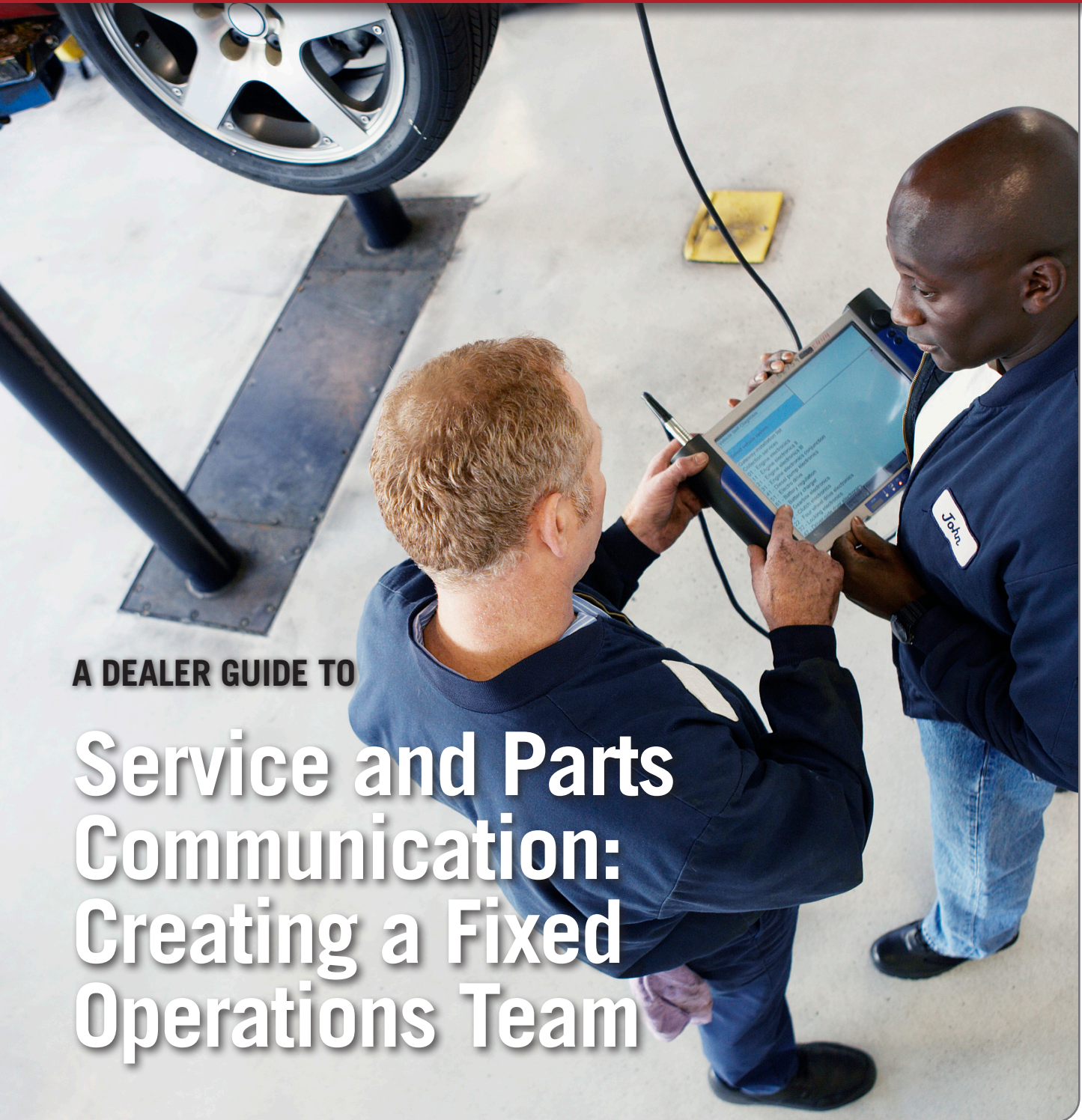


# Driven

NADA MANAGEMENT SERIES

SP22



A DEALER GUIDE TO

## Service and Parts Communication: Creating a Fixed Operations Team



NATIONAL  
AUTOMOBILE  
DEALERS  
ASSOCIATION

The National Automobile Dealers Association (NADA) has prepared this management guide to assist its dealer members in being as efficient as possible in the operation of their dealerships. The presentation of this information is not intended to encourage concerted action among competitors or any other action on the part of dealers that would in any manner fix or stabilize the price or any element of the price of any good or service.

