

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.

Distribution, Availability & PIPP Are Top Priorities Of 1999 Dealer Council

Editors Note...The Top Dealer Council Priorities Are Listed Here For Your Review.

We have provided details on the ones that we feel will have an effect on the Ford Parts business.

We also encourage you to express your thoughts, concerns or suggestions on these topics to your PSMAC representatives.

1999 Dealer Council Top Priorities

- 1) Corporate Trust
- 2) Ford Retail Network (FRN)
- 3) Order To Delivery (OTD)
- 4) Cost & Effectiveness Of Current Communications System
- 5) Product Sharing
- 6) Financing
 - *Red Carpet Lease
 - * Used Vehicle Financing
- 7) Incentive Program Simplification
- 8) Internet Strategy
- 9) Warranty Labor Time Standards
- 10) Parts Distribution & Availability
- 11) Vehicle Holdback
- 12) Parts Return

10. The Tenth Priority is Parts Distribution/Availability.

The Goals

Streamline the Parts Distribution Process. Decrease backorders and improve transportation delivery time.

The Issues

Delivery inefficiencies
Local PDC backorders continue to increase
New Model parts are not available for months after launch i.e., Super Duty.
Backorders are creating increased emergency order cost, increased TAP day utilization, and increased customer dissatisfaction.

Dealer Council's Proposed Next Steps:

To improve fill rate and availability, we recommend a third-party objectively benchmark our system and performances against one major domestic and one import manufacturer and revise system for the long-term improvements.
Ensure that all Ford activities and suppliers i.e., Purchasing, prioritizes the availability of service parts.
Additionally, address the following concerns:
Eliminate backorder parts problems and improve fix it right the first time performance by implementing a National Dealer Parts Locator.
Insist on Delivery Time Standard by all contractors for 11:00 a.m. next day delivery on all overnight parts orders.
Add bar coding on all parts to enable efficiencies in inventory management, pricing and accounting.
Ensure that all replacement parts for New Models are available prior to vehicle launch.
Recommend Ford provide Dealers parts process improvements i.e., FCA for parts and an integrated on-line inventory management system to increase inventory turnover and decrease inventory investment.

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Dealer Council From Pg. 1

12. Our Final Priority for the 1999 Council Year is Parts Return.

The Goals

Improve dealers' parts inventory management and turn rate. Eliminate frozen capital currently in non-moving parts inventory.

The Issues

During the past 3-5 years, the Council was advised of the Company's vision for a 30-day parts return that would enable dealers to return parts not sold after 30 days for credit at 100% of purchase price. The vision provided for the program devoid of handling charges or excessive restrictions on returns.

There is currently a test program being conducted out of the Chicago Parts Distribution Center but as it has been described to Council, it appears to be a departure from the vision previously set forth in that Dealers are being charged a higher rate for emergency orders.

Dealer Council's Proposed Next

Steps:

We encourage the Company to enact an ongoing 30-day return policy coupled with a one-time parts exchange program which would promote aggressive dealer parts purchases to support the maintenance and light repair initiative i.e., QCM, ATW, Quality Care. It could include a reasonable discount on returned parts with a purchase requirement from Ford of fast moving parts in exchange.

We also recommend no increase in the emergency surcharge.

The Entire Text Of All Of The 1999 Ford Dealer Council Priorities Can Be Found At

<http://www.fmanet.com>

FCSD Concerned That Dealers "Over Manage" Warranty Parts Return

When This Letter Came Into Our Offices A Few Months Ago, We Didn't Give It Much Thought. But Since Receiving It, We've Had Dozens Of Calls Asking Us To Do An Article On Just How Complicated Returning Warranty Parts Has Become. So, Below Is The Letter And On The Next Page Is The "Other Side" Of Warranty Return Practices.

September 21, 1998

To: All Ford and Lincoln Mercury Dealers-Contact Regions
Subject: Revised Warranty Parts Retention and Return Practices

The purpose of this communication is to provide to your dealership the recommended best practices for handling, retaining and returning parts removed in warranty repairs at the least cost.

A joint Company and Dealer Shared Decision Make Team—the Affordable Business Structure Team—has been focusing its efforts on reducing waste and cost in the Parts and Service Departments of dealerships and at Ford Customer Service Division.

The team has been instrumental in several cost-saving initiatives, such as reducing shop manual errors, assisting the Dealer Councils in eliminating Essential Special Service Tool costs, revised warranty parts retention and return policies for Select Dealers and removing other administrative burdens relating to warranty and policy processes.

Quite simply, dealer Parts and Service personnel are over-managing the process resulting in holding too many parts for too long of a time period than is really necessary. In order to better understand dealership warranty parts retention and return issues, an independent automotive service consulting firm examined numerous dealerships in an attempt to quantify those costs.

Several common processing weaknesses were discovered at nearly every dealership where an on-site study was conducted.

The enclosed warranty parts best practices card was developed to minimize the cost to your Parts and Service Operations for handling those parts.

We appreciate your continued support of return parts removed under warranty to our engineers and suppliers. This segment of our strategy to provide continuous vehicle quality improvements has been and will continue to be invaluable in our goal of producing high quality vehicles representing value to our customers.

