

THE BLUE LINE



Ford Parts Managers Association

The F.P.M.A. Is The Only National Organization Exclusively For Ford & Lincoln/Mercury Parts Managers

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THE FORD MANAGERS ASSOCIATION

MISSION STATEMENT...

TO BE THE ADVOCATE / WATCH-DOG OF THE FORD PARTS & SERVICE BUSINESS. EDUCATING, INFORMING AND EXPLAINING THE POSITIVE AND NEGATIVE AFFECTS OF FORD MOTOR COMPANY AND FORD BUSINESS PARTNERS POLICIES AND PROCEDURES, AS WELL AS CONSUMER, ECONOMIC, INDUSTRY AND COMPETITIVE TRENDS THAT AFFECT MEMBERS.

OEM's Score Huge Victory With Crash Parts Expose

Original Equipment Manufactured (OEM) crash parts makers have scored a huge public relations victory. Consumer Reports, one of the most widely read and credible sources of consumer information, has come out on the side of the OEM's in the decades long imitation crash parts debate.

In a Feb. 1999 eight page expose, Consumer Reports outlines its findings on the quality and safety of non-OEM crash parts which have routinely been recommended for insurance claims due to their lower prices.

Every year Americans are involved in some 35 million accidents that require 9 billion dollars worth of replacement parts. In the past, imitation parts makers have hung their hat on the fact that non-OEM parts provided an alternative to, what they claimed, was a monopoly by OEM manufacturers.

Even many consumer groups supported the use of imitation crash parts believing that competition for the OEM's would translate into lower prices for end users. But, the OEM's have always maintained that imitation crash parts supporters have been comparing apples to oranges.

Consumer reports decided to conduct their own tests on fenders and bumpers and com-

pare the OEM parts to those of the imitation parts makers. The fenders tested were all CAPA (Certified Auto Parts Association) certified. (CAPA does not certify bumpers).

What Consumer Reports found was that most insurers endorse the use of imitation parts because they can be 20% to 65% less expensive than OEM parts. But, they also found no evidence that these cost savings were being passed on to the consumer.



They also found that the imitation fenders and bumpers were inferior to OEM parts. The bumpers fit poorly and provided poor low speed protection. The fenders also fit poorly and were more likely to show evidence of rust when scratched to bear metal.

Consumer Reports found that there were two basic reasons for the fit of CAPA parts that collision repairers complain about. The first is what they called "reverse engineering" where manufacturers make copies of the OEM parts. The second problem is that CAPA parts are tested on a "jig" rather than on a car.

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Crash Parts From Page 1

To assess the claims and counter claims of the controversy Consumer Reports installed a sampling of replacement bumpers and fenders and subjected them to several real world circumstances.

Consumer Reports mounted 3 OEM and 6 CAPA certified left front fenders on a 1993 Honda Accord and a 1993 Ford Taurus. Two of the Ford OEM fenders fit nicely while the third didn't fit quite as well. All 6 of the CAPA fenders for the Taurus had fit problems. One was so bad that it would require significant re-working.

On the Honda, all 3 OEM fenders fit well. When the CAPA parts were used, 3 of them fit well and three did not, exhibiting the same problems as found on the Taurus.

Consumer Reports then had an actual repair shop install 1 OEM fender and two CAPA fenders on each car. The CAPA parts took an additional 30 to 60 minutes or re-working to obtain an acceptable fit. And, even then, the fit was judged inferior to the OEM.

The next test of the fenders was for rust resistance. Scratch marks were made on 2 OEM and 2 CAPA parts down to the bare metal. The fenders were in the primed, but not painted, condition.

An independent lab then put them through a 168 hour salt spray/fog test. Both CAPA parts showed heavy red rust by the end of the test. The Ford OEM fenders showed only moderate white corrosion and the Honda fenders showed nearly no evidence of any corrosion.

The last Consumer Reports test was for strength. This was the only area where the OEM and CAPA parts exhibited similar results. There was no significant differences in the tensile strength of the fenders.

While CAPA doesn't certify imitation bumpers, they are routinely suggested for

use by many insurers. Consumer Reports compared the OEM and imitation bumpers in much the same ways as they compared the fenders.

They found that all of the OEM bumpers fit nicely while none of the imitations did. Even after re-drilling and widening the bumper mounting holes, all imitation bumpers left large gaps or uneven surfaces.

The bumpers were then subjected to the same 5mph. head on, 5mph. offset and 3mph corner crashes that are standard for new vehicles. The OEM bumpers suffered only minor damage while the imitations didn't fair as well.

"They (CAPA) make nothing, get 50% of their funding from insurance companies, have two thirds of their board from the insurance industry and sell certification seals for parts they don't even test for fit on the vehicles they claim they are certified for."

According to Consumer Reports, in their 25 years of crash testing bumpers, they have seen very few perform as poorly as the imitations that were tested. One imitation bumper shattered and allowed the crash ram to damage the headlamp mounting panel, the radiator support and the air conditioning system of the Ford Taurus.

On the Honda, the imitation bumper failed and allowed damage to the radiator, air conditioner, radiator support tie bar and center lock support.

The Taurus needed \$235 in repairs after the crash with the OEM bumper and \$1350 after the crash with the imitation. The Honda required about \$576 in repairs with the OEM bumper and nearly \$1800 with the imitation.

The Consumer Reports article is important to us for a couple of reasons. First of all it substantiates everything we have been saying for years. If you have been in the business long enough you may remember

our first crash parts champion Ken Meyers making videos, posters and brochures showing salt spray tests and ugly rusting aftermarket fenders way back in the 1980's. And after reading the results of the Consumer Reports bumper testing results, it makes me confident that the OEM bumpers we sell are well worth the little extra they cost.

But now, Consumer Reports and others are telling the real story. And that story is one of corporate profits at the expense of the unknowing consumer. Buying, or forcing the use of imitation crash parts is nothing more than a diversion of profits from auto makers to auto insurers. It simply cannot be proven that, the lower prices, that the imitation vs. OEM controversy has caused, are ending up in the pocket book of the consumer.

