

# Benifits of a good parts mix

## INSTRUCTIONS:

1. Click on the Threaded Discussion Link below for "**Benifits of a good parts mix**".
2. Answer the question in detail, according to the rubric below: "**What are the benefits of tracking demand for a better "Mix" of parts for service technicians?**"
3. Post your comments, and then respond to **at least 2 other student's posts**. These will be viewed during the morning classroom debrief.

The discussion is done on the student's own time as a homework assignment, and used to interact with other students on any given subject.

Discussions allow students to answer questions from the Instructor, provide feedback to other student's posts, and for the Instructor to provide feedback to student's posts. Everyone learns from each other!

## Discussion Rubric

Criteria	Unsatisfactory	Satisfactory	Exemplary
Demonstrates knowledge and understanding of content and applicability to professional practice	Post(s) and responses show little evidence of knowledge and understanding of course content and applicability to professional practice.	Post(s) and responses show evidence of knowledge and understanding of course content and applicability to professional practice.	Post(s) and responses show evidence of knowledge and understanding of course content and applicability to professional practice, and include other resources that extend the learning of the community.

Posted By: Adrian Vigneault  
 Modified Date: 11/13/2017 06:32 AM  
 Start Date: No Date Assigned  
 End Date: No Date Assigned



## Discussion Post Comments

Comments	
	<p>A good parts mix is crucial to an efficient service department if you hope to do serious volume. Tracking lost sales and emergency purchases will turn a part into stocking status based on prior and anticipated demand. Benefits include, less downtime for techs enabling them to turn the work in their stall quicker and touch more cars in a working day. Additional</p>

	<p>benefit is stock order discounts because your system is prompting to order on stock order once the part qualifies for stocking status.</p> <p>By: Paul Nauman Date: 11/15/2017 12:22 pm</p>
	<p>This is also crucial to your idea of having a parts runner taking parts to the techs, you have to have the right parts on hand!</p> <p>By: Andrew Cognac Date: 11/15/2017 4:40 pm</p>
	<p>Having a good parts mix can help with tech moral in the shop</p> <p>By: Chad Bouchard Date: 11/15/2017 4:44 pm</p>
	<p>That's true, why would a tech want to work somewhere that won't allow him to make his money by not having the correct parts in stock?</p> <p>By: Christian Subjeck Date: 11/15/2017 4:49 pm</p>
	<p>Agreed - it ends up bothering the techs because they can't make hours, and it can also lead to issues with customer retention in service. Most people want instant satisfaction and may go somewhere else if they can't get it in your shop.</p> <p>By: Samantha Feinberg Date: 11/15/2017 5:36 pm</p>
	<p>well said, Samantha... we can not underestimate the mentality of the 'instant satisfaction / gratification customer' - and combined with the fact that , for many, a vehicle represents a substantial personal investment , many clients will not tolerate any perceived delay in parts / service delivery.</p> <p>By: James Davidson Date: 11/15/2017 10:03 pm</p>
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	<p>By tracking demand and having a good parts mix, you highly increase the chances that your service advisor can close a sale on that part. The ability to have the part on hand so that you can overcome the customers objections and begin the repair is a great thing. The odds of the customer agreeing to the repair and actually following through are much lower if you give them the opportunity to leave, go home, think about it, and shop around. A better mix benefits both the parts and service departments.</p> <p>By: Andrew Cognac Date: 11/15/2017 4:36 pm</p>
	<p>As Chris said, having a good parts mix is a good tool to help hire techs</p> <p>By: Chad Bouchard Date: 11/15/2017 4:43 pm</p>
	<p>The chance of having the customer shop around is always a negative, especially with other dealers or third party shops. Good point.</p> <p>By: Thomas Piazza Date: 11/15/2017 5:01 pm</p>
	<p>going on that if your parts department can hold a transmission or a engine it can go a long way with the customer to keep them in your store!</p> <p>By: Jason Healey Date: 11/15/2017 5:20 pm</p>

	<p>Parts on hand is key, if they leave they aren't coming back unless you've gotten pre paid on SOP.</p> <p>By: Eric Curran Date: 11/15/2017 6:24 pm</p>
	<p>Well said. Any time you have the right part on hand it creates a better opportunity for your advisor to sale the repair or maintenance right then and there.</p> <p>By: Hunter T. Hodge Date: 11/16/2017 7:34 am</p>
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	<p>Determining what qualifies as a "lost sale" and actually tracking what a lost sale is paramount when it comes to creating a good part mix. When you are able to track three instances in one year when that part was a "lost sale" you can determine that this part is truely a part you want to stock and that will increase sales, shop productivity and tech moral. With today's daily ordering systems it is much easier to have an inventory with lots of depth and little breadth to help improve parts mix and keep inventory costs down as much as possible.</p> <p>By: Chad Bouchard</p>

