not a NADA endorsement or sponsorship of the speaker or the speaker's company, product, or services.

Nothing that is presented during this educational program is intended as legal advice, and this program may not address all federal, state, or local regulatory or other legal issues raised by the subject matter it addresses. The purpose of the program is to help dealers improve the effectiveness of their business practices. The information presented is also not intended to urge or suggest that dealers adopt any specific practices or policies for their dealerships, nor is it intended to encourage concerted action among competitors or any other action on the part of dealers that would in any manner fix or stabilize the price or any element of the price of any good or service.

Jim Phillips  
NADA Dealer Academy  
Director of Education,  
OEM and Allied Industry  
8400 Westpark Drive  
McLean, VA. 22102

Jim currently serves in the NADA Dealer Academy as the Director of Education, OEM and Allied Industry. In this capacity, Jim delivers customized content from the Dealer Academy to specific dealerships, dealership groups, allied industry groups, or to manufacturer personnel at all levels.

With many years of automotive experience across all departments, Jim grew up in an automotive family. Holding every position in the dealership in his career, Jim was the General Manager for 15 years. Since selling the dealership, Jim has been the Director of Consulting for NADA, a 20 Group Moderator, and a Director of Operations for a dealership group.

Jim has hundreds of consulting hours in dealerships. Parts operations management, service profitability, sales process, and used vehicle operation are his specialty. Jim's way of applying theory to practical hands-on applications in dealership operations keeps him in constant demand with manufacturers and dealerships.

Jim lives in Norfolk, Virginia and is a graduate of Virginia Tech.

## **Parts Department Improvement Plans**

Improvement plans and processes that would work wonderfully for one dealership may be a complete failure in another dealership setting. In fact, the worst performance improvement plan that you will ever have is one that you tried at a different dealership! The DNA for each dealership is different and the vision that each dealer has is different. We need to consider this in order to create a plan for success in the dealership where we are. Whatever the plan is, it will come down to these three factors to improve profitability. That's right! There are only three ways to increase profitability. They are:

1. Lower \_\_\_\_\_
2. Improve the \_\_\_\_\_
3. Sell to More \_\_\_\_\_

You might choose one or two of the paths listed above to move your parts operation forward. Often times though, it comes down to choice #3. How can we develop a plan for more sales? Breaking down the answer to that one, we can go develop more new customers or we can retain a greater number of the customers that we already have!

### **Retention**

How can the Parts Department contribute to retaining more of the dealerships customers? Often the parts personnel see themselves in a support role where they cannot directly affect retention. This isn't true. There are many ways that the parts team can contribute to retaining more of our customers. What are some of the elements of successful parts retention strategies?

### **5 Key Elements of a Retention Strategy**

1. Stock Correctly
2. Support Your Service Department
3. Accessories, Tires, and Wholesale Sales
4. Create "Tie-Breakers"
5. Staff Motivators

## 1. Stock Correctly

In terms of buying parts, there are two kinds of parts:

1. \_\_\_\_\_ Status

These are ones that are purchased for future sale based on past demand.

- These parts arrive in your inventory through the stock order process.
- Some manufacturers manage dealer parts inventories and others let dealers order whatever they want.

What things can we change or improve with our ordering and stocking process that will promote retention by stocking the correct part?

---

---

---

---

2. \_\_\_\_\_ Status

These are purchases for immediate sale, not to be placed in inventory.

- *People* request these parts.
- These parts do not meet our stocking criteria.
- This is our special order process.

What retention opportunities do we have by improving the special order process?

---

---

---

---

---

---

## 2. Support Your Service Department?

Retention is often associated with the service department.

- Since manufacturers have laser focus on the ability of the service department to retain customers, the parts department is often overlooked in the role that they play in the retention equation.
- Service departments will not be successful without a willing partner in the parts department!

What things can we change or improve in the parts department that will help better support the service department?

---

---

---

---

---

---

---

---

How will these improve retention?

---

---

---

---

---

---

---

---

### 3. Accessories, Tires, and Wholesale Sales

What are some ways that you can increase your retention through *Accessory sales*?

- P\_\_\_\_\_ match the price from the manufacturer
- A\_\_\_\_\_ In-stock vehicles
- Consider creating accessory p\_\_\_\_\_
- Have an accessories a\_\_\_\_\_
- Accessory/Apparel b\_\_\_\_\_

**Your Ideas:**

---

---

---

---

---

---

What are some ways that you can increase your retention and add value through *tire sales*?

- Carry e\_\_\_\_\_ stock
- Good, better, best o\_\_\_\_\_
- Be able to quote quickly and a\_\_\_\_\_
- Aggressive p\_\_\_\_\_
- Make sure tires are offered e\_\_\_\_\_ t\_\_\_\_\_

**Your Ideas:**

---

---

---

---

---

---

What are some ways that you can increase your retention and add value through additional *wholesale sales*?

- P\_\_\_\_\_ isn't everything
- Begin your sales strategy with the c\_\_\_\_\_ business to your location
- Offer something of "v\_\_\_\_\_" competitors will have difficulty m\_\_\_\_\_
- Answer phones like a p\_\_\_\_\_
- Create a system for taking orders that allows you to t\_\_\_\_\_ them and keeps you o\_\_\_\_\_.

**Your Ideas:**

---

---

---

---

---

---

### 4. Create "Tie Breakers"

Tie Breakers are the leading activities and competitive advantages you can create to identify and differentiate your dealership in your parts-marketplace.

What sets your dealership parts department apart from other dealerships in your area?

[illegible]

## 5. Motivate Your Staff?

Pay plans in the parts department have remained unchanged over the years. Many parts employees are paid a salary and a percent of the gross. While fresh compensation plans are healthy, there are many other ways to motivate employees to be their best so that owner retention improves.

## What are some best practices for motivating your staff?

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## Action Plan



Identify opportunities recognized in the program that you will apply to change behavior to increase performance and/or the customer experience.

---

---

---

---

---

---

What resources will be needed?

---

---

---

Who are the stakeholders?

What will they do?

By when?

<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>