And, while CAPA executives claim that auto makers and collision repairers have a financial interest in selling and promoting OEM parts, CAPA has more than a few skeletons in its closet.

Nearly half of the \$3.9 million dollar CAPA budget comes from insurance companies while the other half comes from selling, not parts, but CAPA certified "seals" to independent imitation parts manufacturers. The more seals "sold" the more revenue for CAPA. And, six of the nine CAPA board members are also insurance company executives.

Who is kidding who here. With insurance prices the way they are consumers shouldn't have to be concerned about unsafe, poor fitting and maybe dangerous imitation crash parts. In my opinion, nobody should give any credence what so ever to CAPA. They make nothing, get 50% of their funding from insurance companies, have two thirds of their board from the insurance industry and sell certification seals for parts they don't even test for fit on the vehicles they claim they

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Crash Parts From Page 2

are certified for. How could anyone honestly believe that CAPA is an objective, credible consumer conscious entity.

As for Ford and its crash parts battle I know its easy to think that not enough is being done. Every time we lose a sale to the aftermarket it seems like we haven't achieved much in our 25 year old fight. But we've have done our share. We, and Ford, have responded to the controversy by lowering prices that were maybe a little too high but we did it without compromising consumer confidence or safety like CAPA seems to have. According to Consumer Reports, we still sell the highest quality replacement crash parts and we do it at prices that are often less than they were 20 years ago.

To George Gilbert and the crash parts marketing people at Campbell & Company, don't let up. Keep working within FCSD and with the other OEM's to expose this whole mess for what it seems to be, a well kept consumer rip-off secret.

Maybe hitting the insurance companies in the pocket book should be the next strategy. Could we ask the appropriate parties (State & Federal Attorney Generals) to require insurance companies to offer lower priced auto insurance policies to consumers who agree to allow imitation parts to be installed if they have an accident?

There are millions and millions of insured Americans paying the full shot for insurance policies in the anticipation of receiving full value and protection in the event of an accident. Why should a consumer pay \$600 or \$1000 for a policy that doesn't return the expected value? Shouldn't a policy that places less expensive, lower quality parts on a vehicle cost the consumer less?

Consumer Reports finally told the world about what amounts to a "Fleecing Of America." In fact, maybe George Gilbert should call Tom Brokaw and ask him to talk about this on the nightly news.

New Ordering Procedure Has Some Dealers Concerned

Below is a COMBAT message (also available as DOESII bulletin 2797) that outlines the new ordering procedure for in-stock vehicles when the service part exists only as a re-manufactured part.

This has some dealers concerned for the following reasons.

1) If this process needs to be used only "once" a week by the 5,000+ dealers in the U.S. it will mean that this procedure has "manufactured" more than 250,000 extra calls per year for the PAC (app. 1000/Day).

2) Will this procedure turn the PAC into another order taking activity instead of the much needed information resource center dealer desperately need?

3) There will be much confusion, personnel wise and system wise by using an unfamiliar engineering number rather than a standard part number.

Why not modify DOESII so that ordering these parts can be ordered through normal channels?

Tuesday, February 9, 1999

To: All Ford and Lincoln Mercury Dealers
Attention: Dealer Principal
Route To: Parts and Service Managers

From: Ford Customer Service Division
Subject: Ordering New Parts for Unsold In-Stock Vehicles

As a follow up to the Parts and Service Subcommittee Meeting of the January 13, 1999 Ford Dealer Council Meeting we are providing you with an outline of the process to follow when a new part is required for an unsold in-stock vehicle in which the service part exists only as remanufactured.

Please advise your parts department personnel of the following procedure when requesting a new part for an unsold vehicle:

The dealerships parts department is to contact FCSDs Parts Assistance Center (PAC), formerly called the Order Processing Department, by calling the phone number designated for their area (parts department personnel are aware of the phone number assigned to their region).

The dealerships employee is required to indicate to the person at the PAC that a new replacement part is required for and unsold vehicle because the laws in their state prohibit the sale of a new vehicle using remanufactured parts.

The PAC will contact the manufacturing source for the new part and have it shipped directly to the dealer under the engineering part number.

Carl E. Bergman
Customer Service Operations Manager
cbergman@Ford.com

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DOES II Coordinator Bob Howell Retires

One of the true supporters of the Parts Department, Mr. Bob Howell has retired from Ford after 33 years with the company. Even if you didn't know Bob personally, if you were in the Ford parts business, you were affected by Bob's work everyday. Bob is probably best known by Ford and Lincoln Mercury Parts Managers for his role as National DOESII coordinator and his work with Parts Talk Live.

During his tenure as National DOESII coordinator, Bob was responsible for introducing 100 enhancements to our parts ordering system, none of which cost the dealer anything additional. At the same time, DOESII system usage grew from just under 100,000 keystrokes a month to the current 16-18 million a year.

In order to keep dealership employees trained and up to date on DOESII, Bob conducted over 700 Parts Talk Live broadcasts which were viewed by over 28,000 participants. One of the reasons for the huge success of Bob's Parts Talk Live broadcasts was Bob's willingness to understand and accommodate the busy, hectic pace of the Parts Department. By request, Bob would schedule broadcasts for off-hours times like Saturday or night time. Bob even offered special sessions at times that could be viewed by an entire dealership Parts Department.

While many early Fordstar training programs suffered from low attendance levels, Parts Talk Live averaged over 300 viewers per broadcast. Bob even held Parts & Service club meetings via Fordstar covering subjects of group interest.

During 1997-1998 Bob supervised the updating and distribution of a new DOESII command guide and over 10,000 copies were sent out to system users.

While Bob was coordinator, DOESII customers increased by 20%. There were 6,500 dealers, 250 Motorcraft customers, 250+ Ford Motor Company locations, 200 Power Products customers and 500 Visteon radio products users.