# A Dealer Guide to Service and Parts Communication: Creating a Fixed Operations Team

## Table of Contents

<b>I.</b>	<b>INTRODUCTION</b> .....	3
<b>II.</b>	<b>THE INTERDEPENDENT DEPARTMENTS</b> .....	3
	A. The Service Department .....	3
	B. The Parts Department .....	5
<b>III.</b>	<b>REASONS FOR CONFLICT</b> .....	6
	A. Service Issues .....	6
	B. Parts Issues .....	7
<b>IV.</b>	<b>THE FORCED STOCK ISSUE</b> .....	8
	A. Definition of Forced Stock .....	8
	B. Why Forced Stock Can Pose a Problem .....	8
<b>V.</b>	<b>BENEFITS OF AN AUTOMATED PARTS ORDERING SYSTEM</b> .....	9
	A. An Automated System .....	9
<b>VI.</b>	<b>CREATING A FIXED OPERATIONS TEAM</b> .....	9
	A. Accountability .....	10
	B. Defining Goals .....	10
	C. Pay Plans .....	10
	D. Communication and Empathy .....	10
	E. Other Team-building Techniques .....	10
<b>VII.</b>	<b>CONCLUSION</b> .....	11
<b>APPENDICES</b>		
	A. Parts Sales, Sales Distribution, and Gross Profit Worksheet .....	12
	B. Forced Stock Calculations for ADP and Reynolds and Reynolds Dealerships .....	13
	C. Fixed Operators Director Job Description .....	14

# A Dealer Guide to Service and Parts Communication: Creating a Fixed Operations Team

## I. INTRODUCTION

The purpose of this guide is to reduce conflict between the service and parts departments and to help them work together as a team. This guide is designed to help you create an atmosphere where the two departments have a common objective—satisfied customers—and work together to achieve that goal.

First, let's look at a snapshot of current dealership conditions. It's 6 p.m. on Friday night. Mr. Jones walks into the service department, hoping that his car will be ready—he's got a long road trip ahead of him to get to his cousin's wedding the next day. Sam, the service advisor, has the unenviable task of telling Mr. Jones that his car is not ready. The part the vehicle needed wasn't in stock and, even if it had been, the shop was too overbooked to get his car ready that day. Sam tells Mr. Jones that the part wasn't in stock and Mr. Jones storms out to make last minute arrangements for his trip.

Mr. Jones doesn't care whose responsibility it is—whether the part wasn't in or the shop was overbooked—he only cares that his vehicle is not ready at the appointed time. He is disappointed in the dealership. When Mr. Jones finally gets his car back, he mails an angry letter to the dealer principal, who then discusses the problem with each department manager individually. The parts manager explains that the part was not available because it was wholesaled the day before; the service manager explains that the shop is backed up because the technicians can't get parts in a timely manner.

This type of breakdown in dealership services happens too frequently. It is not at all unusual for service managers to blame the parts department when vehicles are not ready, or for parts managers to treat the service department as a second-class customer. The damage done to the dealership by this lack of communication and respect can be quite extensive.

## II. THE INTERDEPENDENT DEPARTMENTS

From the customer's point of view, the service and parts departments blend together. And, by the very nature of the two departments, this viewpoint is correct.

### A. The Service Department

The service department is designed to repair customers' vehicles. The technicians are wholly dependent on the parts department because most repairs require replacement parts. The only way the technicians can get their parts is to request them from the parts department.

In addition, the service department is the parts department's best business partner. Each time service advisors sell service, *i.e.*, billable hours, they also sell the parts needed to complete the service. Each time an average service

department sells \$1 of billable hours, it also sells, on average, \$0.80 worth of parts.<sup>1</sup> To determine the parts to labor ratio for your dealership, take your parts sales and divide them by your labor sales. Performing this calculation will illustrate how much your parts department benefits from your service department.

## B. The Parts Department

The purpose of the parts department is to sell parts. It serves both internal and external customers. The service department requests parts to repair customer's vehicles, while retail customers and wholesalers also make parts requests. Unfortunately, many parts departments make the mistake of giving service department requests the lowest level of priority because they do not know that the service department is their best customer.