Questions concerning warranty parts retention and return policies should be directed to the Warranty Parts Return Center Help Line at 1-800/416-9772.

Sincerely,
Carl E. Bergman

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Why Are Dealers "Over-Managing" Warranty Parts Return? Or...How To Complicate A Cup Of Coffee

While we appreciate FCSD's concern that we are wasting time and increasing Parts Dept. costs by inefficient managing of warranty parts return, we also feel that Mr. Bergman's letter "begs" for a response.

First of all, it is obvious that who ever did the study on warranty parts retention practices must be new to the game. We say this because if they had been in the business for any length of time they would understand just how complex FCSD has made the whole warranty retention/return process compared to the way it was handled just a few short years ago.

If they had any historical background on the subject they would recognize that what once was a very simple process, has evolved into a nightmare of complexity and confusion that has even the most efficient dealers scratching their heads.

Complicating this cup of coffee didn't happen overnight and we believe that it happened for two reasons.

First, the attempt to reduce Ford's warranty expense has played the biggest role in making warranty return and retention more complex. To reduce warranty expense suppliers and engineers want to see more warranty parts, more often. This is due to two key issues. First, quickly seeing failures or trends in failures can mean faster solutions to problems, faster fixes and faster engineering changes. From an engineering standpoint, the faster a problem is recognized and corrected, the fewer number of future warranty claims, the lower the warranty expense and an improvement in vehicle quality can be realized.

Second, failures must be accountable to someone. Was it the suppliers fault? Did the supplier have a flawed manufacturing

So, someone at WPRC/FCSD figured that, since the dealers had to ship the parts back anyway, and since FCSD will reimburse the shipping charges, why not have them send the parts to the ultimate destination. On paper it probably looked great. Less work and expense for WPRC and no additional cost that wouldn't be reimbursed to the dealer. Win-Win? Not quite.

To give you an example of what dealers now go through to retain and return warranty parts, consider this true story given to us by a very efficient dealer in Michigan.

He told us that his shipping and receiving clerk recently couldn't seem to keep up with the volume of shipments that had to be made daily. He suspected, that since no one stands over this employee and supervised his

time, that maybe he was goofing off. So he kept track of his time one day only to find out that he was doing the work that WPRC once did.

He used to return parts to the Warranty Parts Return Center (WPRC) in ONE SHIPMENT. They then sorted out the returned parts by vendor and returned them in bulk to them. Now he was shipping warranty return parts to individual vendors for FCSD. In one month he shipped 40 shipments to 22 different locations.

This is a very time consuming process that involves handling, packaging, labeling, logging, calling for pick-up, weighing and making out log books and manifests. Tracing and tracking all those shipments for shortage claims is very time consuming also.

Here Is A List Of Vendors That One Dealer Had To Send Warranty Return Parts To In A 30 Day Period

| | |
|-----------------------------|--------------------------|
| Hesco Parts | CDM Technologies |
| Kelsey Hayes | FCSD Serv. ENG |
| FOMOCO Ryken | Excel Industries |
| Automotive Products | HLM (DEARBORN) |
| FOMOCO Laredo, Texas | FOMOCO Elec & Ref. PA |
| Maisushita Corp, TN | International Jansen, NC |
| Vehicle Safety Systems, Tx. | Motorola |
| Visteon Climate Control | Valeo Wiper |
| SSI Technologies | Wabash Magnetics |
| Trico Products | OSRAM Sylvania |
| Danau Tech Ctr. | Standard Products |

And Of Course...WPRC

or packaging process that caused the part to fail? Was the failure caused by flawed materials used to make the part?

Determining whether or not the failure was the result of engineering or manufacturing often determines who is going to pay for the failure. So, everyone wants to see more failed warranty replaced parts.

The second reason why the process has become so complex is that the WPRC was faced with the same problems as the dealer. Because so many more warranty replaced parts needed to be inspected, thousands and thousands of warranty return parts were coming into the WPRC every week. These parts had to be sorted and sent to dozens of individual vendors. Keeping track of these additional warranty parts, who they went to, when they had to be there, what dealer they came from and keeping shipping records etc... placed a tremendous burden on the WPRC.

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Warranty Parts Return From Pg.3

Making single shipments to WPRC where they did the sorting was not a problem. Doing all their work and making multiple shipments is.

But, once all this work is done, the process is far from finished. Since FCSD does reimburse for shipping charges on warranty return parts, filing the claim for these freight charges is the next step. And, the claiming process is now more time consuming and complex to do.

Since most parts are sent back by UPS, claiming freight charges used to be as simple as looking through the UPS logs, picking out shipments to WPRC, comparing shipper numbers to UPS invoice charges and submitting a claim. Now, you must keep track of dozens of shipping destinations instead of just shipments to WPRC.