	Date: 11/15/2017 4:41 pm
	I realized this as well. My counter guys have a different idea of what lost sales mean and that hurts the true tracking of demand. By: Andrew Cognac Date: 11/15/2017 4:46 pm
	I agree with the keeping tech moral and productivity up, but I would think that you want <b>more breadth</b> and <b>less depth</b> because of daily stock orders. This would allow you to keep more part numbers on the shelf with less quantity. By: Shaun Vogler Date: 11/15/2017 5:32 pm
	Tech morale is a huge thing. The shop attitude can turn in an instant and it is hard to get those guys back on track. Plus techs are so valuable that other dealers are always looking to steal them. By: Eric Curran Date: 11/15/2017 6:27 pm
	This definitely helps with the recruitment of other high performing Technicians no doubt!!!! By: Quinten Jackson Date: 11/16/2017 2:30 am
	The benefit of tracking demand for a better parts mix is that the parts manager would have a more accurate grasp on the type of parts that are needed for the internal shops and wholesale customers. By having a better temperature of what is being asked of your parts department, the parts department can more effectively fulfill orders for a customer, especially the internal customer, which in essence, is what is there to do. Having the right parts in stock and having the right inventory available can sometimes mean that extra car gets delivered for the end of the month. By: Christian Subjeck Date: 11/15/2017 4:47 pm
	I totally agree with this especially in the internal (used) car inspection dept. Having the right mix in that dept would no doubt lead to more cars out the door and on the lot. Would increase the sales of used cars by more than 1 a month in my store! By: Shaun Vogler Date: 11/15/2017 5:35 pm
	Great way to look at it, helps the service dept, parts dept, and sales dept, which if sales dept delivers more vehicles, will increase customers to service for routine maintenance to help increase more RO's which will sell more parts By: Daniel Lee Lechner Date: 11/15/2017 5:43 pm
	Hi Christian,



I couldn't agree more I think it also helps with a lot of dealerships issues with turnaround time for pre-owned vehicles and even more so certified vehicles which we can really zero in on because working together with the pre-owned manager who does the purchasing of these vehicles we would also have an idea of what we are buying both from lease returns and or at the auction in addition to trades. It's easy to track what we are generally purchasing and based on the average mileage and how those vehicles normally come in condition wise what may be needed to order for parts.

By: Nancy Oeser  
Date: 11/15/2017 9:05 pm



I like the wholesale aspect/approach to the question. Clearly there are many outlets to make a profit to the Parts Department beyond the commonly thought of mood of "thought the shop." Great notion!

By: Michael M. Piehler  
Date: 11/16/2017 12:21 am



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### **What are the benefits of tracking demand for a better "Mix" of parts for service technicians?"**

Ultimately, the benefit of a good parts mix is to sell more parts with more gross with the highest possible CSI. Ready availability of the right parts results in happier customers, happier employees and a more profitable business. If we carry the wrong parts we tie up cash and eventually end up with obsolete inventory. A good mix allows us to carry less \$'s in inventory while still having a high first time fill rate. A big hole we have at our store is that we are not tracking lost sales. On paper our first time fill rate looks great, however, unless our parts manager is clairvoyant I assume this number is inflated

By: Alexander Joseph Grody

Date: 11/15/2017 4:48 pm



You're right on the gross side. Remember, all those emergency purchases will add up at the end of the month. Think of the missing opportunity!

By: Christian Subjeck

Date: 11/15/2017 4:51 pm



Think of all the time that can be saved by decreasing emergency purchases !

By: Eric Curran

Date: 11/15/2017 6:30 pm



i agree... The Saying What Can Be Measured Can Be Improved!!!!

By: Quinten Jackson

Date: 11/16/2017 2:32 am



And you also tie up parts counter people and drivers ever time you have to purchase outside of your store.

By: Wade Samuels  
Date: 11/15/2017 6:59 pm



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Some benefits of a 'better' mix of parts for service technicians are:

- Having the proper breadth and depth of stocked parts for your stores demand is important for the tech to get the job done as quick as possible to realize revenue.
- Decreases risk of obsolescence which leads to write offs
- Decreases risk of "lost sales"