### 1. Internal Parts Sales

To clarify who is the best parts customer, we have included the following information. In the example below,<sup>2</sup> when you combine the customer pay, warranty, and internal parts sales, over 77 percent of sales come from the service department. And, on that 77 percent of sales, the parts department is retaining an average of 30 percent in gross profit on each internal sale as compared to 24 percent on each outside sale. No parts department could survive losing 77 percent of its sales, particularly if those sales bring in the highest level of overall gross profit.

#### EXAMPLE PARTS DEPARTMENT

Category	Sales	Gross Profit	Gross Profit as a Percent of Sales	Percentage of Total Sales
Customer Pay (Service)	\$42,287	\$15,646	37%	31%
Customer Pay (Body Shop)	\$19,907	\$4,379	22%	14%
Counter Retail	\$10,912	\$3,819	35%	8%
Warranty	\$25,918	\$6,738	26%	19%
Internal	\$17,734	\$5,320	30%	13%
Wholesale	\$20,462	\$3,683	18%	15%
<b>Total Month to Date</b>	<b>\$136,410</b>	<b>\$39,585</b>	<b>29%</b> (average gross profit)	<b>100%</b>

<sup>1</sup> This is an overall industry average. You are urged to calculate the parts to labor ratio for your dealership.

<sup>2</sup> The numbers used in the example are taken from an NADA Dealer Candidate Academy student. **These numbers are not guidelines or benchmarks, but are included only as examples for the sake of discussion.** We encourage you to perform these calculations for your dealership using the information provided in Appendix A.

## 2. Wholesale Parts Sales

It may seem that a parts department could function independently of internal parts sales if it had a large wholesale operation. However, in that situation, the volume of wholesale sales are larger, but the gross profit on those sales is usually still lower than the gross profit retained from internal sales. In the previous example, only 15 percent of parts sales are sold wholesale. The parts department is making a 19 percent lower gross on those sales than it does on internal sales. The numbers indicate that there isn't a large wholesale operation in our example dealership, but if there were, the key concern would be the percentage of retained gross profits and related departmental expenses.

Why are those numbers so important? Because of the associated costs of running a wholesale operation. The average breakeven for wholesale sales in domestic dealerships is 18 percent gross profit (the breakeven for import dealerships is higher).<sup>3</sup> In many large wholesale operations, the higher the volume, the lower the gross because of the discounts offered to wholesalers and the amount of time and resources required to maintain the operation.

Further, parts departments work harder to get wholesale sales than they do to make internal sales. Internal sales provide a steady stream of business. In fact, in internal sales, the parts department has a captive audience—the service department has nowhere else to go to obtain parts. For wholesale operations, the parts department must maintain enough employees and vehicles to perform periodic parts runs and market their wholesale business, so the costs are much higher.

The essential questions for dealerships with large wholesale operations are, are you working harder to obtain less gross? Are you retaining enough gross on your wholesale sales to breakeven? To make a profit? And, *which do you retain the most gross profit from: service department sales, or wholesale sales?* To determine your parts department's best customer, perform the calculations in Appendix A. In almost every dealership, the service department is still the best parts customer.

## 3. Summary

Obviously, the conflict isn't inherent in the functions of the two departments. Objectively speaking, the two should get along well. After all, service needs to sell hours and complete repairs on each vehicle, which it can't do without the parts to complete the job. Parts needs to sell parts and can't do it without having parts to sell and customers to buy. Both departments want to maximize profits and establish goals to increase business. So, on a very fundamental level, there is a lot of common ground between these two departments.

---

<sup>3</sup> This percentage of gross profits is what most successful dealerships must maintain in order to cover the costs of their wholesale operations. Calculating the breakeven for your dealership will provide you with the information you need to determine whether or not your dealership is profiting from its wholesale operation.

### III. REASONS FOR CONFLICT

#### A. Service Issues

Some conflicts are initiated by the service department, others by parts. We will take a look at each in turn.

Service department personnel create conflict by interfering with the parts ordering process.

##### 1. Unnecessary Emergency Purchases

Often, a service advisor or technician will tell the parts department to order a part locally if it isn't in stock and can't be ordered from the manufacturer swiftly enough. However, when the part is delivered, the customer has already picked up the car. Many times when this happens, the customer has the repair performed at another facility, so the part is never used on the vehicle for which it was bought. The result is that the parts department has made an unnecessary emergency purchase, has lost the obsolescence accrual from the manufacturer for the purchase of that part (because it wasn't purchased from the manufacturer), and has a part that may easily become obsolete.