Here's a list of the 22 Ship To locations that he sent returns to:

- Hesco Parts
- CDM Technologies
- Kelsey Hayes
- FCSD Serv. ENG
- FOMOCO Ryken
- Excel Industries
- Automotive Products
- HLM (DEARBORN)
- FOMOCO Laredo, Texas
- FOMOCO Elec & Ref. PA
- Maisushita Corp, TN
- International Jansen, NC
- Vehicle Safety Systems, Tx.
- Motorola
- Visteon Climate Control
- Valeo Wiper
- SSI Technologies
- Wabash Magnetics
- Trico Products
- OSRAM Sylvania
- Danau Tech Ctr.
- Standard Products

As you can clearly see the claiming handling charge is very necessary. And, if you're not doing it, you are really getting a double whammy.

While we don't see the number of warranty replaced parts that are required to be sent back decreasing, or the number of vendors they need to be sent to getting any smaller, there is a simple way FCSD could help the dealers with this problem.

Let's go back to a single "Yellow FC-700 Tag" that has a tear off "ship to" label on it. FCSD can decide what parts they want and where they want them to go to. All the dealer will have to do is attach the pre-printed label and ship the part. In fact, putting a pre-printed bar code tracking identifier on the label might also be possible to help dealers track shipments.

The tracking code could also be used to notify dealers of what requested parts are not in the system as being shipped so that they could avoid chargebacks and appeals. Possibly the tracking code could be somehow tied into the shipper billing so that claiming freight charges could be as simple as having UPS give you a print out of shipping charges for qualified warranty returned parts. The print-out could be attached to the claim as proof of shipment and include dates and amounts.

Possibly a handling and administrative allowance to do all of the warranty return associated paperwork should be considered since warranty return and retention has become more time intensive.

We urge you to bring this to your Dealer's attention so he can take it to his Dealer Council Delegate. We also ask that you give this to your PSMAC Delegate so he can bring up matter at PSMAC meetings.

FCSD has printed a list of best practices as they pertain to warranty parts retention and return. It out lines what needs to be done and what FCSD has found to be the simplest ways of handling this increasing difficult task.

If you want a copy of it, we believe you can get it by calling the WPRC help line at... 1-800-416-9772.

DOESII BULLETIN 2747

SUBJECT: FQR STEERING
ALTERNATOR STATUS

The subject programs have experienced a much higher demand than was forecast by FCSD and the suppliers. Manufacturing capacity has been increased and further added capacity is planned to be implemented within the next 30 days. This message is intended to provide you with present parts availability status and timing to overcome existing backorder conditions.

STEERING FQR PROGRAM (Rack and pinion; Integral gear box; Power steering pump)

Emergency Orders: Being filled as received, with the exception of two rack and pinion parts (F8OZ-3504-BARM and F8DZ-3504-CARM). Shortage of a component part has made these two parts unavailable. Current shipping status will be achieved by Jan. 4.

Stock Orders: Presently being filled in sequence received. Projected "current status" date of Jan. 4 has been revised to month-end, January due to increasing demand. Two R&P parts (Continental and Taurus/Sable) will require an additional 2-4 weeks to reach current shipping status.

STARTER / ALTERNATOR PROGRAM
Emergency Orders: 95% are shipped within 24 hours of order receipt. Balance (primarily low demand parts) being shipped as available (within five days).

Stock orders: Presently being filled in sequence received. Additional manufacturing capacity will be in place by month-end, January. Projected timing to be current on shipping all orders is month-end, March.

Dealerships should advise FADS to place emergency orders to service Inoperative vehicles. However, use of this order category for other than true critical needs will further hamper the efforts to reach current status on all involved parts.

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What's On The Minds Of The Members??

Random Comments On Various Ford Parts Topics

On The Ford Retail Network

Have you ever heard the phrase "There is nothing new under the sun?" Will company owned stores succeed? Let's look at the past Ford programs. Where are they? IE-"Walker Exhaust", "LSG", "Retail Parts Store" and even a "tire" program.

When Ford comes out with a "program" the dealership is assured, if they make the investment and stick to it, that customers will flock to their stores and will have more business than they can handle.

Since the dealer body isn't willing or able to "step up" and make these programs work, Ford Motor Co. is going to show us the way.

My question is what's going to happen, in these metro markets, if the increase in sales and profit that Ford expects doesn't materialize? Will they just back out? Ford will give special consideration to the company stores if the figures aren't favorable, after all they are going to protect their investment.

John Thacker, Mathews Ford Inc.

More On FRN

I do not think that Ford will be profitable for years in these stores. The new Ford owned stores will be fine if they can weather one year of Ford fooling around in retail and realizing that 0-1% ROI is not what they are used to. I think it would be worse dealing with upper management that has not spent years dealing in retail. The only way they will make their stores profitable is do change the playing field because it just takes too much work to be profitable with the kind of help Ford has been giving us lately.

Kim Peterson, L/M of Lansing

Wiper Blades Should Not Be A Loser

Ford Motor Company continues to erode our profit margins.

In the latest move wiper blade consolidation sounded great until I looked at pricing. 35% list to dealer margin!

This should be a bread and butter item not a loser. Less numbers, increased volume could mean good gross if priced correctly.

You can't tell me Ford is not the winner here...we lose again.

Name withheld by request

20% Business Growth Challenge

Just out of curiosity, I was wondering how other participants in the 20% business growth challenge contest were doing.