	<p>By: Gail Ayotte Date: 11/15/2017 4:51 pm</p>
	<p>Epecially revenue for the tech himself. In most cases they are looking out for number one first.</p> <p>By: Leonard Clay Spencer Date: 11/15/2017 4:58 pm</p>
	<p>Conversely, don't we need "lost sales" to track demand? The more lost sales we have the more we are able to establish what is needed for stock.</p> <p>By: Brian Redfield Date: 11/15/2017 6:54 pm</p>
	<p>By monitoring breadth mix you also lower your total cost inventory of OBSO parts and use the money wisely for needed and high demand parts. better use of money.</p> <p>By: Phillip C. Towns Date: 11/15/2017 10:11 pm</p>
	<p>I agree with your point of decreasing the risk of obso. if you can decrease old excess inventory at your store in the parts department you can maximize gross profit for your store.</p> <p>By: Hunter T. Hodge Date: 11/16/2017 7:29 am</p>
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	<p>By tracking demand you most importantly provide top quality customer service. As a luxury brand dealership our consumers have a high expectation of fixed right the first time. Stocking common items that one allow the tech to effectively do his job creating a better environment and working relationship between the departments. When the techs have the parts to fix the problem they can get the vehicle off the rack sooner allowing the opportunity to get the next car on his rack and turn more hours.</p> <p>By: Leonard Clay Spencer Date: 11/15/2017 4:56 pm</p>
	<p>Turning the hours is key to both the service department and parts department. Sell and sell fast</p> <p>By: Thomas Piazza Date: 11/15/2017 5:02 pm</p>
	<p>Leonard, that is such an important part of the puzzle, as always we try to create an exceptional experience for our customers, and one of the ways to do that is to help them get on their way asap, having the right parts available is a crucial aspect of the customer service side of our buisness.</p> <p>By: Matthew DesJardins Date: 11/15/2017 9:35 pm</p>
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	<p>There are multiple benefits for tracking demand.</p> <ol style="list-style-type: none"><li>1. With tracking the amount of specific parts, you can have a better depth of parts for your technicians to complete their work. This is true for more fast moving parts such as oil filters, air filters, and even tires. It keeps the techs moving in the</li></ol>

- right direction, helping both the profits of the service department and your parts department.
- Tracking will also allow your parts department to have a better breadth of inventory. This works with items that may not be an everyday moving part, but with those items that tend to break down over time and/or items that are required on large mileage services. Again, this helps with the lag time from having to order the part and keeping you technicians moving on the job.
  - Since these items would help with technician proficiency, you would in turn have better sales and turnaround time with the service department. That helps with the overall view of the store from the customers' eyes. This helps not only from the CSI perspective, but an overall approach to helping 'serve' the customer.

By: Thomas Piazza

Date: 11/15/2017 4:58 pm



the more your technicians are turning wrenches the more money the store is making!

By: Jason Healey

Date: 11/15/2017 5:19 pm



Right on! Obviously, the parts department is in many cases the lynchpin for operational success throughout the dealership. Having a healthy and profitable parts department is the starting point for operational excellence in the fixed and variable departments.

By: Kevin M. Reynolds

Date: 11/15/2017 5:46 pm



.Agreed that it gives you a better depth of what the technician needs to complete it work on an additional note I also think it shows patterns in how a technician call out work in the shop. This data can be used to additionally help not only the mix of parts that we are ordering but a potential weakness in a tech that may not be calling all of the parts that could be to complete a job due to inexperience and if we are tracking it we can learn from this who may need additional coaching/training to improve their performance.

CSI is what we all rely on to grow our business and to feed the beast you really do need to be providing the best customer experience in today's environment which is very competitive being able to provide a quick turnaround that doesn't give any delays to our current culture of instant gratification is key to growth.

By: Nancy Oeser

Date: 11/15/2017 9:14 pm



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By: Nancy Oeser  
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If we are not stocking a good mix it slows the productivity of the shop. The technician has to pull the vehicle in diagnose the vehicle go to the parts department to get the pricing and availability in the event we do not have the correct mix the technician is pulling the vehicle back out of the shop while he waits for the parts department to obtain the part. Depending on the size of your dealership and where the incomplete service vehicles are stored that is more time lost. We have 12 technicians in the main shop this downtime multiplied by the number of technicians by the time lost at our dealership when you take the time waiting to get the information from parts in a day plus the time to move the vehicle say on average each technician has three vehicles in a day they are putting back out of the shop to wait for parts if that is roughly adds up to hours not just for the dealership that are being say 40 minutes per instance is lost times three per day time 12 technicians that's 24 hours. If you are having trouble getting pre-owned cars on the front line imagine if that 24 hours had been more productive for the technician's by stocking the best mix of parts

By: Nancy Oeser  
Date: 11/15/2017 5:04 pm



I really like your point on getting the pre-owned vehicles turned. I suspect there are many occasions where the techs are blamed for slow recon when it may be a parts issue creating the recon delay.

By: Leonard Clay Spencer  
Date: 11/15/2017 5:55 pm



Thanks Leonard its true I think the Techs or the shop are often find at fault in reality I realized that 24 hours times six days a week when we are open is 144 hours we are likely losing that could help a great deal not just in employee moral for the Tech's to have their time more productive but profitability wise to get more hours completed in the week through the shop thanks for the input.

Best, Nancy

By: Nancy Oeser  
Date: 11/15/2017 8:54 pm



nancy, way to make a compelling point - your head is in the GAME !

By: James Davidson  
Date: 11/15/2017 10:11 pm



Agree, creates better efficiency and proficiency in the shop resulting in happy technicians and customers. Also moves the internals along... velocity

By: John Hipp  
Date: 11/15/2017 8:26 pm



Glad you heard Velocity John it truly is making a difference in this competitive environment we are all in. I am always seeking ways to improve and provide the employees a better income which always contributes to better morale and retention which I think this would also do.