Bob always considered the Parts Manager



as his customer. And to Bob there was no such thing as a "dumb" question. You could always count on Bob to get back to you with an answer, consider your suggestions for improvement and get you out of any DOESII problem. In fact Bob "personally" answered as many as 10,000 calls, e-mails, faxes every year from his customers. I am aware of many stories where "frazzled" Parts Managers were able to get help by calling Bob, at his home, at night or on weekends.

While we know Bob mostly for his DOESII and Parts Talk Live work, during his career at Ford he held varied positions at Ford that probably helped give the background needed to be so successful. For 20 years Bob was a Parts & Service Field Rep. in the San Francisco Region. He was also a Motorcraft Field Representative and General Office Trainer.

During his career Bob received many company awards. In November 1997 Bob was

the PS&L employee of the Month. In 1997 Bob was the PS&L employee of the year. Bob received the Winning Together Award in Jan 1998. He was Zone Manager of the year (San Francisco Reg.) in 1987. Bob won the Ford Motor Company Award For Outstanding Community Service in 1973. The Ford Motor Company Quality Award for Parts Talk Live in 1996 and the Ford Motor Company DOESII Quality Award in 1994.

Some of the specific DOESII enhancements Bob introduced were from suggestions given to him by Parts Managers. Today we take many of these DOESII options for granted but, because of Bob's dedication, willingness to listen and tireless effort, DOESII has evolved into an incredible parts ordering system.

While Bob's enhancements are far too many to show here, we have listed some of them for you.

Imagine having to operate and/or order parts without these key features.

- Current Parts Prices As They Change
- Parts On Campaign Or Recall
- Multiple Parts Replacement Info
- Parts Eligible For PIPP
- Last Time To Return Parts
- Kit Detail Info
- Order Status Screen
- Upgrade Back Orders On-Line
- Delete Back Orders On-Line
- Remarks Screens Information
- DOESII Bulletin/Combat Print
- 1999 Enhancement To Show Colors By Engineering .#

While we are all certain to miss Bob in his old DOESII Coordinator position, we are happy to be able to tell you that he is currently negotiating with FCSO to stay on in a part time DOESII consulting/training ca-

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capacity. At the time of this printing details of that agreement were not yet finalized. As an association we hope that this arrangement works out. The "complete" loss of Bob's DOESII knowledge and experience would be a setback for all of us.

And, what is Bob going to do with all of his free time? Bob will be developing his personal consulting business, Bob's Computer Specialties Inc. Bob's company will focus on the training of Parts Personnel in the area of computer usage at dealerships including DOESII as well as system short-cuts available to providing Customer Satisfaction.

True to his open and involved style, Bob has permitted us to provide members with various ways to contact him.

Phone 248-442-0546

Internet E-Mail bob@doesii.cc or bob@bsi.cc

Fax 800-895-6947

Pager 734-651-8153

His mailing address is...

Bob Howell

35955 Woodbridge Circle

#304

Farmington Hills, MI 48335

So, who is going to replace Bob? At the time of this writing, we understand that Ford is not going to fill Bob's old position. Instead, DOESII questions and problems will be handled by the Parts Assistance Center (PAC) or the DOESII Hotline.

**Don't Forget....
We're On The Net**

www.fmanet.com
E-Mail fmanet@eznet.net

**FCSD Top 10 Back Orders 2/2/99**

1) F77Z-9E926-AC/Housing-Throttle 97-00 Explorer/Mountaineer 00 Ranger Supplier Name: Visteon Total Backorder Lines: 1,541 Backorder Pieces: 4,962 Supply Problem: Plant capacity Off Backorder Date: 2/5/99

2) F58Z-17528-D/Blade Asy-Wiper 95-98 Windstar Supplier Name: ITT Automotive Europe Total Backorder Lines: 1,318 Backorder Pieces: 15,790 Supply Problem: Demand exceeding forecast Off Backorder Date: 2/8/99

3) F88Z-9F472-EA/Hego Sensor 98 Explorer/Mountaineer Supplier Name: Robert Bosch Corp. Total Backorder Lines: 1,311 Backorder Pieces: 13,287 Supply Problem: Campaign/Field Fix Off Backorder Date: 2/28/99

4) E8TZ-7G360-C/Motor Asy 8894 Ranger 86-89 Bronco/Explorer Supplier Name: Borg Warner Automotive Total Backorder Lines: 1,261 Backorder Pieces: 3,115 Supply Problem: Demand exceeding forecast Off Backorder Date: 3/30/99

5) F4DZ-5K484-A/Link Assembly 94 Lincoln Continental 94-95 Taurus/Sable Supplier name: Temes Procurement Services Total Backorder Lines: 1,060 Backorder Pieces: 4,613 Supply Problem: Campaign/Field Fix Off Backorder Date: 2/26/99

6) F2TZ-16005-A/Fender Asy-Front 92-97 Bronco/F-Series Supplier Name: Ford Metal Stamping Dearborn Total Backorder Lines: 982 Backorder Pieces: 2,623 Supply Problem: Capacity/Press failure Off Backorder Date: 3/10/99

7) XF1Z-17528-AB/Blade Asy/Wiper 96 Taurus/Sable Supplier Name: Trico Products Total Backorder Lines: 969 Backorder Pieces: 14,630 Supply Problem: Demand exceeding forecast Off Backorder Date: 2/8/99

8) F7TZ-1175-AA./Seal 94-97 F-Series Supplier Name: CR Industries Total Backorder Lines: 958 Backorder Pieces: 4,559 Supply Problem: Recent resource Off Backorder Date: 4/1/99

9) XF6Z-17528-AA/Blade Asy-Wiper 93 Crown Victoria, 92-94 Grand Marquis, 94-98 Thunderbird/Cougar, 94 Aerostar, 92-93 Econoline Supplier Name: Trico Products Total Backorder Lines: 899 Backorder Pieces: 17,210 Supply Problem: Demand exceeding forecast Off Backorder Date: 2/8/99

10) F7RZ-17528-BB/Blade Asy-Wiper 97-98 Contour/Mystique Supplier Name: ITT Automotive Europe Total Backorder Lines: 867 Backorder Pieces: 10,772 Supply Problem: Demand exceeding forecast/Wiper blade program

Rainy Days Over For Wiper Program?

