I'm a department manager

What is expected of me?

By TRENT HUMMEL

HAVE YOU EVER promoted your most skilled parts person to manager only to find out the employee lacked management abilities?

Of all the questions whispered in my ears, the most common is: "I am now a manager. What is expected of me?"

Along with the parts counter person, the service technician to service manager and the salesperson to wholegoods manager often ask the same question: What am I really accountable for in my new role?

As a class exercise, we draft a list of what each frontline manager is accountable for. To start this, we need to clarify accountability and responsibility. Accountability is what a manager has control of. If a manager is empowered to make operational changes to improve a department, that person should be held accountable.

We cannot find fault in a parts manager when our wholegoods units are aging. Assuming the wholegoods manager has total control over wholegoods inventory, a parts manager cannot be held accountable if not in total control. A parts manager can have responsibility in suggesting ideas but the accountability of the aging issue is in the hands of the wholegoods manager.

Using the same question as noted previously, we have developed an easy-to-understand list of those things for which a frontline manager is accountable. As always, I have a great memory but it's a little short so I turn a lot of things into an acronym.

GIGICE is one such acronym and it's how we measure a manager's accountability.

1. G Growth
2. I Inventory
3. G Gross Margin
4. I Image
5. C Coaching
6. E Expense Control

With each of these letters, some are not as clear as they appear. Let's review each as you should with your managers.

GIGICE letter by letter

1. Growth – This does not encompass only revenue growth. We might need to add lines or offerings in the parts and service departments. Service can fill the shop with non-traditional units. Many have taken on service contracts to maintain school buses, electric generators, etc.

Years ago during a dealership visit, I learned the service department was grinding (sharpening) golf and turf reel mowers. They had a senior technician who only worked winters – summers were for the cottage. He was experienced in grinding reels. The money generated (per square foot of shop space used) was far above any other service jobs.

This dealership did not sell golf or turf equipment. This was a niche service market the department stumbled on. They ran with it – winter months with guaranteed service work in an industry not related to their primary business. This was good cash flow and good growth.

As with any business, growth is more than money. Maturity of the department is a key to gaining ground in the competitive markets in which we operate. At dealer meetings, we have all heard others say they don't have the depth or maturity in a specific department to take on the activities suggested by a manufacturer. We listen to these comments, analyze our own department's maturity and silently agree we are no better than the rest.

We would be hitting on all cylinders if only we had the maturity and skilled people to tackle all manufacturer and non-manufacturer initiatives. Everyone in and out of a department should be birddogging for opportunities. The main reason most employees don't share their suggestions is simple: They have shared in the past and the ideas fell on deaf ears. Not one step was made by a manager to further investigate a potential opportunity.

2. Inventory – This is easy to understand in the parts and wholegoods departments. Simply stated, it's about managing the stocking inventories to meet customer requests without having aging issues. Inventory management is about managing the dealership's cash.

While some argue service inventory is a reference to shop tools and service trucks/

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trailers (and it is to a small extent), the largest inventory in the service department is technician hours. In service, we sell time. A well-managed service department with high recovery rates and high billing efficiencies almost always makes money.

A good service manager should give the parts and wholegoods managers a lesson in time selling. In many locations, there are required daily activities that prevent salespeople or parts employees from generating revenue. We have consulted with dealerships where well over one-third of an employee's day is spent on nonrevenue generating tasks.

For the most part, this is under direction of the dealer principle. The dealer wants something done and has no regard for the amount of time being used. Reviewing processes/procedures can improve time efficiencies in all departments.

3. Gross Margin – If only we had a nickel for every time a consultant said "increase your gross margins and everything will fall into place." That comment always comes from someone who has never run a department, dealership or any business in a competitive world. If it was as easy as adding 2 percentage points to margin and selling the product, we would have done it years ago.

It is not easy to add markup, grow sales (let alone maintain sales) and sell into a market that shops the world over. Increased margin is gained from having the proper stock, displaying, pricing, advertising, value-added selling, and, most of all, from how we buy inventory.

We make money when we buy. This is all about taking advantage of a manufacturer's stock ordering programs in order to gain a few extra gross margin points. For example, one dealership was the star of an OEM's parts ordering program. The parts manager ordered multiple feeder house cones for the dealership's in-season harvest parts inventory, despite knowing full well that next to no feeder house cones sold during the harvest. The strategy was as follows: take advantage of the harvest parts ordering discounts, freight savings and sell on work orders through the service department on the winter service combine program.

Wholegoods managers should always keep their ears to the ground for manufacturer wholegoods items that can be bought with increased discounts. Some of these items come from a local farm show, manufacturer schools or closeout dealerships. The savings might be simple, e.g., if the unit is set up it requires no pre-delivery.

4. Image – Long gone are the days of having liquor in the bottom drawer or calendars with swimsuit girls hanging on the walls or toolboxes. But image is more than wearing company shirts and driving around in decaled trucks. This is not to discount the importance of clean trucks, inside and out, or the professional image of wearing company shirts.

This is about what customers feel when they call the store. How was the phone answered? How long were they on hold? They called for a reason. How was the call handled? Do customers feel there is a sense of urgency in handling their requests? We all like to know that our problems or issues are going to be dealt with in a timely manner.

Image and culture are closely related. Customers can feel culture; many will make decisions based on their feel of your culture. There are lots of places to shop and if they don't feel comfortable with a dealership's image or culture they go to the next place.

A department manager's job is to prop up a team's culture. Unfortunately, it's a never ending and difficult job. However, if the team buys into the desired culture, it becomes easier to manage.

5. Coaching – This might be the least understood of all managerial duties, quite likely because some managers are not properly coached by their previous managers. If they had been properly coached, the shock of what a department manager is accountable for would be minimal.

In order for a new department manager to coach his or her team well, the dealership's senior management team is going to have to coach the department manager. Some of the biggest challenges facing senior managers are: not being able to coach, not having the time to coach or not having sufficient knowledge about the department's operations to coach.

6. Expense Control – There are only a handful of expenses that are actually controllable by a manager. In most dealerships, a quick count may be five or six expense lines that can be influenced by a department manager.

This does not mean a department manager gets a pass on the other expense lines. When senior management shares the expenses and where they come from and what is being done to reduce the expense, the department manager might have a few suggestions that could help in expense reduction.

Just recently, a dealership's cell phone contract was expiring. Since all the managers knew the contract was coming to an end, there was an opportunity to negotiate a lower rate as well as shop other providers. During a personal engagement, one department manager heard about an idea, discussed it at work and the dealership put the plan into place. The monthly cell phone expense was reduced by 70 percent and the dealership now has a friendlier plan and money in the bank.

There is a seventh point not included in my GIGICE acronym and that point is a department manager needs to realize he/she is part of the store's management team.

If he or she witnesses bad behavior in another department, there is a duty to share that information with the other department's manager. It is not being a snitch. We all need to watch for good and bad behavior in order for our businesses to function.

So ask yourself: "I am now a manager. What is expected of me?" If your department managers understand and focus on these six GIGICE areas, their departments will be on the right path to success because it's just good business. WED

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