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Tracking demand for a better mix of parts for your technicians is very important. First off you want to have enough parts there for them so the customers vehicle can be finished in a timely fashion. Most of the parts that are going to be needed are



maintenance parts but if you have the space you need to have some transmissions or a engine because the faster you get the car out the better it is for everyone. Lastly if you keep the demand of parts up with a good mix the more labor the shop sells and the more parts are sold so therefor the opportunity for fixed ops is limitless. Gross' will rise along with profits if the right parts are there for the tech and plus everyone stays happy.

By: Jason Healey

Date: 11/15/2017 5:16 pm



Tracking demand for a better mix of parts for your technicians is very important. First off you want to have enough parts there for them so the customers vehicle can be finished in a timely fashion. Most of the parts that are going to be needed are maintenance parts but if you have the space you need to have some transmissions or a engine because the faster you get the car out the better it is for everyone. Lastly if you keep the demand of parts up with a good mix the more labor the shop sells and the more parts are sold so therefor the opportunity for fixed ops is limitless. Gross' will rise along with profits if the right parts are there for the tech and plus everyone stays happy.

By: Jason Healey

Date: 11/15/2017 5:16 pm



Everyone staying happy is something that is under appreciated. More times than not there are negative situations in the service department, so any time positive things occur morale is raised and attitudes change by default.

By: Brian Redfield

Date: 11/15/2017 6:49 pm



I'm totally with you... When the right atmosphere exist it becomes a Raving Fan Culture that is very rarely disrupted!!!

By: Quinten Jackson

Date: 11/16/2017 2:36 am



Benefits to tracking demand come in 2 forms. Benefit to the parts dept. and to the service dept. If tech A needed the part today and was not in stock and could not be filled a demand history should be populated. This demand history would help the parts manager and dept. know the current needs of their largest customer thus providing more timely sales. After the demand has been filled or phased-in then the part would increase tech productivity. You run a lot lower risk of next day carryover, loaner expense, or worse the customer leaves and never returns leading to obsolescence. This could also be used by the service manager to see what techs are seeing and also what techs are not seeing compared to their peer group. If one tech is not finding or requesting parts that the majority of the shop is seeing then a conversation could be had with that tech. In the end keeping a good mix of parts on the shelf would only help.

By: Shaun Vogler

Date: 11/15/2017 5:26 pm



So true Shaun I forgot about the expense of loaner vehicles as well. Agreed on the tech experience and what may be being missed that another is picking up on. I find that in our shop when I listen to them come up calling out work to advisors. When I did the rough math on the productive hours I think we are loosing it was astounding how many techs do you have and if you put a number to it what would it mean for increased parts sales and hours sold in the shop for your store?

Best,  
Nancy

By: Nancy Oeser  
Date: 11/15/2017 9:19 pm



Having worked as a service advisor for 6 months, whenever there was a big recommended repair, but we didn't have the part in, there was a 50/50 chance of the customer actually coming back to have the repair done once we got the part in, even if it could come in as early as the next day. They're also generally just more inclined to have the repair done if it can be done NOW, rather than waiting, especially if it's not a safety issue. It becomes problematic when this is constant, not only for the advisors, but for the techs. Techs may start getting lazy in their recommendations if they don't have faith that the parts department has them available; they may only recommend things that they KNOW are typically in stock to ensure they get the hours. Additionally, if we're constantly buying parts from other stores, it makes our techs less productive throughout the day because they're waiting around for the part to come in. That leads to switching cars around (and tying up our porters), "switching gears" by moving on to another car, and then bringing that other car back once the part arrives, which all could have been avoided if the part was available in the first place.

By: Samantha Feinberg  
Date: 11/15/2017 5:28 pm



This is huge. Not having the correct part can actually push a service customer and potentially a new/used car customer out of the store. Having the right part at the right time can and does significantly impact market penetration. Great point.

By: Kevin M. Reynolds  
Date: 11/15/2017 5:41 pm



Great insight on explaining how the mix of stocking parts can encourage negative behaviour from the advisors and techs !

By: Gail Ayotte  
Date: 11/15/2017 6:10 pm



Great to hear the thoughts of someone that's 'been there'

By: Leonard Clay Spencer  
Date: 11/15/2017 5:57 pm



Fantastic point and great perspective! The notion that techs will begin to diagnose vehicles differently and to a lesser degree, due to their belief they are not being offered the necessary tools (aka available parts) to do their job properly will become less confident in their abilities. You are right on and really taking a deeper dive into the question with a possibly unforeseen potential problem. Well done!