You may have noticed that 4 of the Top 10 FCSD back orders were for wiper blades. In a recent Fordstar broadcast, Carl Bergman related how the focus on retail sales has returned higher than expected demands. When the initial wiper blade program rolled out, Ford put the expected order volume at 400,000 pieces. Mr. Bergman said they received orders for 1.2 million. A recent COMBAT report listed backorders at 188,000, with 49% of all backorders being available by 2/5/99.

Currently, FCSD is relaunching the program and hopefully the supply problems are over.

Wiper blade numbers have been reduced from 140 separate numbers down to 40, prices have been lowered and point of purchase and displays, stands and posters are available.

In addition, wipers are included in QCM bundles to help them sell.

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Saturday Service Debate Continues

Extended Parts and Service hours, whether they are nighttime or Saturday is, to say the least, an emotionally charged issue that has many dealer principals and Parts & Service Managers in heated debate.

And, since Ford and Lincoln Mercury dealers only account for some 6% of the 98 BILLION dollars spent annually on vehicle maintenance and light repair, the inability of Ford and Linc-Mercury dealers to come to some nationwide consensus on extended hours and customer convenience strategies has our competitors laughing all the way to the bank.

We decided to take a long look at the objections to opening the Parts and Service Department on Saturday. We will also attempt to give you some thought starters on how to overcome these objections since we believe that a serious push, from FCSD, to be open on Saturday is going to be a major 1999 initiative.

First and foremost, FCSD, Dealer Principals and we as Managers "must" realize that the Parts and Service business is a people business. And, while people are our customers, people are also our employees.

The people who are our customers are telling us they want to have their vehicle serviced on Saturday. In fact, Monday and Saturday are preferred above all other days. In addition, surveys of customers who were in for service on Saturday revealed an added bonus...38% said that it was their first visit to the dealership Service Department. This means that if you had only 15 customers on an average Saturday, you could gain about 300 new customers a year. Think about what that is worth in dollars during the lifetime of those customers.

Don't forget, the people who are our customers aren't any different than you or I am. They work 40-45 hours a week, have demanding stress filled lives and families, homes and other interests they would like to devote more time to. Just like you, they work to live not live to work and are looking for simplification and convenience at every opportunity.



And, they are telling us through their actions that we are not sensitive to their needs.

A startling fact is that 78% of our customers are abandoning the dealership for more convenient quick service alternatives. They are going to our competitors in droves at the same time FCSD is spending over \$40 million in advertising to drive them back to the dealership. At present only some 9% of Ford dealers offer Saturday service hours.

To make matters even worse, many dealers actually believe that their customers don't expect them to be convenient and have developed a culture that has, in effect, taught customers not to expect the same level of convenience they know they will get from PEP Boys and others. Some dealers have convinced themselves that their customer won't or don't want to come back to the dealer on Saturday.

Sadly, many dealers and Parts & Service Managers seem to have reached a comfort level and believe they have all the business they can handle now. Why go through all the work and effort to open on Saturday when I don't even need to?

While these outdated attitudes about convenience are helping our competitors thrive, they should also make them aware of just how vulnerable their domination of the market is. Imagine 5,000+ customer friendly Ford and Linc-Merc dealers providing high quality repairs at a fair price and at convenient times. Put those new customer friendly strategies together with FCSD's advertising, the fact that we have the first contact with new and used vehicle buyers, high quality technical training, many, many parts that cannot be purchased in the aftermarket and if I were competing with the Ford or Linc-Mercury dealer I'd be seriously concerned.

But, If I Open Up On Saturday All Of My Help Will Quit!!!

Here are the most common objections and concerns, raised by dealerships, when considering Saturday hours.

"We Can't Make Money On Saturday!!"

Actually it doesn't take all that much to turn a decent profit on Saturday. In fact, smart Service Teams almost guarantee Saturday to be profitable if they schedule lucrative business, during the week, for Saturday. Don't forget that mortgage payments, taxes, insurance and many other fixed expenses

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Saturday Service From Page 6

are being paid whether you're open on Saturday or not. And, efficient profitable Saturday Parts & Service business can usually be conducted in a less stressful, more relaxed atmosphere with about 1/3 of the weekday staff.

"My Employees Will Quit If They Have To Work On Saturday!"

If done right, Saturdays can actually be preferred days for your employees to work. Make working Saturday fun and rewarding. Buy lunch for the Saturday staff, offer a day off during the week for Saturday workers. Maybe a "comp time" plan could be considered where every Saturday hour worked would be worth 15 minutes of additional vacation, sick or personal time. Every "4" Saturdays worked could be equal to one extra day off that might come in handy when an employees' child is sick, has a daytime event at school etc.. Show your people that they will be rewarded in meaningful ways for giving up their Saturday. Give them back what they perceive is being taken away, their time.

"I Can't Get Techs To Work All Day On Saturday But I Might Be Able To Get Them To Come In Until Noon."

Again, it's all in how you approach your people and how committed you are to making Saturday business a success. Half hearted attempts to Saturday Parts and Service don't work. But, neither does working your people to death. Rather than forcing your full staff to come in until noon, ask for half of the staff to come in for the entire day. Show them that the work you've scheduled is profitable. Most techs can earn 20-25% more on Saturday than they can during the week. Many achieve efficiency levels of 150% to 200% on a Saturday vs. 110% to 120% on an average weekday.

"We Already Have More Parts & Service Business Than We Can Handle, How Can I Convince My Employees That We Need More?"