In the 12 months of this contest, I've received three progress reports (April, August and September).

In April I was way over my objective. In August I was way under and September it was touch and go.

Three phone calls to the client support center gave 3 different stories. The latest being to contract my district office. The most current info my zone rep has is from July.

As the contest draws to a close I have no idea how I'm doing toward my objective.

Jack Karl
Pleasant Valley Ford

20% PIPP Cash Option

I love this sentence in the PS&L Quarterly on the PIPP 20% cash option. "A commitment was made to find a way to remove this unsound practice"-it should have read-"A commitment was made to find a way to increase corporate."

Come on, was this really a bad practice? That 20% money (\$2500 + in our case!) was a worth while incentive to do everything in our power to maintain a clean inventory.

How many Visteon bumper covers sold at cost +10% would have to be sold to put that kind of money on the bottom line?

Take the 20% money not being paid to dealers and use it to offset the 3% charge in emergency order surcharge and 3% restocking fee for the 30 day return program.

P.S. I want to be a Ford parts W.D.-how do I get in touch with the W.D. division of Visteon? Is the 20% savings going to the Visteon racing program?

Name withheld by request

Get Back Orders Under Control Before Doing Anything Else

FCSD should stop trying to "re-write the book" on parts until it fully understands the old one.

The "nuts & bolts" of the parts business is that we should have on the shelf, or be able to quickly get, parts to fill customer needs. That's as complex as it needs to be.

Far too often common everyday parts are not available. How can we sell what we can't get?

Name withheld by request

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Fax Back Survey Results

"What Do You Think Of The Trend Towards Truck-Load Orders & Pricing?"

Editors Note... Our Last Fax Back Survey Asked For Member Comment On FCSD's Trend Towards Truck-Load Orders.

We Asked For Comment On The Following Aspects Of Truck Load Programs.

◆ Why Do You Participate, Or Not Participate, In The Truckload Programs?

◆ Do You Think That Each Truckload Program Should Stand On Its Own Or Be Combined With Others As In The Fascia/Radiator Program?

◆ How Competitive Is The Truckload Pricing?

◆ What Problems Have You Seen With, Truckload Program Delivery, Packaging, And/Or Availability?

◆ How Easy Has It Been To "Pool" Orders With Other Dealers?

◆ What Other Product Lines Should Be Available In Truckload Programs?

◆ Do You Think Truckload Programs Give An Advantage To Large Dealers?

We Received Over 400 Responses And Have Reprinted What We Think Are Representative Comments.

Based On The Feedback, We Believe That FCSD Could "tweak" The Truck-Load Program To Make It More Appealing And/Or Possible For A Larger Number Of Dealers.

Suggestions...Let Programs Stand On Their Own. Offer Additional Discount If Combined. Offer "Mini-Truck Loads To Smaller Dealers At Less Discount. "Mix & Match" With Dollar Amt. Qualifier

Space Constraints & Local Rivalry

With space and money constraints, I can't see me buying a truckload of anything.

Rivalry among dealers in this area is too intense to share a truckload. At this time, truckload buying is not a consideration for me.

Maybe the depots should be more interested in keeping fast moving parts in stock.

Name withheld by request

Truck Loads Give Advantage To Large Dealers

Truckload programs give a huge advantage to large dealerships. They have the space to stock large amounts.

Medium and small dealers have to pool orders and can't put in a interim order.

I feel that all dealers who pool orders should not be penalized. We must wait too long for supplies to go down enough to reorder.

Truckload orders should not be combined!!
Jack Conlan, Douglas Ford

Cost Factor The Problem

We participate in the fascia truckload program and have considered the radiator program. The problems we have encountered do not have anything to do with delivery, packing or availability but with the cost factor.

When they were introduced, we were leery of the program because we felt that the aftermarket suppliers would just cut their prices... guess what, they did.

The initial success we had in selling them has gone away and now we are selling them through our body shop or to an occasional dealer.

So when we got the radiator price sheet we checked into what we could by new Modine radiators for compared to Ford prices. We found one radiator at the same price as Ford. All of the others were 10%-15% cheaper than Ford. Ford needs to take a long hard look at cost plus a decent profit and not just try to match prices.

Jerry Bell, Park Cities Ford

Blems For Less Than \$100

Why should we have to buy 3 in a box or trailer load?

Pricing, a joke. I have a FMC supplier selling blems at under \$100 per unit.

In our selling area-nobody wants to get in pooled orders. As for other truckload programs... we could use sheet metal not packaged by 3.

Larger dealers get the benefit. Let's get back to our real problems-B.Os.
David Burlew, Brondes Ford

Ford Wants Visteon To Sell To After Market

I expected the radiator program to improve the bumper fascia truckload by reducing the quantity of bumpers needed for a truckload. Mix and match 20 radiators, 76 bumpers for example. But no, Ford wants this program to fail so Visteon can sell to aftermarket and say dealers cant wholesale. So we gave you the chance and you couldn't sell the volume. I am waiting for the lighting program to complicate it further! Great product, great idea, prices ok but FCSD fails to implement! Name withheld by request

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FCSD Top 10 Backorders

Listed Below Are The Top 10 FCSD Back Orders For The Week Of 12/14/98.