##### 2. Misdiagnosis

Another common problem happens when a service advisor, rather than just gathering the correct information from the customer, makes a diagnosis in the service lane and orders the parts before a technician has seen the car. Here is an example:

Sally, a service advisor, assumes that the noise coming from her customer's car is a faulty transfer case. Sally makes this assumption based on a recent manufacturer bulletin that discussed the likelihood of transfer case failures for cars of the age and model of this car. The manufacturer bulletin stated that the repairs are covered under the warranty. Before a technician has looked at the car, Sally orders a transfer case from the parts department. For the sake of this example, let's assume that the transfer case costs \$1,500. It is covered by warranty, but in order to get it in the time frame the customer requires, there is a \$175 special handling fee from the manufacturer (which will also be covered by the warranty). When the part arrives, the technician discovers that the transfer case is fine; the spindle (which costs less than 1/15 of the price of the transfer case) is the cause of the noise. Therefore, this is not a warranty repair and the manufacturer will not reimburse the dealership for this purchase or the special handling fee.

Sally then returns the part to the parts department, where the parts manager, Chris, has to make one of two choices. First, he can return the part. If he does, he absorbs the special handling fee, a shipping fee to return the part, and, if his manufacturer allows return privileges with a penalty fee, he must pay that penalty as well.

Second, Chris can decide to keep the part. If he does, he still absorbs the special handling fee, but also is taking a chance that the part will sell. For every month that the part does not sell, it will cost Chris 2.5 percent in holding costs to keep it in inventory. If the part becomes obsolete and Chris' manufacturer gives approximately a 5 percent return allowance on stock order purchases, Chris must order \$30,000 worth of parts to accrue the \$1,500 allowance he needs to be able to return the part.

Both decisions will negatively impact the cash flow and profitability of the parts department.

A similar situation occurs when technicians make a bad diagnosis regarding what is wrong with a customer's vehicle. Many times, this is simply human error. As difficult as this is to believe, a technician may occasionally knowingly order a part that is not in stock to proceed to the next job, particularly if it is a warranty job where the technician doesn't know what is wrong.

In both situations, the conflict occurs because of the error and because someone must be held accountable.

### **3. Speculative Purchases**

Speculative purchases are another large area of conflict. Often, a service advisor or service manager will receive information regarding a manufacturer recall and will immediately demand that the parts department stock massive quantities of this part as insurance against the day when there will be massive requests for this part. But, the parts department often cannot comply with this request because overstocking the part will lead to a drastic increase in obsolescence and simply isn't a good investment.

When a speculative purchase issue arises, the parts personnel need to discuss what will be ordered with the technicians. One option is to add the part numbers to the system when the request is made and track the actual demand for the part. Once the demand is established, the part can then be added to stock.

### **4. Summary**

Communication is extremely important with issues such as this. Service personnel have to understand that parts department personnel have to keep down their obsolescence levels in order to turn a profit. Parts personnel must understand that service technicians are focusing on making repairs efficiently and service advisors are concerned that customers will be unhappy with them if recall parts are not available. By communicating their concerns, it will be easier for them to reach a reasonable decision that is fair to both departments.

## **B. Parts Issues**

### **1. Wholesale Parts Sales vs. Internal Parts Sales**

A major source of conflict initiated by the parts department is giving service department requests a lower priority than wholesale requests. As illustrated before, parts departments often retain a much higher percentage of gross profits from internal sales than they do from wholesale parts sales. Yet, these same departments often give wholesale customers a much higher priority than the service department.

### **2. Parts Purchasing Habits**

Parts personnel can create problems for the service department by their purchasing habits. If the parts department truly places a low priority on service requests, parts personnel may put a badly needed part on a weekly stock order to save money on shipping costs. The problem is that, while the part is coming in on the weekly order, the customer's car repair is at a standstill, disrupting the flow of jobs in the service department and resulting in highly dissatisfied service customers. In certain circumstances, *e.g.*, when the repair is

a warranty repair and the customer is in a rental vehicle, it can cost the dealership more money if the part is not delivered quickly.

#### **IV. THE FORCED STOCK ISSUE**

##### **A. Definition of Forced Stock**

Conflicts are not unusual when it comes to forced stock parts. The term *forced stock part* is meant to include parts purchased for emergency repairs, due to misdiagnoses, as insurance against recalls—any part which was ordered outside the weekly stock order and was not sold to the specific customer for whom it was purchased.