By: Michael M. Piehler

Date: 11/16/2017 12:41 am



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By: Michael M. Piehler  
Date: 11/16/2017 12:41 am

Starting from the top, it is vital so we can increase sales, track our lost sales so we can stock the parts that are needed, and with having

those parts on hand, our technicians can complete our customers jobs more efficiently which means happy customers. Along with

happy customers would include the used car dept, if the used car inspections were complete quicker, they would be on the lot quicker, which quicker turns would increase gross

By: Daniel Lee Lechner  
Date: 11/15/2017 5:29 pm

**Q: What are the benefits of tracking demand for a better "Mix" of parts for service technicians?"**

**A: While there are many ancillary benefits for in depth tracking and analysis of parts demand, the ultimate goal is to maximize profitability for the parts department itself by finding the optimal inventory configuration and maintaining it. This should be done with primary focus on considering the needs of the department's best clients - the dealership service department as well as the body shop and profitable wholesale accounts as applicable. By proactively applying a process designed to provide the optimal "mix" of parts, service and body shop technicians can promptly conduct repair operations to satisfy customers thus maintaining profitability throughout the fixed operations element of the dealership. Secondary benefits are higher CSI scores from service customers due to the prompt completion of repair, higher morale among valued technicians, service and body shop writers, and fixed operations managers. Furthermore, by understanding the optimal parts inventory and working diligently to maintain it, the parts department can provide this essential service with minimal cash outlay by the dealer. In other words, knowing what parts to stock and when to stock them frees up cash AND increases productivity, profitability, and efficiency throughout the entire store. A parallel from the variable world would be used car inventory management where it is essential to have the right number of different makes and models as well as price points in order to sell the most used cars without accumulating aged inventory and without tying up an excessive amount of cash...only the parts inventory is exponentially more diverse and fluid. It is essential that the parts manager has a firm grasp of demand, current inventory, and parameters laid out by the dealer in order to successfully find the sweet spot regarding dealership parts inventory so as to set the conditions for profitability throughout the store.**

By: Kevin M. Reynolds  
Date: 11/15/2017 5:36 pm

Great points, higher CSI scores will undoubtedly pay dividends in the future.

By: Daniel Lee Lechner  
Date: 11/15/2017 5:50 pm

Well said...good point on the Cash comment...As we heard in Week 1 "Cash is King", and we need to be cognizant of this in every department, including Parts !!

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	<p>Totally onboard with all of this. Something that should be obvious, but I didn't really realize or think about before class, is how grabbing a part from a neighboring store will often cost more money than if we were to have it as a stock order from the manufacturer. It all adds up. It's so easy to lose profitability in this business, why knowingly do it?</p> <p>I was also thinking about the used car department. Not having the right parts on-hand increases the amount of time it'll take to put the car through the recon process, which is already difficult to keep at a quick turnaround.</p> <p>By: Samantha Feinberg Date: 11/16/2017 7:00 am</p>
	<p>In addition to the CSI effect, you could also point to a possible expense savings with loaner cars when the parts are widely available.</p> <p>By: Thomas Piazza Date: 11/16/2017 7:09 am</p>
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	<p>In addition to the CSI effect, you could also point to a possible expense savings with loaner cars when the parts are widely available.</p> <p>By: Thomas Piazza Date: 11/16/2017 7:09 am</p>
	<p>The benefits of a good parts mix in general is to minimize lost opportunity for parts sales. Obviously we would like to capture as much business as possible and not stocking the correct parts will certainly cost you in both sales and potentially future business due to inconveniencing the customer in both time spent waiting for the part to be found either by emergency purchase or by ordering the part and waiting for it to arrive. We can offer a customer alternative transportation, but they still want to be driving their own vehicle as quickly as possible. When it comes to better tracking of parts for technicians, this would eliminate the down time for technicians who are looking to finish the job they are working on and close that current RO. The time spent locating a part elsewhere or having that technician waiting for a part both come at a cost to the store dollar wise. Being proactive with</p>

tracking will give you the opportunity to stock the correct parts to complete the jobs that frequent your service department. Tracking lost sales will show what parts are needed more frequently that we may not be stocking currently. This waterfall effect will lead to happier service customers and certainly get them back on the road quicker. This would also make for happier technicians knowing that when they go to the parts counter for a part it would more than likely be on hand at that time. All in all this just make sense and it should put more money on the books,

By: Joseph Orefice  
Date: 11/15/2017 5:48 pm



Very thoughtful, our customers definitely want this to be quick and back to their own vehicle.( In most cases)

By: Leonard Clay Spencer  
Date: 11/15/2017 6:08 pm



productivity and proficiency of our technicians plays such a large role in the profitability of our dealerships, and one of the best ways to help them is to have the parts that they need to complete the jobs in a timely manor.

By: Matthew DesJardins  
Date: 11/15/2017 9:33 pm



You nailed the inconvenience part, even though most of us provide loaner cars or transportation for our customers they still feel like its a hassle to make more than one trip to your service dept. Everyone wants its done ten minutes ago.

By: Jake Starnes  
Date: 11/15/2017 11:47 pm



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**"What are the benefits of tracking demand for a better "Mix" of parts for service technicians?"**

**The benefits of tracking demand for service technicians ensure that they have the correct parts on time to complete the work. This helps increase gross profit and decreases down time. Also, CSI will benefit from this as the waiting time for the customer goes down. If the correct parts are stocked it will also reduce the use of loaner vehicles.**

By: Onofrio Triarsi

Date: 11/15/2017 6:05 pm



I never even thought of the CSI aspect of this but that is actually an incredible point!