Perform a small survey of your competitors and find out what their hours are during the week and on Saturday. Most likely you'll find that they are open evenings and Saturday. Cut out competitors ads showing Saturday hours and post them in the Parts and Service area. Get them involved with the whole Saturday process. People support what they help create themselves. Be fair to those who have circumstances that might make it more difficult to work on Saturday (sick child or relative etc...).

"Aren't We Just Stealing Business From During The Week And Moving It To Saturday?"

Just moving business from weekdays to Saturdays defeats the purpose of being open in the first place. Your Parts & Service Team must understand that being open for "8" hours on 52 Saturdays has the effect of give "2" extra months of working days per year. This is a dramatic increase and should be viewed as a tremendous opportunity to increase parts and labor sales. The goal should be to schedule lucrative maintenance and light repair business to what customers perceive as a more convenient time slot and at the same time relieve your weekday schedule to allow you to perform more of the "heavier" high skill work during the week. Some studies even go as far to claim that if dealerships closed on Fridays, but were open on Saturday, they would make more money.

"We Won't Be Able To Get Parts Or Tech Support On Saturday!"

Proper attention to scheduling should mean that most of the Saturday repairs should be easy for your Parts Dept. to supply. Belts, hoses, brakes, shocks, AtW components etc...should have a high degree of availability from your own Parts Department. Many

dealers go over the Saturday schedule with Parts Dept. personnel on Friday to increase the probability of having needed parts available on Saturday. Additionally, 1/3 to 1/2 of all Ford Authorized Distributors as well as most aftermarket jobbers are already committed to Saturday hours. In fact, the Tech hotline has also agreed to open on Saturday.

"We Already Tried Being Open On Saturday And It Didn't Work."

Being open on Saturday will probably never be successful unless your employees look at it as a positive move rather than an increased burden on them. It is crucial that they support the effort and are involved in its implementation. Enlist their input, explain that customers want Saturday hours. Show them that working Saturday can be more fun and less stressful than weekdays. Have a plan in place to reward and compensate those who work on Saturday. Ask for volunteers. Some of your employees may actually want to work Saturdays. They could have a spouse that works Saturday but has a day off during the week. Offer to allow them to take the same day off as their spouse.

Be prepared before you approach your employees about Saturday hours. Understand that when you ask people to rearrange their private lives to accommodate your business you must be ready and willing to intelligently discuss personal issues such as child care, missing little Johnny or Joanne's soccer games, the sick mother-in-law they take to the supermarket every Saturday and dozens of other personal issues that you probably have no idea even exist.

Keep in mind that to some of your employees opening up on Saturday might be perceived as a case of "helping the rich get richer" at the expense of messing up their personal lives. And remember, a "mandate" from the top that "declares" you are now open on Saturday is guaranteed to be counter productive.

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Some Dealers Hurt By Contract Carriage Changes

One of the top Dealer Council Priorities for 1999 is Parts Distribution/Availability. During the November 1998 meetings with top FCSD executives, Dealer council asked FCSD to commit to streamlining the Parts Distribution process, decrease back orders and improve transportation delivery times.

One of Dealer Council's issues was with what they perceived as delivery inefficiencies within the current parts distribution system. Among other things, Dealer Council suggested that FCSD implement delivery time standards for all contractors so that dealers could be certain that overnight parts orders were received by 11:00 AM the next day.

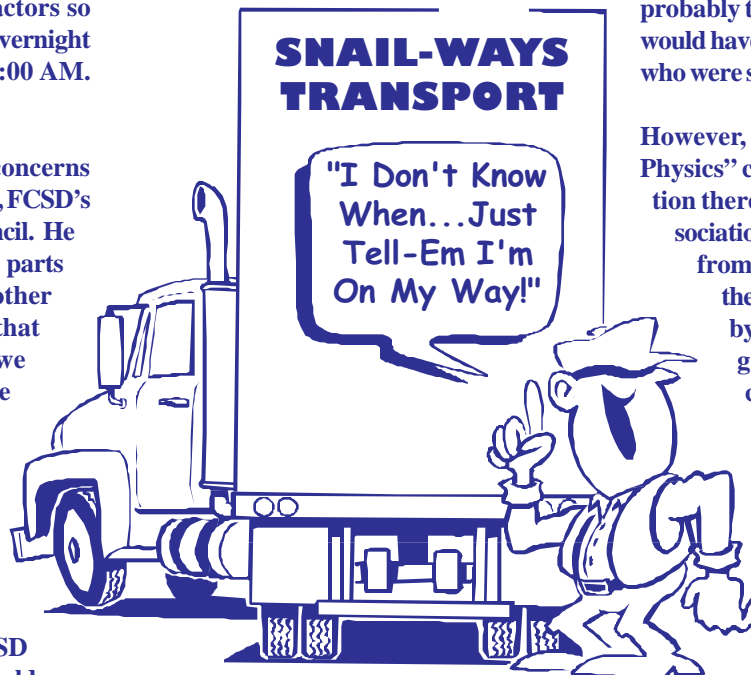
In a response to Dealer Council concerns over distribution and delivery times, FCSD's Mike Jordan agreed with the Council. He expressed concerns about current parts distribution practices. Among other things, Jordan told the council that "Many things you mentioned, we know we have to improve on. We know we need alignment. We need a solution to deliver parts and lower prices or we won't be able to compete. I agree with every point made."

So far, so good. Dealer Council raised a legitimate concern, FCSD agreed that this was an area that could use improvement and we as Parts Managers should be confident that various solutions to distribution and delivery times are being explored.

However, at the same time FCSD and Dealer Council were agreeing to work towards solving this problem PDC Managers all over the country were mailing out letters to selected Parts Managers telling them that they would be taken off FCSD's contract carriage system and be serviced by common carriers.

As background information, the PDC letter stated that, "FCSD recently completed a detailed distribution analysis of all eight facing Parts Distribution Centers (PDC's) with the assistance of Ernst & Young LLP. This review included a market test/contract rebid of all shipment modes including contract carriage services...."