##### **B. Why Forced Stock Can Pose a Problem**

In a forced stock purchase, parts are ordered and demand never occurs. This is commonly referred to in month-end management reports as *new parts no movement*. The year's sale is zero and the on hand quantity is greater than or equal to one. Forced stock purchases are usually unfulfilled warranty requests, wholesale returns, or speculative stock orders. The lower your forced stock is, the higher your profitability.

To see what percentage of your inventory is forced stock, take the total number of forced stock parts and divide by the inventory total at the bottom of the total inventory report. To calculate the monthly average of this stock, take the total number of forced stock parts and divide by 12. You should measure the past 12 months because that will give you a realistic depiction of your inventory without getting into the issue of obsolete parts. Performing the monthly average calculation when each month is closed will help you determine how much of the demand went unfulfilled. About 20 percent of the average dealership's parts department inventory is usually forced stock. For the sake of increasing your profitability, you may wish to reduce your forced stock inventory to 10 percent of your total inventory. Because the vast majority of dealers will be performing these calculations using ADP and Reynolds and Reynolds systems, we have included additional information for those systems in Appendix B.

It is extremely important to limit the amount of forced stock in your inventory. Here's an example:

Assume you have \$10,000 of forced stock in inventory each month. Assume that these are warranty parts on which the markup is 40 percent. If you had sold the parts, you would have received \$4,000 in gross profits from the parts sales.

Since they are warranty parts, you also lost the labor the service department would have received from installing the parts. Assuming the labor is \$1 for every \$.80 worth of parts sold, that means that the total lost labor sales equal \$12,000. If the lost labor sales are \$12,000 and you have a 70 percent profit margin on warranty labor, then you also lost \$8,400 in labor gross profits.

Add that \$8,400 in lost labor gross profits to the \$4,000 of lost parts profit, and you have lost a grand total of \$12,400 because of the unfulfilled demand. In addition, it costs your parts department 2.5 percent in holding costs (of the \$10,000) every month to keep the parts in inventory. Over a year, the holding cost is \$3,000. Then, if you decide to return the parts, you must accrue the necessary return allowance. Therefore, the total cost of having \$10,000 of forced stock in inventory is actually over \$15,400, and that is over and above the initial \$10,000 needed to stock the parts.

In an average dealership, only 20 percent of forced stock sells. The other 80 percent wreaks havoc on the parts inventory. Performing the forced stock and

lost profit opportunities calculations for your dealership will help ascertain if you have a problem with forced stock inventory.

## **V. BENEFITS OF AN AUTOMATED PARTS ORDERING SYSTEM**

### **A. An Automated System**

One way to increase communication and decrease conflict is to invest in an automated parts ordering system. While it's difficult to implement an automated system for ordering parts, it's not impossible. And, the automated system has benefits far beyond what a manual system can offer.

Using an automated system helps you track requests and fill requests more easily than a manual system. The system is most effective when the parts personnel post the information as quickly as possible. When the parts counterperson enters a request and posts the information during the daily stock order, the manufacturer's system automatically updates the information in the file with no calling or writing required. The service advisors and technicians can then have immediate access to the manufacturer's information (the part is ready, it's on back order, it will arrive in two days, etc.); the parts counterperson doesn't need to call each person with the information for each part. That helps the service advisors and technicians because they can immediately begin scheduling jobs (based on parts availability information) and notify customers promptly of any delays. The automated system also allows a service advisor or technician to check the status of a special order part without having to transfer an inquiring customer back to the parts department, streamlining the process for all involved. In an automated environment, shipping and receiving clerks can electronically update the files with the pertinent information, eliminating the need to manually log in parts and physically update personnel on damaged parts.

Aside from all of the above benefits, the automated system contains listings for each parts request, such as the service advisor number and the technician number. You can run multiple reports on the same information and sort them by parts person, service advisor, and by aging. Doing so will highlight problems with an individual parts person, service advisor, or customer. Printing a report by bin will help you to perform your physical inventory. Running these kind of reports increases efficiency and productivity, as well as enhancing communication between the service and parts departments.

One word of caution on implementing an automated system—be sure you provide adequate training for your employees. Good training will both facilitate the learning process and help your employees to be more enthusiastic about using the system. On most ordering systems, the special order parts programs are complicated—employees often require a great deal of training to use them properly. Make sure that your automated service vendor has enough personnel to help your employees and answer questions. If the help line is always busy, it will be of no use to your employees and you may wish to consider another vendor. Although an automated system is difficult to implement, the benefits far outweigh the drawbacks.

