

THE BLUE LINE



Ford Parts Managers Association

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

Issue #4...Vol. #5 April 1999

Idle Inventory...

A Process Or Program Problem?

INSIDE THIS ISSUE

Selling Parts On The Internet Pgs. 3 & 4

Aftermarket Road Hazard Warranties Pg. 5

Ford Restoration Parts Licensing Program Pgs. 6 & 7

Association Position On Ford Retail Network Pg. 7

Ford To Sponsor Fun Weekends Pg. 7

News & Notes Pg. 8

New Component Helps Reduce Crash Parts Cost Pg. 9

Bumper Blem Problem Still Not Solved Pgs. 10 & 11

Ford Facts... Ford Of Canada..."Eh" Pg. 12

Plus Much, Much, More...

Whether or not the root cause of idle inventory is a process or a program problem is a sensitive, controversial and emotionally charged topic that may never be solved unless both "sides" of the issue are considered with equal significance.

Obviously, most Parts Managers feel that idle inventory problems are the result of inadequate FCSD return programs that make it impossible to generate enough return credit to rid themselves of non-selling parts. Not surprisingly, FCSD feels that Parts Managers could control idle inventory by better understanding and using existing policies and procedures. They feel that proper implementation of more efficient processes would help avoid acquiring parts that are unlikely to sell in the first place. They believe that process improvements are a better, long term solution than allowing larger return credits

In this article we hope to present our views on both sides of the idle inventory issue. We believe that finding a solution to the problem will mean that both sides must fully understand and appreciate the others position. And that, while both sides are basically correct in their views, they are also both wrong.

First of all, can Parts Managers generate enough PIPP credit under the existing program to control their idle inventory?

While most Parts Managers would immediately answer "no" to this question, doesn't the real answer depend on just how much idle inventory you have? That might sound like an over simplification but the less idle inventory you have, obviously, the less PIPP credit you need.

FCSD seems to believe that we can generate more than enough PIPP credit, with the existing program, if we pay closer attention to in dealership processes that help us avoid buying things that don't sell. They believe, that PIPP is a program that, in many cases, exists to remedy failed processes. That, is also another over simplification of current conditions.

So, Parts Managers believe that they can't generate enough PIPP credit and FCSD is saying that if we were just a little bit better at managing our inventory, purchasing and in dealership processes we'd have less idle inventory and therefore need less PIPP credit.

What is idle inventory and how do we end up with so much of it?

I was always taught that parts have a usable lifetime. For example, a new model comes out in 1990. By 1991 we start to see trends and sales histories that tell us we should stock some of the active replacement parts for this model. By 1992-1993, if we've paid attention to the inventory control system, we probably have quite a few parts in stock for that model and are selling them regularly. By 1998, sales of these model parts have slowed down and the inventory control system suggests that we order and/or stock less. Theoretically, by the time nobody wants parts for that model anymore, we don't have any left. I guess that's also an over simplification.

But many other factors come into play. Catalog errors, returns from collision shops, shipping errors, packaging problems, mis-

Continued On Page 2

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.

BLUE LINE

Ford Parts Managers Association



Idle Inventory From Pg. 1

diagnosis by technicians, parts ordered by Service Advisors and Salesman who just want to placate a customer and don't care if the part is ever installed or paid for, can all end up in the idle inventory column. Add to this the normal everyday mistakes that are made by counter men and we've got ourselves the start of a full blown idle inventory problem.

What in the heck is a TRIP return?

Before you say, "I told you so, its not the fault of the Parts Department," and that we've proven that idle inventory is a program problem lets get back to the process solution for a minute. Consider this true story.

When I was getting ready to do a PIPP return I would print a list of last time to return parts followed by an aging report that listed everything not sold in 9 months or more. My guys were instructed to send back the last time parts first and then to send back as much as they could from the 9 month list, starting at the oldest and working their way to the newest parts on the list. Sounds pretty simple.

During every return I noticed how much neater the place started to look. No cluttered aisles, no parts laying around on the floor. No hitting your head on parts that were hanging from the tops of bins. I was "almost" proud enough to give someone a raise. It took me a couple of returns to figure out what was going on. My guys had turned the PIPP return into a TRIP return.