The letter went on to state, "The analysis included a thorough review of your geographic location and historical ordering volumes. It was determined that



your dealership will be serviced by (local carriers specific to location and PDC were inserted here along with specific common carrier start dates)."

What the letter seemed to be saying was that some dealers, because of their distance from the PDC and lower order volumes, would no longer be serviced by FCSD's very efficient and reliable contract carriage system. Instead, they would now have their parts delivered by independent trucking firms.

The letter also asked that all parts tote containers and cages be returned to the local PDC and that the dealership keys and other contract carriage information would be disposed of by the PDC.

Obviously, this action was the result of FCSD's quest to lower delivery costs. Obviously, it costs the company, the consumer and probably all the rest of the dealers more when PDC's have to deliver smaller orders to out lying areas. And, after reviewing the results of their hired consultants, FCSD probably thought it was a good idea that would have very little affect of the dealers who were switched.

However, here is where the "Financial Physics" comes into play. For every action there is opposite reaction. The association has received numerous calls from dealers who were affected by the program. Most are very upset by what they feel are severely degraded service levels from the common carriers.

Dealers who used to be able to set their watch by the arrival of the contract carriage truck are now seeing their orders take twice as long to arrive. Stock orders that were once placed on Monday and received on Wednesday now arrive the following week.

Rusty Williams of Natchez Ford in Natchez Mississippi said "This is terrible, I'm no longer able to provide the same level of service to my customers that I used to. It takes so long to get my stock order that I actually have to place a second stock order before the one I sent the previous week is even delivered. It's also making my inventory control system suggest way to much because I am going through an extra order cycle without receiving last weeks order yet. The sys-

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Contract Carriage From Page 8

tem wants me to order parts that I already have on order."

James Brinkley at Jim Hayes Ford in Harrisburg Illinois echoed Rusty Williams. "It's so bad that its costing me customers. I don't know when my stock order is going to arrive, I can't believe that they did this. I think all of the dealers who have been taken off contract carriage should get together and explain to FCSD just how bad this new system is."

Both Parts Managers agreed that if they had known the service levels they received from common carrier system were going to be so much lower than the contract carriage they would have been better off offering to pay the freight themselves and stay on the old system.

I asked both Rusty and James if these problems were happening to others in their area. They both indicated that all the dealers surrounding them were having the same problems and that they all felt that these delivery problems were making them un-competitive.

Another dealer in Florida, who wished to anonymous, was affected by the rearrangement of stock order dates that, for some dealers, was also part of the change. "The fact that my stock order date was changed was not communicated to me very well. I spent the better part of two days looking for the order which didn't arrive when it normally did. Because I unknowingly placed the order on the old due date rather than the newly assigned one, I ended up with a lot of angry customers. I probably told 20 customers that their parts would be in on Thursday and didn't find out until Monday that I would have to wait another week before the order arrived."

What about other areas, are they also having problems or are these just isolated cases specific to these locations?

And what do the PDC's involved have to say about these concerns?

According to Rusty, "I talked to the depot for over an hour and a half about this, I was told that there wasn't anything they could do for me. They said that the decision wasn't made by them and that it came down from Detroit. They also said they were getting a lot of complaints from a lot of dealers."

When James Brinkley's Dealer Principal called FCSD's North American Traffic & Customs activity he was told that the problems were isolated and were due to local PDC problems.

James Brinkley added, "I had conversations with the Chicago traffic department on several occasions throughout this period and would like to commend Ken Du Beau and Floyd Busse for all of their help in providing PRO numbers and phone numbers for the common carriers. Even though they were experiencing enormous call volumes, due to the problem, they always returned their voice mail, were kind, and displayed a spirit of helpfulness despite the obvious problems that this situation caused."

Both Parts Managers agreed on another point. "What a waste of time this whole ordeal has been," said Brinkley. "The information about what was going to happen was very confusing. First I was told my route would be cancelled. Then I was told I wasn't on the "black-list" as some at Ford were calling it. Then I was told that I should have been on the list but was mistakenly left off. Meanwhile, my orders were taking 6-8 days to arrive."

"I'd like to know what Ford spent on this analysis. Wouldn't it have been more cost effective and informative if Ford had used the knowledge of its dealer body and depot traffic departments? Who would know better than the people who do this day in and day out? I think Ford should take a second look before it decides to cut anymore services in its parts division."

Rusty Williams conveyed the same concerns, "I'm wasting all of my time just try-

ing to figure out when my orders will arrive. It would seem that FCSD could have done a better job of letting us know what was going to happen and when instead of just dropping this on us."

When the contract carriage system was put in place it solved many, many dealer delivery concerns. Giving the contract carriage company keys to the dealership and 24hr access to the property provided obvious advantages over common carriers who could only deliver during working hours.

Contract carriage trucks were less likely to have to transfer freight from one truck to another and we all know loading and re-loading trucks meant increased damage and shortages. And, speaking of damage and shortage, how much did the contract carriage system save FCSD and the dealers by shipping small parts in plastic totes that were less likely to break open and larger parts in protective metal cages that could withstand considerable abuse?

And, contract carriage, at least in the past, was perceived as the solution to getting more parts, to more dealers, in undamaged conditions on a more consistent basis. In short, we originally went to contract carriage due to the problems we saw with the common carrier system.

Editors Note...Just before we went to print, James Brinkley told us that the Chicago Traffic people called to tell him that his stock orders would be put back on contract carriage. But, his interim orders would still be sent by common carrier. Rusty, and the rest of the dealers around him, have yet to resolve the situation.

We'd Tried To Include An Interview With FCSD's Mike Lombardi In This Issue.

Due To Conflicting Schedules, We Were Unable To Make It Happen.

Hopefully Next Month!

BLUE LINE

Ford Parts Managers Association



Have You Seen www.fdealer.com Yet?

If you're not aware of it, Ford has been trying to switch its COMBAT information system over to an internet based communication system.