At This Time, FCSD Reported That There Were 8,168 Part Numbers On Back Order. These back ordered parts represented 105,510 individual lines.

The Total Dollar Value Of These Back Orders Was \$15,700,000.00 At Dealer Cost.

The Total Month To Date Dealer Fill Rate Was Reported To Be 95.8%

Special Program Fill Rates Were Reported As Follows.....

Brake Lining Sets 96.7%
Disc Brake Parts 96.3%
Shocks & Struts 97.1%

1) F4DZ-5K484-A

Link Assembly. 94 Lincoln Continental 94-95 Taurus/Sable. Supplier: Temes Procurement. Backorder Lines: 2,393. Backorder Pieces: 18,010. Supply Problem: Campaign/Field Fix Recall-Replacement rate exceeding engineering projection. Emergency Order Status: Will fill from PDCs upon receipt. Off Backorder 2/28/99

2) F5AZ-1104-A

Hub & Bearing Asy. 95-97 Crown Victoria/Grand Marquis/Town Car. Supplier: C. R. Industries. Backorder Lines: 755. Backorder Pieces: 2,167. Supply Problem: Engineering Change/Reinstate part

number. Emergency Order Status: Will fill from PDCs upon receipt. Off Backorder: 12/31/98.

3) E8DZ-18472-E

Hose-Heater Inlet. 89-95 Taurus/Sable. Supplier: Goodyear Tire & Rubber. Backorder Lines: 888. Backorder Pieces: 1,877. Supply Problem: Demand exceeding forecast. Emergency Order Status: Filling from PDCs. Off Backorder: 1/15/99.

4) F7RZ-7D443-KA

Housing Assembly. 95-96 Contour Mystique. Supplier: Dura Automotive Systems Inc. Backorder Lines: 642. Backorder pieces: 1,239. Supply Problem: Tooling Issue/Design/Engineering change. Emergency Order Status: Will fill from PDCs upon receipt. Off Backorder: 1/14/99.

5) E9TZ-9A758-U

Cable Assembly. 87-91 F-Series. Supplier: Dura Automotive Systems Inc. Backorder Lines: 623. Backorder pieces: 1,102. Supply Problem: Recent resource. Emergency Order Status: Filling from PDCs. Off Backorder: 12/26/98.

6) XL2Z-7862649-AA

Latch. Explorer Supplier: Lear Seating Corporation. Backorder Lines: 605. Backorder Pieces: 1,066. Supply Problem: Supplier capacity/Prototype tooling. Emergency Order Status: Filling from PDCs. Off Backorder: 12/31/98.

7) F58Z-2200-EA

Brake Shoe-Kit. 95-99 Windstar. Supplier: Robert Bosch Corporation. Backorder Lines: 504. Backorder Pieces: 1,278. Supply Problem: Capacity at Production Plant in Mexico. Emergency Order Status: Filling From PDCs. Off Backorder: 1/15/99.

8) E9SZ-2261-B

Rear Wheel Brake Cylinder Assembly. 90-95 Taurus/Sable 91-93 Thunderbird/Cougar 95 Windstar. Supplier: Robert Bosch Corporation. Backorder Lines: 490. Backorder Pieces: 1,442. Supply Problem: Sub-component problem. Emergency Order Status: Will fill from PDCs upon receipt. Off Backorder: 1/15/99

9) F2VY-5427008-A

Reg. Assembly-Rear Door/Window. 91-92 Town Car. Supplier: Excel Systems Inc. Backorder Lines: 466. Backorder Pieces: 776. Supply Problem: Demand exceeding forecast. Emergency Order Status: Will fill from PDCs upon receipt. Off Backorder: 1/31/99.

10) F87Z-5A231-BA

U-Bolt. 98 Explorer/Mountaineer. Supplier: Heckethorn Mfg. Co. Backorder Lines: 448. Backorder Pieces: 903. Supply Problem: Demand exceeding forecast. Emergency Order Status: Will fill from PDCs upon receipt. Off Backorder: 12/31/98.



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Q34 Mystery

Editors Note...The Question Of Parts Being At The Depot And Not Available For Shipping Because The Stock Has Not Yet Been Put Away Has Been Cropping Up More And More Frequently. We Have Had Over 15 Complaints From Parts Managers In The Last 90 Days About Advice Codes And DOESII Merchandiser Remarks That Seem To Indicate That, While The Parts They Ordered Were In The Depot, The Orders Would Not Be Filled Because The Stock Had Not Yet Been Put Away. Below Are A Couple Of Examples Of The Problem. The First Was An E-Mail Sent To Us From A Dealership In Pittsburgh And The Other A DOESII Remarks Screen From A Dealer In California. On The Next Page We Have Re-Printed The "Official" DOESII Advice Codes For Your Review.