## **VI. CREATING A FIXED OPERATIONS TEAM**

Rather than having your parts and service departments working independently, help them to work together by creating a fixed operations team.

The team environment requires

- Strong leadership
- Accountability
- A dealership mission statement
- A clearly defined business plan
- Pay plans with a single goal
- Joint parts and service meetings
- Education/awareness

Without this important groundwork, it will be extremely difficult to create a fixed operations team. We will briefly discuss how some of these factors impact the ability of the service and parts departments to act as a team.

#### **A. Accountability**

Provide strong leadership and solve the accountability issue by putting the parts and service managers on the same pay plan. Base that plan on the combined net profits or combined gross profits of the two departments. Giving the department heads a common goal will help them and their departments to work together.

Another, but more expensive option, is to create a fixed operations director so that both departments are the responsibility of one person who leads the team. A sample fixed operations director job description is included in Appendix C.

#### **B. Defining Goals**

The most basic requirement for creating a fixed operations team is to give them similar goals, e.g., increasing service customer satisfaction and technician proficiency. A dealership mission statement and a fixed operations mission statement formed in accordance with the overall dealership image will help determine the goals of the fixed operations team. It is helpful for the departments to have a road map showing them how to achieve their goals—a clearly defined business plan which will assist personnel from different viewpoints to act together.

#### **C. Pay Plans**

Many times, conflict occurs because dealerships pay service and parts department personnel in a way that encourages rivalries between the two departments. With a profit center pay plan, each department is isolated and isn't concerned about the other's problems. To solve this problem, remove your profit center pay plan and create a pay plan based on the combined net profits or combined gross profits of the two departments. If you have a body shop, include your body shop personnel in the pay plan you adopt.

#### **D. Communication and Empathy**

Enhance communication and empathy between the departments by having meetings that combine personnel from both departments. Meetings with technicians should include the parts manager and the back parts counter person. The shop foreman, service manager, and lead technician should be present at parts meetings. Educate and train your employees to create an atmosphere of cooperation between the two departments. Help them to understand the goals and pressures of the other department's perspective by cross-training department personnel. The only way to eliminate conflict between the departments is to enable your personnel to see each issue from their perspective *and* the other department's perspective.

#### **E. Other Team-building Techniques**

Here are other means of improving your dealership operations team:

- Service should tell customers that the dealership will service any car in their driveway, not just vehicles of the same make. It's a simple and swift way of increasing your customer base because you're starting with present (presumably satisfied) customers and offering a more inclusive service plan to them. Doing so will also increase parts sales.
- Service can also improve sales by creating a competitive maintenance pricing summary, which lists the cost of maintenance services at independent shops in the area. The purpose of the summary is to show your customers how competitive your dealership's prices are. The increased flow of traffic from the summary will boost parts sales.

- Motivate your parts department to increase service proficiency. One idea is to pay the back parts counter person on hours produced by the technicians. To implement it, pay the back parts counterperson a weekly salary and, if the technicians reach a certain number of hours in the shop, the back parts counterperson gets a bonus. If they don't make it, the back parts counterperson doesn't get the bonus.
- Have parts personnel place pre-pulled standard 15,000, 30,000, and 60,000 mile maintenance packages next to the counter to be given out to technicians as necessary—it eliminates the need to pick each part individually while technicians are waiting.
- Larger dealerships may have enough staff to place parts personnel out with the technicians to consult with them regarding what is needed and have parts pickers to bring parts to the technicians. The main point is that having personnel out with the technicians keeps them working in their stalls—they don't have to stop what they're doing to get an order filled.
- Parts can help service department sales by prioritizing parts purchases based on promised completion time.
- Parts can help clinch both parts sales and billable hours for the service department by asking retail customers if and when they want their parts installed.
- Track your special order parts on a daily basis rather than a monthly basis. Assign a clerk to track down customers that have not picked up their special order parts or had them installed by the 15<sup>th</sup> day after a part arrives. By the 25<sup>th</sup> day, return the unused part to the manufacturer (this is still within the manufacturer's grace period for returns) so that you don't have to add it to your general stock.

## **VII. CONCLUSION**

The parts and service departments have to function as a team to satisfy as many customers as possible. If they do so, that will improve the satisfaction of your employees, eliminate conflicts and controversies, enhance your CSI, and improve the profitability of the fixed operations departments.