Originally Ford set the end of 1998 as the target for switching but found that only 70% of the dealers had internet capabilities. Now the goal is to switch over by May of 1999, and a big push is on to get dealers ready. In fact, Ford has even made arrangements with Dell Computers to provide discounts to dealers who want to purchase PC's to access the net.

The actual web site where dealers will access most company communications is already up and functioning at www.fdealer.com and we encourage you to take a look at this very well done site.

One of the most powerful links on the site is to Dealer Council information. I can remember only a few short years ago where if you wanted to get in contact with your Dealer Council Rep. it was an all day affair just to find out who he was. Now, from this link,

you can see the Dealer Council Priorities, meeting schedules, read minutes of Council and its subcommittees and even listen to audio files that contain Dealer Council comments.

By accessing the Dealer Council Forum, visitors to the site can also submit their comments to dealer council, and they are then posted on the site for others to read and/or respond to. Currently there are "2" parts related Council Priorities (Parts Distribution/Availability and Parts Return) that have, unfortunately, received "no" input from dealers.

To access the site get on the internet and go to www.fdealer.com. You will need to follow the simple new users instructions the first time you visit the site. After that you just need to enter your password to log-on.

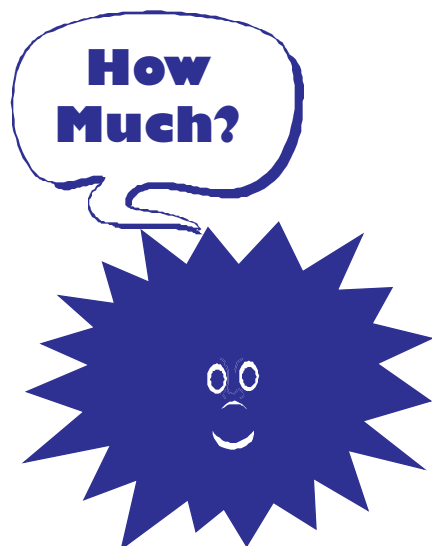
Besides COMBAT info, which currently doesn't seem to have any Parts & Service info yet, the site is full of useful stuff. Best practices that can be viewed as RealTime video, news, product in-

formation, upcoming events, a site suggestion box, Fordstar broadcasts and even Nascar information can be found on the site.

Accessing the site is not just another way to stay informed, it is an interesting way to participate in the processes that help shape the future of our business. Ford, FCSD and Dealer Council have never been this accessible to us before. Take advantage of the site to communicate your suggestions about Parts or Service related issues. Get in there and give dealer council your ideas for improving Parts Availability and Parts Return. Tell your Service Manager that there is a section dealing with warranty labor times that is also getting no input.

If you haven't yet discovered the power of the internet, fdealer.com is another reason to get connected.

Battery Cable Carries Shocking Price!



Another case of engineers designing with no thought to replacement costs was brought to our attention last week.

The message below was posted in one of the discussion groups on our web site. It said...

"We have just went to our ford dealer to buy a battery cable the price was \$230.00 we need to know if we can get it for less some where else? The car is a 1994 Escort LX 1.9 liter. We live in rural Arizona. Can you help? Thank you Diann"

At first we thought it had to be some kind of mistake or misunderstanding. Maybe the \$230 included charges for a system check or other repairs to the electrical system.

But, when we looked up the battery cables (Base#'s 14300 & 14301) we were shocked to see that the battery cables were listed as obsolete in CPD and were replaced by a complete wiring harness assembly that included the cables.

If you need battery cables for this vehicle you must buy F6CZ-14305-AA for \$225.35.

BLUE LINE

Ford Parts Managers Association



Dealer Makes AtW Program Work For Him

While we have been receiving dozens of calls, faxes and e-mails complaining about tire pricing in the AtW program we also received a fax from Parts Manager, Tip Combs at Sunland Linc-Merc in Phoenix, Arizona. His contact with us stood out because it was such a glowing endorsement of the AtW program.

Tip wrote....

"The AtW program is a total winner! Tire sales at our store have exploded! In addition...shocks, brakes and battery sales have climbed dramatically. I don't usually applaud Ford programs but this (AtW) will make you money."

After receiving so many complaints about tire pricing we just had to call Tip to find out how he was having so much success with AtW while others seemed to be having so much difficulty making the program work.

The first question we asked Tip was about pricing. Was he able to buy tires in Phoenix for less than the AtW program?

"Sure I can buy tires for less, but does that really surprise anyone? If you try hard enough you can buy almost everything for less than FCSD prices. But hey, get over it! The sooner dealers get off the tire pricing issue and realize that the program is meant to sell other items like shocks, brakes and front end parts, the sooner they'll make the program work. In our dealership it has been absolutely incredible."

We asked Tip how he, and his Service Department, handles the AtW program and what he said was a whole lot of common sense.

"First we offer a fair price. We price the tires at cost plus 20% and charge only \$10 to mount and balance each tire. There are no hidden charges at all. No \$3 for a valve stem if needed, no additional charges for locking wheel lugs, just cost +20% and \$10 a tire."

We commented that a cost +20% sale wasn't a very large gross for a retail sale, in fact most dealership internal pricing is cost +25%.

"I don't usually applaud Ford programs but this (AtW) will make you money."

Tip said, "You're 100% right but that's not the point. The AtW program made us focus on an area of sales that was right in front of us all the time but that we didn't take advantage of. We simply didn't pay any attention to tire sales. We'd sell the occasional set but we weren't actively trying to sell tires. Now we do and there are a lot of other parts and services we sell because we are right there looking at the suspension, brakes, exhaust and undercarriage while we replace the tires. We went from selling almost no tires to selling 3-4 sets everyday.

And, I'm glad you reminded me about internals. We have been able to save our used car department about \$80 per set of tires. That adds up to a lot of money in a year's time and has to be considered a benefit of the program too."

I know Tip said we have to get over the pricing issue but I just had to ask him if he bought all of his tires through the AtW program.

