

NADA N370 – Week 02 – Fixed Operations 1 Parts

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Post Class Action Plan

Current Situation:

Controlling our Dealership's cash flow is an important issue in our Parts Department. One of the easiest and most overlooked components is Special-order-parts. If the Special-order process is not controlled adequately, an abundance of obsolescence will begin to accumulate. Although we do have a process in place, the daily execution of the process is not being managed well. The current Special-Order Bin simply does not draw enough attention or urgency from the parts counter staff, Service advisors and Managers.

Overall Objective:

Realizing an uninstalled special-order part is only worth about 40 cents on the dollar after discounting, carrying costs and commissions, and the disconnect of understanding the reason for our process erosion, it is imperative we educate and train our Parts and Service associates to manage our Special-Order Inventory more effectively.

➤ *Objective Steps*

- a) Review the current process and make necessary adjustments to meet objectives
- b) Educate and Train Parts and Service associates
- c) Create accountability through process management
- d) Increase Parts and Service Gross Profit
- e) Improve Customer Satisfaction and FFV scores

Proposed Timeline:

- a) Review the current Special-Order Process and necessary adjustments
Date: October 1st 2020
- b) Introduce re-established Special- Order Parts Process to Parts and Service associates
Date: October 2nd 2020
- c) Educate and Train Process Steps to Parts, Service and BDC associates
Date: October 5th -9th 2020
- d) Manage and measure results
Date: On Going
 1. Parts and Service Gross improvement
 2. Customer Satisfaction / FFV scores
 3. Obsolescence

Action Steps:

1. Review Current Special-order Parts handling process and make necessary changes to meet Fixed Operations objectives
2. Inspect current Special - Order Parts physical inventory and document current value to determine gross profit potential for Parts and Service. Clear aged inventory utilizing available return allowances.
3. Establish defined Special- Order guidelines which conform to OEM return policies to maximize parts return potential.
4. Communicate to the Fixed Operations associates to understand the importance of managing the Special-Order Parts inventory daily which will positively impact profitability and customer satisfaction.
5. Distribute and communicate the documented Special-Order Parts policies and procedures to the General Manager, Department Managers, Parts Counter Personnel, Service Advisors, Sales Associates and Business Development Team.
6. Manage results from implementation of processes through increased Parts and Service gross and improved customer satisfaction scores.

Special Order Parts Process

Special order parts for vehicles down in shop / all pay types

1. Repair order is generated by a Service Advisor or Manager
2. Vehicle is inspected and diagnosed by a Shop Technician
3. A parts requisition is electronically generated utilizing executable "PRQ" in the DMS system by the technician
4. Parts matches Parts requisition request to inventory and designates parts availability "In-stock or Out of Stock"
5. Parts Requisition is sent to the assigned Service Advisor
6. Assigned Service Advisor generates a written estimate and for customer or FCA approval
7. Once repairs are approved by FCA or the customer, the Service Advisor sends the requisition to parts to fulfill order request.
8. Parts which need to be ordered are submitted for order through the daily stock order or acquired locally.
9. Next day - the stock order is checked in and parts are billed to the assigned repair order, the Service Advisor is notified of parts arrival and delivered to the parts are delivered to the technician for installation.

Special order parts for vehicles leaving the shop and returning for work / over the counter purchases

1. Over the counter purchases

- a) Parts ordered over the front counter are pre-paid – No exceptions
- b) No warranty parts are ordered over the counter without open recall verification or technical diagnosis in the shop.
- c) Once parts arrive, they are stocked in and stored on the Special-Order Parts Bin under the date the part(s) are received.
- d) The customer is notified of the part(s) arrival by the counterman that initiated the order.

2. Special Order Parts Process for vehicles leaving shop

- a) Repair order is generated by a Service Advisor or Manager
- b) Vehicle is inspected and diagnosed by a Shop Technician
- c) A parts requisition is electronically generated utilizing executable “PRQ” in the DMS system by the technician
- d) Parts matches Parts requisition request to inventory and designates parts availability “In-stock or Out of Stock”
- e) Parts Requisition is sent to the assigned Service Advisor
- f) Assigned Service Advisor generates a written estimate and for customer or FCA approval
- g) Parts which need to be ordered are submitted for order through the daily stock order or acquired locally.
- h) Customer is notified by their assigned Advisors or BDC of the ordered parts and an appointment is scheduled for installation
- i) Once part(s) have arrived, the part(s) is filled on the Special-Order Bin by date Received.
- j) The Service Advisor and BDC contact the customer to or confirm schedule an appointment to have the Part(s) installed.
- k) Part(s) are restocked or sent back if the customer does not return for installation within 30 days.

Business Development Job Description

- Answers all inbound phone calls and makes necessary outbound calls
- Schedules appointments and conducts follow-ups using Dealer Connect-Wi Advisor- appointment ledger
- Routinely checks BDC voicemail to ensure all messages are followed up and completely resolved daily
- Greets customers in a professional manner and assists them with their requests
- Sign up customers for Shuttle Rides utilizing - Quick Ride app
<https://commandcenter.goquickride.com/shuttles>
- Assign UBER rides for Recall customers who qualify for UBER

- Maintains communication with customers to ensure satisfaction with service using end of the day report / utilize customer resolution forms to communicate with Management resolution
- **Notifies customers and establishes appointment for installation when their Special Ordered Requested Parts (SORs) are available.**
- Loaner Agent on scheduled days
- File Room and Scanning of Parts and Service Documents on scheduled days
- Retain daily documents and log sheets of the following areas. Log Sheets to be turned in at end of shift to Sarah Zambrano
 - a) **Special order parts appointments made**
 - b) Declined services appointments made
 - c) Customer satisfaction follow up and resolution
 - d) Incoming appointments made
 - e) No Show reassignments made

Measurables and Accountability

➤ **Special Order Parts Inventory sales**

Parts sales are accounted after final invoicing has occurred, there is no true inventory value available in CDK to measure the potential increase in gross. The Parts and Service team will focus on the “Special Order Request - Received without Appointment” reports which are available in CDK. Special Order Parts Appointments will be tracked daily and recorded in the Wi – Advisor Appointment Ledger. Daily sales reports will be tracked to monitor sales performance trends. The monthly Parts summary report will be utilized to monitor potential and technical OBSO percentages.

➤ **Expense**

Fixed Operations had an outside vendor which handled our call traffic. This company averaged \$61,200 per year in outside services. In addition, they delivered poor results in appointment capture rate and Customer Satisfaction ratings.

In an effort to maximize our overall quality in handling business communications and maximize our gross profit potential, we eliminated our outside call source vendor and added three (3) Business Development professionals within the dealership. They are focused on setting appointments for Special Order Parts, managing inbound and outbound call traffic, after visit customer follow-up and declined services.

Expense structure for the Business Development Team is budgeted \$78,000 per year. An increase of \$16,800 per year.

➤ **Net Profit**

Increases in parts and labor sales will factor into a Net profit gain for Fixed Operations due increased service repair order count and sales per repair order. This also reduces potential loss from obsolescence.

➤ **Customer Satisfaction**

JD Powers measures customer satisfaction communications and gathers information from all automotive manufactures. The number one disappointment from customer comments is, returning to the dealership for a second time due to unavailable parts and wasted time. Or...FFV - Fixed First Visit.

Customer will be notified on the same day parts arrive to the dealership to set an appointment for installation and quality inspection. FFV scores will be monitored and reviewed by the Management team to measure results and train service team members.