By: Brent Nogowski

Date: 11/15/2017 6:15 pm



I agree the csi point is incredible! I never really even thought of that aspect....

By: Ian Weiser

Date: 11/16/2017 12:48 am



The benefits of having a good parts mix is beneficial to all departments not just service and parts. If you have a parts mix that allows the service technician to do the job now rather than waiting for a part delivery it allows them to be more proficient in number of produced hours versus their clocked hours. In turn creating more revenue for the technician and the dealer. The example given in the book states the time taken to locate a starter motor "best case scenario" is 1 hour X 3.33 per minute = \$199.80. To take it even a step further would be to say it is internally affecting our ability to bring a car to market at the correct price. With our store we have a \$63.89 Daily pre-owned vehicle holding cost, (no comments please I know its high) with a break

even point of 14.8 days in stock. If a vehicle is taking any longer than 48 hours to recon, i.e. (it is waiting for a ordered part that should be in stock but is not because we don't track lost sales) it dramatically affecting our profitability. Not to mention that if you want to keep high level technicians you must be able to keep them turning wrench hours. The most proficient ones want to constantly be turning wrench hours not waiting for a parts delivery.

By: Brent Nogowski  
Date: 11/15/2017 6:12 pm



Brent, re the daily pre owned vehicle holding cost - you said 'No comments please' though at least you are tracking it - that to me is impressive in itself! Good for you !

By: James Davidson  
Date: 11/15/2017 10:14 pm



The benefit of having the proper mix is maximizing the first time fill rate which leads to higher technician proficiency. The proper mix also encourages sales at both counters. Higher sales of the right mix fights OBSO and expensive emergency purchases which brings in more cash to replenish the inventory. Having the right parts on hand encourages the service writers to sell without hesitation knowing that they can get the jobs done when promised. More confident writers leads to more personal income for the technician. Increased customer satisfaction leads to better surveys and dealer perception.

By: Eric Curran  
Date: 11/15/2017 6:19 pm



Well put. Ford is big on FIRTFT, or Fix It Right The First Time. Having a proper mix will increase the ability to satisfy the manufactures expectations.

By: Brian Redfield  
Date: 11/15/2017 7:00 pm



There would be several benefits of tracking the demand of parts for service technicians in order to have a better mix of inventory.

By tracking service technicians demand we can stock the right mix and protect the parts department gross profit by being able to ensure a lower percentage of emergency purchases.

Tracking the technicians parts demands will allow us to stock the mix which would help retain service customers more effectively by offering less wait time for completion of more common jobs. This would not only impact retention but also service CSI.

The right mix of inventory based off technician demand would also directly impact Service's gross, as well as flat rate technician hours, by shortening dead time in the air.

The same applies to internal. Effective technician demand tracking should allow us to develop a mix which would reduce inventory days to market by shortening the reconditioning turn allowing us to turn the vehicle and the capital more effectively.

Overall it should be done because all departments make more money, work more efficiently, and produce happier customers.

By: Paul J Barton  
Date: 11/15/2017 6:37 pm



*like the dead air comment. Very well said!!*

By: Scott Johnson  
Date: 11/15/2017 7:24 pm



A better mix of parts for technicians allows for additional profitability for all departments. When technicians require certain parts that are not in stock and have to be ordered, the tech loses time on certain job which causes a snowball effect. Not only does it cost the technician money, but it also causes the service department to lose money, the new or used car sales department to lose money, the parts department to lose money, but most importantly the dealership as a whole to lose money.

When tracking demand for parts from technicians, it will give our parts department a better parts mix of stock parts to fix vehicles that are on site and in the shop at the time of repair. Once a vehicle leaves the shop, the chances of it coming back for repair are greatly reduced. Tracking demand for parts is a necessary action needed for profitability among all departments, along with increasing compensation for employees.

By: Brian Redfield  
Date: 11/15/2017 6:40 pm



Well if you are posting lost sales on parts. Then you will know what parts you need to stock so that the Tech can get the parts to fix the customers car. Wish in turn will lead to a happy customer and a happy Tech. The more parts you have in stock the more you can sell and the more money everyone makes.

By: Wade Samuels  
Date: 11/15/2017 6:54 pm



There are many benefits of a good mixed parts This will lead to much better customer service which will lead to better CSI scores. There will be better profitability for the techs which will also reflect profit for the dealership. There will be higher retention for the techs and will lead to easier recruiting for future techs. Customer will want to return to the dealership due to past experiences. A good mix of parts will lead to less emergency sales and also lost sales. All of the above will lead to more profit for the dealership.

By: Scott Johnson  
Date: 11/15/2017 7:21 pm



Total agree, Better CSI is a key ingredient to having lasting customer base and happy technicians as a result of repeat business. Creates the right business plan.