My dealership is located in Pittsburgh and is facing Detroit PDC. My concern is with the growing number of parts I order on my weekly stock order with Q34 status. I have been a parts manager for about 25 years and have never seen the number of "Q34" showing up especially on weekly stock orders. My understanding of this status has always been that there is stock on hand at the depot but has not yet been put away. Has the meaning changed? If it has not, it is taking much longer to put up stock than it used to. Sometimes these parts do not show up for weeks. Could it be that because Q34 is not technically a backorder, Detroit PDC is using this status more and more to disguise the fact that their backorder situation is much worse than their published fill rates indicate. I would like to know if other PDCs across the country have used this status more in recent months and if you include Q34 as a backorder what is our fill rate now?

JanFreudenberg
 Wexford Ford
 Inc 724-934-2388
 E-Mail PARTSNERD@aol.com

Editors Note...In This Actual DOESII Screen Print, You Need To Notice The Dates. The Inquiry Was On 11/19/98. The Indicated Date Off Back Order Was Shown To Be Two Days Earlier Or 11/17/98. And, Based On The Information Provided, It Would Appear That The Parts Were In The Depot, But Not Put Away, For Nearly A Month.

| | | |
|-------------------------------------|--|--------------------------------|
| ADHR5501 | DOES II SYSTEM | 11/19/98 17:30:16 (EST) |
| CUSTOMER | MERCHANDISER REMARKS | ONLINE:002 MIN. |
| COMMAND: | NEXT KEY: | |
| PART# F58Z 12A362B | ENG# F58E12A362BA | |
| PART NAME: SYNCHRONIZER ASSY | DATE OFF B/O: 11/17/98 | B/O RANKING 315 |
| MERCHANDISER REMARKS | | |
| 1. | STOCK IN BUILDING NOT YET IN LOCATION AF34 10/14 | |
| | DATE REVIEWED | |
| 2. | STOCK IN BUILDING; NOT YET IN LOCATION AF35 & 38 11/9 | |

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Official DOESII Advice Codes

Advice Code Definitions

A Replaced by an alternate part (Code G).
 B Backorders
 C Obsolete - Not Serviced - Not Replaced
 D Referred as indicated
 F Allocated order
 G Replacing part
 H Customer not authorized to purchase
 J Cancelled
 K Not supplied - reason indicated
 N Backordered - Hold for priority or interim
 Q Hold for stock in transit
 R Unusual quantity - will ship separate
 S Stop Sale
 V Vendor ship
 Y Refer to another PDC
 X Redirected to stocking PDC
 Z Redirect to another PDC

Another Area Of Confusion Are Stock Restriction Codes. DOESII Shows That Stock Is At Depot But That You Cannot Have It. Here Are The Stock Restriction Codes And Their Explanations.

Stock restrictions can be found on the Part Information Screen (PARTINFO). The PDC can restrict sales of stock due to one of the following reasons:

The restriction type identifies the area that established the part sales restriction.

Q Quality Control Analyst restriction

Official DOESII Stock Restriction Codes

D Demand Analyst restriction
 W Warehouse Location restriction - for stock verification

Q Quality Control Department gets word that stock has a defective or quality problem

D Part Number is found to be incorrect or various other reasons

W Stock was not found in the primary stocking location - Fork Lift Truck hit the stock - Etc

You will see these codes under the PDC Stocking location, so if you see the location has 20 pieces and a code stock may not be shipped for one of the reasons listed above.

Check Out The DOESII Web Site....
<http://www.does2.com>

Cost Cutting And Attrition Could Mean Problems

Imagine losing one or two of your most experienced people this year. Then imagine your dealer principal telling you that you may have to make do without replacing them.

I'm sure just the thought of this makes many of you break out into a cold sweat when you start to think about the problems employee turn over can cause.

How will the stock get put away? How will you be able to take care of customers? How will you be able to improve efficiency when all you have time to do is put out fires? How will the attitudes and morale of your overworked and understaffed department affect customer satisfaction?

Now consider that nearly 40 of the most experienced resource people at FCSD will be gone by the end of next year. Some have already left and others are due to leave this year.

That's right, through a number of reasons some of the most experienced people in cataloging, systems, DOESII etc. are expected to be gone by the year 2000. And, we are not sure if they are going to be replaced.

In the words of an FCSD employee who asked that his name not be used, "The next couple of years are going to be tough on Ford & Linc-Mercury Parts Managers. There is going to be an abnormal turn over of key FCSD resource people and pressure from the top not to replace them, or at least not all of them. And, since it takes a while for new people to get up to speed, there will definitely be an experience/information gap that parts managers will have to deal with. Quite honestly, right now I don't think the company has adequately addressed the loss of these key people."

One of the problems, as explained to us, is that quite a few of the people we've come to rely on for information all started at about the same time and therefore are all eligible to retire at about the same time. The other problem is that cost cutting, has become the driving force at Ford.

Many Parts Managers are already telling us that they are having problems obtaining reliable information. Most feel that, all in all, we have a pretty good system but that when the information in CPD or DOESII isn't available or correct, there needs to be someone with experience to turn to.

We can only hope that FCSD understands that it needs to maintain an experienced staff that is a source of reliable information, and that they have adequately planned for the proper replacement of these key employees.

BLUE LINE

Ford Parts Managers Association



Nasser Now Drives Ford

On Jan. 1st 1999 Jac Nasser officially takes over as President and CEO of Ford Motor Company.