"I buy through AtW when it makes sense which is about half of the time. Other times, I still purchase from the tire makers."

I asked him what he thought about Carl Bergman's recent comment that FCSD wanted to sell 1,000,000 tires in 1999 so that Ford would have more clout with the tire companies and get better pricing. (currently the program is at about 40,000 per month or half of the goal).

"If FCSD could offer the lowest pricing on tires through Ford and Linc-Merc dealers we could absolutely take over the tire market. As for clout, it would seem that Ford already buys 12 to 15 million tires a year already for new vehicle production. The real question might be why isn't that considered clout by the tire makers?"

The last thing we asked Tip was if there was anything he didn't like about the AtW program.

"I don't think the purchase of a computer was necessary to make the program work. It's a good computer, better than most of the systems we see, and we use it for a lot on non-AtW application, but I think we could have easily done without it.

Tip said he would be happy to talk to anyone who might have questions about the AtW program and told us that we could publish his phone number which is 1-602-939-3301.

AtW E-Mail

Hello my name is Greg Williams, manager at Noble Ford Mercury. I was wondering what type of success you have seen with AtW, our dealership has a kick off date 2/17/99, we have been selling tires since 12/1/98 and have had a great success so far selling 150 tires and numerous other maintenance items from the tire sale. There are other dealers in the Des Moines market that have had nothing but problems getting tires. To this day we have 3 different vendors for tires and usually the same day service. The key to its success seems to be getting advisors and technicians to understand that it's either sink or swim in the retail market, thank God we have gotten the point across here relying less on warranty repairs. Other comments would be greatly appreciated.

Greg Williams

E-Mail gtjnwilly@lisco.net

BLUE LINE

Ford Parts Managers Association



Ford Facts...The Ranchero ('57-'71)

The Ranchero started its journey into Ford history in 1957 when it joined the Courier in what called the car/light truck family. The Ranchero was designed to use all passenger car sheet metal and mechanical components. It is said that the concept for the first Ranchero came from Australia where Ford USA., copied the Ute (for utility) pickups they had been building "down under" for years.

The Ranchero Custom was the most popular and the 1957 model offered a total of "10" different tu-tone color combinations, all stainless steel trim and 2 different interior color combinations. Unlike the Australian Ute, the Ranchero Custom could be quite a snazzy package and, with a base price of \$2,149, 15,277 were sold in 1957.

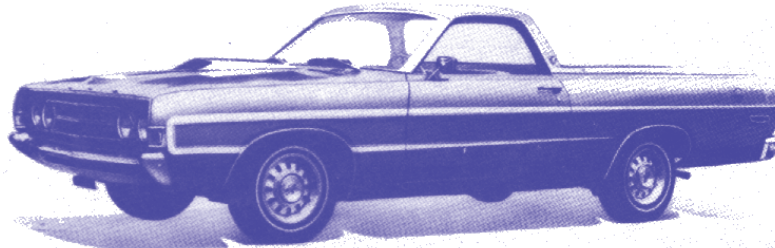
In 1960, Ford started the year without making the Ranchero. But in January, when the Falcon wagons made their appearance, a new Ranchero was introduced. This model was based on the Falcon, rather than the full-sized Ford, and was billed as "America's Lowest Priced Pick-Up," and had a base price of \$1,882.

The new, smaller, lighter and less expensive Ranchero was an instant hit with the public. Even though it had a six foot box and could carry a payload of only 800 pounds, the model sold a surprising 21,027 copies, far more than the full sized model.

In 1963, 18,533 Ranchero's were sold. By this time Ford went back to only two versions of the model. A plain version which had a base price of \$1,898 attracted 12,218 buyers and the deluxe model sold 6,315 units. The Ranchero became less fancy in 1963 and even the deluxe model did not include the trademark side trim.

In 1964, Ranchero sales dropped by almost half. By now, the base price was over \$2,000

and Ford could attract only 9,916 buyers. In 1964, the Ranchero could be ordered with bucket seats and 235 models with them were ordered.



By 1966, the Ranchero was Ford's only small truck based entirely on automobile components. The Courier, Ford's other car/truck was discontinued after the 1965 model year. Sales of the Ranchero were now only about 12,500 units and had a base price of \$2,330.

In 1967, the Ranchero would no longer be a Falcon off shoot. Now based on The Fairlane line, Ford added a Fairlane nose and other updated sheet metal. A sporty Fairlane 500XL Ranchero was offered with bucket seats and console. By 1967 Ranchero sales climbed to about 17,000 units and the starting base price was \$2,514.

In 1968 Ford offered three different versions of the Fairlane Ranchero. The plain Ranchero based at \$2,632 sold 5,014 copies, the mid-line Ranchero 500 was sold to 10,029 customers and had a base of \$2,731. The high end Ranchero for 1968 was the very rare Ranchero GT. At almost \$3,000 only 1,669 GT models were produced.

By 1969, the Ranchero was available with muscle. The 428 Ram Air Cobra Jet package was available with a special suspension package. The GT models now came with hood scoop, bucket seats, deluxe wheel covers, special grille, and C-Stripe decals on the body. Argent styled steel wheels were an extra. Prices and sales volumes were virtually the same as in 1967.

In 1970 the Torino based Fairlanes got a face lift and so did the Ranchero. The most expensive of the Torino based Ranchero's was the GT model at \$3,101. Now, all engine options, right through the 429 could be ordered. The GT featured its own unique color coded laser stripes. Sales of 1970 Rancheros were just under 18,000 units.

In 1971, the fanciest Ranchero was the Squire model. Although not the first to have it, the Squire came with woodgrain decals. The 1971 was the first Ranchero to have hidden headlamps whose covers opened when the lamps were turned on.

In The Next Issue

**Selling Parts
On The
Internet...**

And Much, Much, More...

THE "BLUE LINE" IS PUBLISHED
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F.P.M.A.
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PO Box 147
SODUS PT. NY 14555
FAX 1-315-483-9589
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