By: John Hipp  
Date: 11/15/2017 8:22 pm

CSI is something i forgot about in my discussion but is a very important reason for having the correct parts. Having a happy

	<p>customer greatly increases the chances they will be back and possibly refer more customers to the store.</p> <p>By: Jake Starnes Date: 11/15/2017 11:38 pm</p>
	<p>I also believe having the right mix of Parts will improve CSI, I don't see how it can't. efficiency and speed helps everyone while adding to the bottom line!</p> <p>By: John Paul Cowan Date: 11/16/2017 6:02 am</p>
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**The benefits of tracking demand for a better "Mix" of parts for service technicians creates three main benefits:**

- 1. There will be more of the right parts in stock which will result in less lost sales. When a customer comes in having the right mix of inventory will allow technicians to work on the vehicles quicker turning more customers in each stall resulting in better CSI and will generate more profit to the dealership and the technician.**
- 2. Having the right mix will create less emergency purchases allowing technicians to be more efficient in completing more 1st time work. This will also create less errors in cost by reducing the chance of duplicating outstanding orders.**
- 3. It will make it easier to recruit and retain better technicians. It will allow technicians to complete the work having the parts on hand allowing them to make more money selling the jobs as the work is sold. Not having to wait on parts will allow the tech to finish the jobs quicker and allow them to be productive and handle more customers.**

By: John Hipp

Date: 11/15/2017 8:15 pm



excellent point, JH - especially like the point about how technician recruit / retain can be positively influenced by the correct parts mix !

By: James Davidson

Date: 11/15/2017 9:54 pm



Tracking your demand in parts is a crucial part of the profitability of the parts department. Much like the variable side of the business tracking which parts are in demand and having a better breadth of inventory opens your department to profitable situations. Having a great mix of inventory and even more importantly having the right parts (much like used cars) allows you to help control the aging of inventory and your obsolescence. In order to help control your obso, you need to know which parts are going to stick around and which parts are not going to move, and the only way to truly know that is to track the demand of the parts. This is why knowing your lost sales is so important, so that you can have an accurate count of which parts are moving quickly and which ones are not.

By: Matthew DesJardins

Date: 11/15/2017 9:31 pm



**Q) What are the benefits of tracking demand for a better "Mix" of parts for service technicians?"**

A) When demand for parts from Service technicians is tracked (including a "unified vision of lost sale process", quote QJ) the parts department will realize increased revenues, grosses, and bottom line contribution...not to mention, the service department will also experience the benefits of increased efficiency by virtue of an availability of the required parts leading to quicker RO close times and increased customer satisfaction.

The correct parts 'mix', along with relevant pricing matrices, allows the parts department to fill the requirements of the shop technician on an immediate or timely basis, thus eliminating the potential of a customer taking their service business elsewhere. In short, if our parts department is able to supply an OEM part in an immediate or timely fashion, we are helping the technician

and the after sales department as a whole meet the needs of the customer ... and in our business, or any business, meeting the needs of the customer, combined with prudent inventory management, is all we have to do to be INCREDIBLY successful. Amen.

By: James Davidson  
Date: 11/15/2017 9:45 pm



Good point on the standardization around the definition of a lost sale. I agree having a set standard for what is and isn't a lost sale is a crucial component for success. The lost sales data appears to be the key to making stocking decisions. The better the data the better the decisions!

By: John Paul Cowan  
Date: 11/16/2017 6:18 am



To start, the only thing the service department has an option of selling is time. It takes the parts department as a key hub to keep the hours turning in the service bays. With the proper parts mix, the technicians can continually repairs customers vehicles promptly. Tracking the demand insures parts has the proper mix of stock inventory to keep hours flowing through shop

By: Phillip C. Towns  
Date: 11/15/2017 10:08 pm



Having a good parts mix is essential to a service departments productivity, it will increase the odds of having the necessary parts for a technician to complete a job quickly and efficiently. The ability for a tech to finish a job from start to finish in the shortest amount of time is dependent on having the parts in stock. Having a good parts mix means you most likely have the correct parts to complete a job without having to down a customers vehicle and keep in service for an extended period of time.

In order to get a good parts mix you have to track your lost sales and emergency purchases, this will give your parts manager a good idea of what to order and how many to order. Tracking the parts that are commonly needed to finish a job is highly beneficial to a service department, not only does stocking a good mix of parts increase productivity from techs by turning RO's quicker. It can also play a big factor on the techs morale, they may be more hesitant to up sell a job if they feel that there is a good chance you wont have the parts in stock, which will affect your profit and could be a factor in your obsolescent inventory because you had the part but the techs assumed you didn't so it never got sold. Having the parts in stock can also increase gross profit by not having to spend more money on the part during an emergency purchase situation or an SOP both of these purchases could easily end up as a lost sale depending on the availability of the part and how long it takes to get to the store. Tracking these parts is not only beneficial for quicker turn around on jobs and higher gross on those parts but its also an important factor in minimizing your obsolescent inventory and parts returned to the distributor. In short, it lessens the chance of your parts manager forgetting to send something back that is tying up usable capital and it also keeps your parts department clear of useless crap that just takes up space.

