



Michael Evans

**Week 2- Fixed Operations- Parts
N363-19**

Special Order Parts-

Our parts department operates efficiently but there is always room for improvement. A more efficient SOP process will cut down on our obsolescence and aged parts inventory. The goal of our parts department is to have no parts over twelve months old and to have minimal obsolescence by having active, streamed lined processes for SOP's.

- 1-** Having a streamed line SOP process that will cut down on obsolescence and in turn decrease our aged parts inventory and raise our true turns
- 2-** Train and Retrain everyone that has a hand in the SOP process
- 3-** Implement disciplinary terms for the service department and technicians that order special order parts and do not install the SOP's.

Timeline:

- Find out why our current SOP process is not as efficient as it could be- (Process to be put in place immediately and have everyone aware and trained by April 2020.)

Share necessary actions to reach desired result- Getting our service director, parts director and all parties involved to discuss potential changes needed if any and shorten the time frame for parts kept in stock from 60-day threshold to 30 days. This will help eliminate obsolescence inventories.

As parts consultants go over their daily special order parts lists they will put parts into the corresponding special order bin for the technician that ordered it, that will increase efficiency in both parts and service departments.

Parts consultants will keep up to date with their special order lists and stay in communication with service advisors and technician's to verify the status of every special order part. This will insure part gets returned or installed in a timely manner

Action Proposed- Implement the new SOP process with the parts director and service manager. The GM (myself) is one hundred percent on board with the SOP process.

Action plan to support desired goal:

Training- explain to managers and advisors the new special order parts process. For a week, we will have one on one training with all involved parties. The goal in training all involved staff one on one is to imprint a clear understanding of the SOP process from start to finish with positives and negatives being fully understood by all.

Coaching- This training/coaching will consist of parts receiving, bin placement, and communication between tech, advisor, and customer. Full commitment and understanding of all involved employees.

Consequences related to results - (Pain and Gain) If a part is ordered incorrectly or not installed in 30 days.

Pain-1st -verbal warning

Pain-2nd offense pay for restocking fee

Pain-3rd- Pay for the special ordered part.

Gain- If you have no offenses for calendar year employee will receive a \$500-dollar bonus.

Meeting with Dealer:

Inform dealer of new Special Order Process. Go over the process stated above: Make the owner aware of the Pain and Gain implementations of the process. Should also make the owner aware that the new processes should not create significant increases of expense in revamping of the current process. In fact, it will provide less obsolescence inventories and will allow us to utilize our return dollars more efficiently which will also improve the overall profitability of the department.

Accountability: monitoring progress

Who: Parts director, Service director, Service advisors, Parts consultants, and techs.

What: Parts manager is accountable in the ordering of correct parts, receiving of the part and the communication to the party that ordered it no parts will be ordered for the service department without an open RO or an appointment scheduled in DMS

By when: We are working on this plan now, the new process completely installed by April, 1 2020

How: Parts consultants and service consultants will have special order lists printed for them daily, every Friday the parts manger will review the special order list looking for parts that are aging, if a part is reaching the 30-day period we will get all parties involved in ordering the part to determine if we should keep the part or return the part.

Describe checkpoints that have been established to measure progress:

Daily-Service advisors and parts consultants receive and review their special order parts lists

Weekly- Parts manager reviews special order parts lists to determine what actions should be taken and communicate said action to advisor's consultants and techs

Bi-Weekly- Parts manager, advisors and parts consultants will communicate and determine what parts shall be returned or kept for a later date

Monthly- Service manager and parts manager will review and identify trends to determine what further actions are needed

Estimated cost of Implementation: The estimated cost of implementation process will be less than \$2000 annually.

Project Date of completion: April 1, 2020

Impact areas:

Sales: By implementing our new SOP process we should see an increase in parts sales.

Gross: Since most SOP's are warranty based service repairs the impact on gross will be minimal due to pre-determined markup set by manufacturer.

Expense: With the new process in place we should see a decrease in restocking fees which count against our return dollars that effect profit

Net profit: we should see a marked increase in net profit due to lowering expenses and increasing parts sales and labor hours

CSI: CSI should see a noted increase. Due to more accountability put onto service advisors and parts consultants. Higher efficiency should be seen. This will lead to warranty customers receiving updates and getting their vehicles repaired in a timely manner. Since CSI is based on warranty repairs a higher efficiency should lead to a higher CSI

Special Order Procedures:

- Technician fills out a parts request with the following information. PARTS DEPARTMENT CAN NOT LOOK UP OR ORDER PARTS WITHOUT THE PARTS REQUEST FILLED IN COMPLETELY.
- Customer Name
- Date
- Mobile Number
- Email address
- Year, Make and Model of the Vehicle
- Last 8 of VIN Number
- Job#
- Quantity
- Part Description
- Tech Name and Advisor Name
- If the part is not in stock or local, then the counter person must order the part.
- The counter person then gives the technician the parts request, advising that the part must be ordered.
- The technician gives the parts request and hard card to the Service Advisor. The advisor will stamp the hard card with Special Order stamp. The advisor will sign the parts request. The advisor will bring the request back to the parts counter person. The cashier will stamp the customer copy of the repair order with a special-order stamp. The parts counter person will then bill out the part as follows:
 - If it is warranty, it will be billed as "SB" with an order type of "EW".
 - If it is Customer Pay, it will be billed as "SP" with an order type of "CO"

- If it is Internal, it will be billed as "SP" with an order type of "CO"
- If an advisor must order a part, they must open a repair order and fill out a part request the same as a technician,
- The counterperson will give the parts request to the parts manager. The parts manager will order parts. After ordering, the parts manager gives the parts requests back to the counterperson for future reference.
- If the part needs to be phoned in to order by the parts person, call it in and show it ordered with the repair order number as the order number in 2052,
- Special Order Reports run at 2:00 every day. The advisor must contact the customer by phone call and special order post card.
- The parts will be held in the special-order bin for 20 days. After that the mechanical parts will be returned. All non-returnable and not paid for parts will be charged to the Service Department.
- When the counterperson hands out the part, they must go into the repair order and change the SB or SP to S in the TC column,
- If the car left the building, and the repair order has been closed, the advisor will make a new repair order. When you pull, the new repair order up in the computer it will tell you that the vehicle has special order parts. It will ask you if you want to view the parts. Say yes. After viewing the parts, you can pull them over to the new repair order.

Special Order Creation

Gather all signed parts requisitions up and put in RO numerical order.

- Go to 2052
- Enter 2. By Invoice Number
- Enter 2 Post Individual Orders to Purchase Orders
- Correct? Y

On all counter tickets, make sure all retail customers are prepaid. On all counter tickets enter the order number (SO's start with 5 and then the number of day of the year it is, when you get to the RO numbers, make sure you have parts requests and enter the order number on the ones you have. Enter D for duplicating the PO on the above line. If you don't have one, skip it for now and tell the counter person that you need the parts req.

When you get to the end of the order, press enter

- It will take you to the vendor screen.
- Enter 21
- Press Enter past PO Date
- On required date, enter tomorrow's date or Monday's date if it is on a Friday. Press enter all the way to the bottom of the page.
- Press E

***You can do this anytime of the day and go back through all the above steps to add more to this order.**

Go to 2372 to transmit the order. Enter Y to download special order names.

If the cross shipped or backordered part is on a repair order, find out what advisor that was and email all advisors with repair order number, customer name and part info. Tell the advisors that the part will not be here tomorrow. "Parts manager will check answer backs after order placement"