Because so much has been said about Nasser's cost cutting style of management, we thought we'd take the time to print this brief biography.

Hold onto your hats! Nasser is expected to cut another \$1 to \$2 Billion in 1999.

We can only hope that it isn't cut from FCSD.

Born in Lebanon, raised in Australia and able to speak four languages, Ford Motor Co.'s new chief executive, Jacques Nasser, is not your typical American automotive mogul.

A loyal fan of cricket, Nasser does not golf. He favors European-styled suits from London's Saville Row. Fluent in Arabic, Nasser can easily switch from English to Spanish to Portuguese at a news conference.

Nasser, 51, takes over as president and CEO on Jan. 1 after Alex Trotman decided to retire a year early. Between Nasser, and 41-year-old William Clay Ford Jr., who becomes chairman on Jan. 1, the two comprise the most youthful management team at the world's second-largest automaker since Henry Ford II took over in 1960.

As an immigrant school boy in 1950s Melbourne, Nasser would hide the lunch his mother made for him because "it wasn't normal." He has since learned to value the attributes that set him apart. And he plans to make being different a trademark of Ford, where he has worked his entire adult life.

"I'm here to tell you tonight that starting Jan. 1 we'll continue to be different," Nasser told a recent gathering of Arab-Americans. "We like to be different because that adds value to everything we do."

For industry analysts, that means Nasser will ratchet up the pressure on Ford's tradition-bound culture, whipping it into a more nimble organization.

Nasser is expected to demand another \$1 billion to \$2 billion in cost cuts in 1999, analysts said. They also anticipate further organizational changes. That includes opening the door to more outsiders to infuse fresh ideas, as Nasser's team pushes to expand Ford's retail distribution unit and transform it into a consumer product company from an old-style auto manufacturer.

Despite a recent flurry of rumors that Ford will takeover AB Volvo or BMW AG, analysts are not convinced Nasser is ready to spend some of the company's \$22.9 billion on a major acquisition.

"Anything they look at they could probably afford to wait on," said Merrill Lynch analyst Nicholas Lobaccaro. "They don't care about being bigger for the sake of being bigger."

Although Ford has posted record profits the last two years, Nasser will have substantial challenges. They include fixing Ford's lackluster international operations and addressing the company's near-reliance on U.S. truck sales for profits.

"He inherits a rich company," said Maryann Keller, an analyst at ING Baring Furman Selz. "But he inherits a company that has certainly had a lot of good luck, in the popularity of sport utilities, the almost unbelievable success of the F-Series (trucks), and continued inability of General Motors to field a product program that can stabilize its market share."

Short, stocky and known as "Jac," Nasser's entire life revolves around Ford. He starts before 7 a.m., and works most weekends a month. When a U.S. holiday shuts down Ford headquarters, Nasser takes the opportunity to visit international operations.

Passionate about cars and trucks, Nasser shuns chauffeurs and drives himself to work in either a Ford or competitive product. He takes weekly spins around the Ford test track and likes to wander the product development studios at night.

"In many ways, he's the spiritual successor to Bob Lutz in Detroit," said Credit Suisse First Boston analyst Nicholas Colas, referring to the legendary former Chrysler executive who revived the company's product line.

Nasser has already established a reputation with Wall Street as a no-nonsense, bottom-line operative. In his previous job as head of Ford's auto operations, he eliminated several slow-selling vehicle lines, part of an aggressive cost-cutting drive that has sliced expenses by almost \$5 billion.

When a supplier's labor strike threatened production of seats for the profitable Expedition sport utility, Nasser took the unprecedented step of refusing seats made by non-union replacement workers in order to preserve Ford's good relations with the United Auto Workers union.

A white-collar buyout offer Nasser initiated this year caused a stir because it looked at performance and was aimed at weeding out people with limited potential. That kind of approach has given Nasser the nickname "Jac the Knife." It is a moniker he does not like, and insists is not accurate.

"Given a choice, I will always reduce two jobs to save four," he said earlier this autumn. "We don't make profits by shutting down plants."

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F-Series From Pg. 12

hicle he built for sale was a delivery wagon in 1900, three years before the formation of Ford Motor Company. 1905 proved to be a telling year for Ford when he introduced the first commercial vehicle sold by Ford, a Model C Delivery Top whose demand far exceeded its production run of 10 vehicles. In fact, so popular were these Ford trucks, many Ford car owners had truck-like bodies built to fit on Ford chassis.

In the early 1930s, Ford produced many ambulance, police and delivery vehicles, as well as bus models, all built on the AA chassis, first introduced in 1928. During World War II, Ford produced heavy bombers for the war effort as well as many military vehicles and over 250,000 general-purpose vehicles.

In 1948, Ford built more trucks than in any year since 1929, and introduced the F-Series. The new truck line, starting with the F-1 half-ton, all the way to the F-8, put Ford into the heavy truck business. With the improved highway system, larger trucks made economical sense and contributed to the spectacular growth in post-war American industry.