## APPENDIX A

### Parts Sales, Sales Distribution, and Gross Profit Worksheet

#### INSTRUCTIONS FOR USE:

Step 1. In the spreadsheet below, enter your month-to-date sales figures for each *Category* in the *Sales* column (**Column A**). Then, add the numbers for each *Category* in the *Sales* column and enter the total in the *Total Month To Date for Sales* (**Section E**).

Step 2. In the spreadsheet below, enter your month-to-date gross profit for each *Category* in the *Gross Profit* column (**Column B**). Then, add the numbers for each *Category* in the *Gross Profit* column and enter the total in the *Total Month To Date for Gross Profit* (**Section F**).

Step 3. Divide the *Sales* for each *Category* (**Column A**) by the *Gross Profit* for that *Category* (**Column B**). The results are the *Gross Profit as a Percent of Sales* for each *Category* (**Column C**). Divide the *Total Month to Date for Sales* (**Section E**) by the *Total Month to Date for Gross Profit* (**Section F**). The result is the *Total Month to Date for Gross Profit or average gross profit* (**Section G**) for the month.

Step 4. Take the figures for each category in the *Sales* column (**Column A**) and divide them by the *Total Month to Date for Sales* (**Section E**). Enter the result for each category in the *Percentage of Total Sales* column (**Column D**).

Category	Sales (Column A)	Gross Profit (Column B)	Gross Profit as a Percent of Sales (Column C)	Percentage of Total Sales (Column D)
Customer Pay (Service)				
Customer Pay (Body Shop)				
Counter Retail				
Warranty				
Internal				
Wholesale				
<b>Total Month to Date</b>	<b>(Section E)</b>	<b>(Section F)</b>	Average Gross Profit <b>(Section G)</b>	100%

**APPENDIX B**  
**Forced Stock Calculations for ADP and Reynolds and Reynolds Dealerships**

**ADP Dealers**

Step	Description / ENG Statement
1	LIST PART-NO. MNS TOTAL OH.VALUE TOTAL #ITEMS WITH YRS LEQ "0" AND WITH O.H. GE "1" AND WITH MNS LE "12" AND WITH P-U BY MNS BREAK-ON MNS ID-SUPP DET-SUPP (P)
2	SUM PART-NO. TOTAL OH.VALUE WITH P-U
3	Divide the total dollar amount of the first statement into the dollar total of the second statement. This will give you the percentage of "trackable" forced stock inventory that you have.
4	Divide the total from the first statement by 12 and you have a monthly average of parts that have been put to stock with either unfulfilled demand or not meeting the phase in criteria.

