

SESSION OBJECTIVE

Fixed operations is the number one growth opportunity for your dealership and a top way to increase customer retention. By increasing service and parts sales and productivity, you will increase your profitability. The objective is to develop your own actionable blue print that will lead you to success in these areas.

A Successful Blueprint: Consider each of these four items to develop individualized plans and optimize your S&P operations.

1. Organization Structure: Align your Fixed Operations as one department working together to increase shop capacity and gross profit while focusing on ways to increase customer satisfaction. Parts cannot be profitable without Service; Service is dependent on Parts. The org chart must be clear and communicated to all employees. Multiple lines of reporting should be eliminated wherever possible. Balance is key.

2. Parts Department Layout: Develop a layout that promotes efficiency. Follow these tips:

- Move fast-moving parts close to counter.
- Bin and storage areas laid out for maximum efficiency with proper labeling. Racks for bulky parts.
- Parts receiving area equipped to handle wholesale, special order and stock orders with processes to shelve and record information.
- Parts return area for core, warranty, obsolescence with processes to quickly obtain necessary paperwork.
- Re-shelving process for un-used parts from technicians or other customers.

3. Lost Parts Sales Report: This is a key indicator of trends and opportunities to increase sales.

- Each counter person must report all lost sales. A best practice would be to develop a definition of a lost sale and communicate it to all parts employees. This will allow for better tracking since the definition won't be left up to individual interpretation.
- As a rule of thumb, there should be 1-2 lost sales per counterperson per day.
- Reporting parts sales data daily helps to increase sales and removes it from inventory. This helps ensure that the dealership's DMS (and RIM) are better able to accurately

predict what parts should be in stock based on actual demand.

- Develop a best practice that records all lost sales accurately.

4. Increase Service Productivity: Increasing the number of labor hours increases part sales. Therefore, by increasing technician productivity, part sales are increased correspondingly. Consider the following items and develop an action plan for each to increase shop productivity:

Tardiness
Lunch/tool truck
Waiting for dispatching of work
Waiting for parts
Side bar conversations
Locating cars on the lot
Locating special tools
Test drives
Cell phone usage
Service manager assistance
Playing on the computer
Smoking breaks
Additional work approval time
Extended lunch period
Early departure
Obtaining technical information
Poor condition write-up
Customer assistance
Assisting other technicians

THREE REMINDERS

- 1.** Fixed operations offer the greatest opportunity for dealer profitability. It produces more than 60 percent of a dealership's net profit, is the key to customer retention and provides a dealer's most significant potential for growth. Improvements result in immediate benefits.
- 2.** Develop a blueprint for success that addresses: one integrated S&P department, an efficient layout, tracking lost sales accurately and improving technician productivity.
- 3.** Hours worked equals parts sold. Parts are necessary to perform service. Find success in balance.