1975 signaled the debut of Ford's most popular pickup ever, the F-150, and in the 1980s Ford F-Series became the best-selling vehicle, car or truck, in the world.

Today, Ford is proud to continue its tradition with F-Series. F-Series medium-duty and cargo trucks, such as the F-250 and F-350, make up a large percentage of the U.S.'s city delivery fleets. Pickup trucks have managed to stand the test of time, as F-Series 50th Anniversary can attest to, not only because of their virtually timeless design, but because they have proven to be invaluable in the workplace. As long as there are jobs to be done or supplies and cargo to be hauled, there is an F-Series truck for the task.

The F-Series & American Recreation



While the majority of F-Series trucks in the late 1940s were purchased by farmers, manufacturers and small businesses, the 1950s signaled significant growth in personal use of pickup trucks. Two major reasons behind this trend were that trucks became more like cars in styling and comfort, and secondly, there was an increase in off-road driving.

The 1959 F-100 and F-250 models were the first Ford trucks to get four-wheel-drive options. This trend of personal use continued steadily, and by the mid-1960s, nearly two-thirds of pickup owners were using their vehicles for recreational and personal use as well as commercial purposes. Ford introduced the first camper specials in the auto industry in 1965 as off-road racing and trucking for fun were increasing in popularity, especially in areas such as the Southwest. But the bigger truck news for that year was the introduction of Twin-I-Beam suspension which made the F-Series a popular truck among stock class off-road truck racers.

In the 1970s, Ford continued to restyle and add more carlike features to F-Series. In 1974, Ford introduced its first SuperCab which provided passengers with lots of room (44 cubic feet of extra space behind the driver's seat with the option of either a bench seat or two jump seats for extra passengers). Seats could also be folded away for added storage space. In 1975, the F-150 model debuted, selling over 225,000 units in 1976. These F-Series vehicles, while originally being manufactured for agricultural and industrial purposes, were redesigned to meet the needs of the personal use owners as well. Features like rear seats, more fuel-efficient engines, power steering, Twin-I-Beam suspension, anti-lock brakes, and a third door were added. Today Ford still leads the way with innovations in the truck industry, introducing the first standard third door on the F-150 and F-250 SuperCab models.

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Ford Facts...The F-Series & American Heritage

When you think of F-Series trucks, there are a few things that come to mind. Toughness, dependability, durability. Regardless if F-Series trucks are used for play or for work, in agriculture or in industry, they're all Built Ford Tough. The F-Series has a long-standing heritage in the American workplace and is America's best-selling vehicle. But what matters most on the 50th Anniversary of the F-Series is that we can look back on how F-Series trucks have changed the face of American agriculture, industry and recreation.

The F-Series On The Farm



Since their introduction in 1948, F-Series trucks have been working side by side with millions of American farmers. These first F-Series trucks were advertised as "Bonus Built" and "Built Stronger to Last Longer," showcasing the F-Series hallmarks of dependability and toughness. These trucks ranged from the light-duty, half-ton F-1, all the way up to the three-ton, F-8 Extra- Heavy-Duty models with 145 horsepower and gross vehicle weight ratings of up to 21,500 lbs. With such an expansive lineup of vehicles, there was literally a Ford truck for any job.

Before World War II, American agriculture relied heavily on manual labor to cultivate and produce crops, involving hours of back breaking work, hauling and transporting goods and supplies. Henry Ford had grown up on a farm near Dearborn, Michi-

gan, and having witnessed the sorts of labor-intensive tasks involved in farming, strove to make those chores easier. In 1907, he built the first "automobile plow" which is considered the forerunner of the Ford tractor. This piece of mechanical equipment, called the little "Fordson," revolutionized farm tractor technology.

Shortly after the formation of Ford Motor Company in 1903, the company's third vehicle and first commercially available truck was the 1903 "Ford Delivery Car." This truck was utilized for a variety of roles, not the least of which was helping to mechanize agriculture.

Light-duty and heavy-duty pickup trucks across America made farming easier and more efficient. Agricultural products such as grain, milk and vegetables could now be transported to market quicker and more efficiently. And with the growing highway system, goods could be transported farther and at a lower cost than ever before.

In fact, modern mechanization and Ford trucks were so intertwined that trucks were oftentimes considered a part of the family. Not only did they make farm life easier, they could be depended upon daily, rain or shine, 365 days of the year.

The Built Ford Tough tradition which started 50 years ago is still clearly apparent in today's F-Series trucks. In 1997, both the F-150 and F-250 underwent a thorough redesign. These redesigns set a standard for pickup trucks in the areas of styling, performance handling, payload capacity and safety. One unique innovation was that the F-150 and F-250 SuperCab models featured the industry's first standard third door in a full-size truck.

That legacy of agriculture and Ford trucks continues on today, with the F-Series being the best-selling truck in America for the 20th consecutive year.

The F-Series In Industry



Ford trucks have had a long, proud history in the growth of American industry. Henry Ford realized the potential for motorized vehicles in transport early on. The first ve-

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What Has Happened To Purchase Loyalty?

Can You Really Sell Parts On The Internet?

Interview With FCSD's Mike Lombardi.

And Much, Much, More...

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