**Reynolds and Reynolds ERA Clients**

Step	Description / 6910 Report																								
1	<p><b>REPORT: FORCED STOCK</b>            FILE NAME: PROD.MASTER            REPORT TYPE: SORT            ENTER FIELD(S) TO SORT BY: AGE            SELECT SORT SEQUENCE (A=ASCENDING D=DESCENDING): A            ENTER SELECTION CRITERIA</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">FIELD</th> <th style="text-align: left;">CONDITION</th> <th style="text-align: left;">VALUE</th> <th style="text-align: left;">AND/OR</th> </tr> </thead> <tbody> <tr> <td>TOTSL</td> <td>EQUAL</td> <td>0</td> <td>AND</td> </tr> <tr> <td>QOH</td> <td>GREATER THAN OR EQUAL</td> <td>1</td> <td>AND</td> </tr> <tr> <td>AGE</td> <td>LESS THAN OR EQUAL</td> <td>12</td> <td>AND</td> </tr> <tr> <td>STS</td> <td>NOT EQUAL</td> <td>RB</td> <td>AND</td> </tr> <tr> <td>STS</td> <td>NOT EQUAL</td> <td>DLT</td> <td></td> </tr> </tbody> </table> <p>ENTER COLUMN HEADINGS : AGE;+EXT VAL;+COUNT~            PRINT TOTALS ONLY = Y            FIELDS TO BREAK ON = AGE  <b>PAGE BREAK ON FIELD = N</b></p>	FIELD	CONDITION	VALUE	AND/OR	TOTSL	EQUAL	0	AND	QOH	GREATER THAN OR EQUAL	1	AND	AGE	LESS THAN OR EQUAL	12	AND	STS	NOT EQUAL	RB	AND	STS	NOT EQUAL	DLT	
FIELD	CONDITION	VALUE	AND/OR																						
TOTSL	EQUAL	0	AND																						
QOH	GREATER THAN OR EQUAL	1	AND																						
AGE	LESS THAN OR EQUAL	12	AND																						
STS	NOT EQUAL	RB	AND																						
STS	NOT EQUAL	DLT																							
2	<p><b>REPORT: TOTAL INVENTORY</b>            FILE NAME: PROD.MASTER            REPORT TYPE: SUM            ENTER SELECTION CRITERIA</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">FIELD</th> <th style="text-align: left;">CONDITION</th> <th style="text-align: left;">VALUE</th> <th style="text-align: left;">AND/OR</th> </tr> </thead> <tbody> <tr> <td>QOH</td> <td>GREATER THAN OR EQUAL</td> <td>1</td> <td>AND</td> </tr> <tr> <td>STS</td> <td>NOT EQUAL</td> <td>RB</td> <td>AND</td> </tr> <tr> <td>STS</td> <td>NOT EQUAL</td> <td>DLT</td> <td></td> </tr> </tbody> </table>	FIELD	CONDITION	VALUE	AND/OR	QOH	GREATER THAN OR EQUAL	1	AND	STS	NOT EQUAL	RB	AND	STS	NOT EQUAL	DLT									
FIELD	CONDITION	VALUE	AND/OR																						
QOH	GREATER THAN OR EQUAL	1	AND																						
STS	NOT EQUAL	RB	AND																						
STS	NOT EQUAL	DLT																							
3	Divide the total dollar amount of the first statement into the dollar total of the second statement. This will give you the percentage of "trackable" forced stock inventory that you have.																								
4	Divide the total from the first statement by 12 and you have a monthly average of parts that have been put to stock with either unfulfilled demand or not meeting the phase in criteria.																								

**APPENDIX C**  
**Fixed Operations Director Job Description**

**JOB TITLE:** Fixed Operations Director

**SUMMARY**

Manages the efficient and profitable operation of the service, parts, and body shop departments.

**ESSENTIAL DUTIES** include the following. Other duties may be assigned.

Forecasts goals and objectives for the departments and strives to meet them. Monitors the performance of the service, parts, and body shop departments. Hires, trains, motivates, and monitors the performance of the service and parts department managers. Strives for harmony and teamwork within the departments and with all other departments.

Prepares and administers an annual operating budget for the service and parts departments.

Works with parts and service managers to find ways to improve the overall profitability of the dealership.

Maintains reporting systems required by general management and the manufacturer. Understands and ensures compliance with manufacturer warranty and policy procedures.

Attends managers meetings. Holds weekly department meetings.

Understands, keeps abreast of, and complies with federal, state, and local regulations that affect repair operations, such as hazardous waste disposal, OSHA Right-to-Know, etc.

Establishes and maintains good working relationships with customers to encourage repeat and referral business. Makes customer satisfaction a department priority, ensuring that service and parts personnel are courteous and respectful in their interaction with customers. Maintains high-quality service repairs and minimizes comebacks. Conducts periodic spot checks of completed jobs for thoroughness and quality. Handles customer complaints immediately and in accordance with the dealership's guidelines.

Fosters professional employee development and coordinates with department managers to determine needs for advanced training. Establishes and maintains good working relationships with vocational and technical schools to enhance personnel recruitment activities.

Administers warranty claims, reviews warranty policy adjustments, understands and applies warranty guidelines, ensures correct processing of claims, and communicates warranty information and clarifications to customers.

Develops dealership service and parts pricing plans and makes recommendations to dealer or general manager.

Keeps abreast of new equipment and tools available and recommends purchases.

Serves as liaison with factory representatives.

Maintains safe work environment and a professional appearance.

**NOTE:** Be sure to include information on the following items: supervisory responsibilities, qualifications, education, experience, language skills, reasoning ability, mathematical skills, certificates, licenses, registrations, work environment, and physical demands.

## **ACKNOWLEDGMENT**

For their assistance in the development of this publication,  
NADA wishes to thank

Robert Atwood  
NADA Dealer Candidate Academy  
8400 Westpark Drive  
McLean, VA 22102

and

Chuck Hartlé  
PartsEdge.com, Inc.  
12925 Pomerado Road  
Poway, CA 92064



[nada.org](http://nada.org)

© NADA 2010. All rights reserved.