By: Jake Starnes

Date: 11/15/2017 11:33 pm



Good point on the tech being hesitant to up-sell due to the feeling that he may not have particular parts available to him.

By: Joseph Orefice

Date: 11/16/2017 7:24 am



- Having the right mix of parts in stock benefits multiple departments in the dealership and many facets of the business to create profit. From the used car department (getting UCIs and vehicle prep completed faster for the retail lot), to the Parts Department having the ability to sell more parts due to wider array of availability. However, the service technician also benefits a great deal from a better mix of available parts. If the parts department does a proper job of tracking the over all demand for parts and thus stocking a better mix of parts in inventory the service department and their technicians are able to perform their jobs at a much more expedient rate without having to wait on special or emergency order parts. In turn the service department will become more efficient and productive, while the techs will be able to work on a greater volume of vehicles. In the end that means more money for everyone involved; the parts department, the service department as well as the technicians.

By: Michael M. Piehler

Date: 11/16/2017 12:18 am



Technicians are hard to come by, so having ready order parts on hand to complete jobs is a huge selling point. I would venture to say that anyone only wants the tools/ parts to complete the job that they have started. The ability to start and finish an r/o in the same day is the perfect storm. Stealing a technician from another dealership that doesn't have this as a best practice would be a simpler process.

By: Ian Weiser

Date: 11/16/2017 12:43 am



We have learned in class that there is a multitude of benefits from accurately tracking parts demand in the Parts Department. I have never managed a Parts Department but without accurately tracking demand, having the right parts in stock to service demand would be a lot like shooting dice; that is, sometimes you will hit the jackpot and other times you are going to crap out. I like the “Watch More – Own Less” mantra, it should be on a sign in the Parts Department as a constant reminder to be vigilant about tracking demand and guarding against obsolescence.

Recording lost sales accurately and consistently appears to be at the center of having the right parts in stock. Lost sales tracking fuels the DMS to help Parts Managers make emotionless decisions on what to stock and what not to stock (phase in and phase out based on the 3 in 12 rule). Keeping inventory at optimal levels is one of the keys to driving profitability and CSI regardless of the customer type (wholesale, retail counter sale, or the Service department).

Having the right mix of Parts is going to allow Service to complete work faster because they are not waiting on Parts to be ordered, delivered, receipted, and then dispatched to the technicians. Going faster means more throughput in Service. More throughput in Service should equate to higher proficiency for technicians and profitability for the dealership. Having the right parts mix helps ensure vehicles spend less time getting through the shop. Getting cars out quickly to the front line or back to customers directly benefits everyone’s bottom line. It was mentioned in class that having a high first time fill rate could be used as a recruiting tool for technicians. I hadn’t consider this before today but I see where it makes a lot of sense. The faster that the

techs get the parts they need, the faster they can get that job done. A high performing technician should be interested in how well the Parts Department is managing their inventory.

By: John Paul Cowan  
Date: 11/16/2017 12:48 am

Sorry I wrote too many words



By: John Paul Cowan  
Date: 11/16/2017 12:50 am

CSI is a big part of it, we can all benefit from happy customers and as you said....regardless of customer type.



By: Joseph Orefice  
Date: 11/16/2017 7:30 am

Sorry I wrote too many words



By: John Paul Cowan  
Date: 11/16/2017 12:50 am

CSI is a big part of it, we can all benefit from happy customers and as you said....regardless of customer type.



By: Joseph Orefice  
Date: 11/16/2017 7:30 am

The benefits of a good parts mix are many....



In particular the benefits of tracking demand for a better "MIX" of parts for Service Technicians is the foundation for better sales out of the department, as well as gross profit. It enables the first time fix rate to improve, and creates great relationships with paying and needy customers when a well managed department exist. The measurements in this department have to be done daily to ensure your department is functioning at its highest level. The process that is put in place must manage off the shelf parts availability, same day fill rates, as well as missed opt sales by specifically tracking lost sales on a permanent basis. Having the correct on hand parts also suggest to the Technician that they are valued as elite part of any organization and that there is a great effort to help insure that the hours worked are going to be maximized by valuing their time and potential flagged hour output. work in progress clearly is more efficient and morale of the interchange between parts and service is at its highest point of gross

profits when the demand mix is managed properly. When managed properly 2 main sources of information are crucial... The DMS, and Financial Statement. The utilization of both these will allow for correct bin control, more correct stock orders, better pricing, and better understanding of returns, and plus/minus adjustments, as well as proper system setups and overall inventory activity. In closing... Nothing can be improved if it is not measured. There is no better example in the Auto Business then in a Properly ran Parts Department.

By: Quinten Jackson  
Date: 11/16/2017 2:26 am

The benefits for tracking the demand of a better "mix" of parts for service techs are:

1. Having a happier tech in the shop because he/she can get the job done same day and wont lose any hours.
2. During the M.P.I. process service technicians will be more confident in giving a good inspection every single time if he/she knows you always have the right parts on hand to get upsold work completed same day.

By: Hunter T. Hodge  
Date: 11/16/2017 6:40 am