Instead of sending back the \$30 ball joint that the inventory control system told us had not sold in 15 months, they were getting rid of the, ordered in error, transmission case that sat at the end of the aisle and was tripped over by everyone 10 times a day.

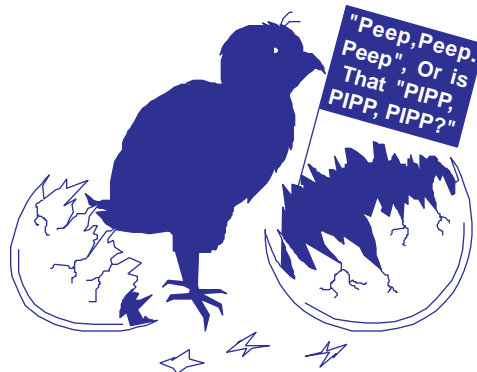
The programs were in place to take care of the idle inventory ball joint and the ordered in error transmission case but processes that would have insured that the programs were used properly were not.

Can you teach and old dog new tricks?

People and processes don't always go together very well. For some reason almost everybody knows that doing things the right way is the best way. They know what they should do and when they should do it. They just, for some reason, find it difficult to practice what they preach and even more difficult to practice what somebody else preaches.

What Parts Manager wouldn't love a big fat PIPP program with over return privileges, high return credit generation and 20% checks? A program like that would mean that we wouldn't have to be as concerned about processes. Mistakes could be made and inefficiencies could exist because they would easily be hidden under the all that PIPP credit. We could get away with a TRIP return or two and maybe even still get a nice check for our unused PIPP credit.

But What Came First, The Chicken Or The Egg?



Has FCSD cut the ability to generate PIPP credit to the point that no process can now solve the problem? One member, who has a serious idle inventory problem had this comment to make.

"I'm all for learning better processes that will help me do a better job. I'm 100% behind learning ways to avoid buying stuff that doesn't sell. But what came first the chicken or the egg? Process improvements will do little to help me get rid of the idle inventory I already have. And at least one of the reasons I have idle inventory is that I now gen-

erate less PIPP credit than I used to. Without a program that allows me to get rid of my existing idle inventory I will still have an obsolescence problem that I have no way of solving. In that respect, maybe process improvement should have been more of an FCSD focus before they reduced the ability to generate credits."

What about dual franchise dealers, do they see any differences in return programs?

Many dual dealers claim to only have idle inventory problems in their Ford franchise. They claim they practice the same processes in both their Ford and their competitive make parts operations but cannot generate enough return credit with Ford to clean up their inventory.

Many dual dealers claim that FCSD's increasing use of non PIPP generating vendor shipped parts, non-PIPP generating truckload orders and, until recently, the lack of a 30 day return program to be reasons for idle inventory in their Ford franchise. They also claim that better competitive make "flex" options for taking return credit instead of discounts means that their Ford idle inventory grows while their competitive make problems are under control.

FCSD says not so fast, and counters with the fact that nearly every competitive make is wrestling with idle inventory problems. Even Saturn, which everyone looked at as the most innovative of all the car makers is starting to see idle inventory problems.

But isn't the only thing that FCSD cares about is how much the PIPP costs them?

Most Parts Managers understand that FCSD will do whatever it takes to find ways to cut costs. But, to be fair, returns are expensive. Just think about what it costs you when a collision shop orders everything they "think" they need for a wreck only to return everything that the insurance company won't pay for.

Continued On Page 3

BLUE LINE

Ford Parts Managers Association



Idle Inventory From Pg.2

PIPP, especially the way it used to be, must have cost FCSD a fortune. Dealers generated between 5% and 12% on nearly everything they bought. They were allowed to send back another 50% of their entire credit as an over return (at a discounted value) and could even receive a check for a portion of their unused credit. But guess what, dealers still had an idle inventory problem even with the old and more generous PIPP program. Can you really blame FCSD for trying control what still amounts to a \$150 million dollar annual expense?

But don't we have to blame somebody?

Well I guess if we're going to blame anybody we have to blame everybody. Back in 1992 Parts Managers told FCSD that they were going too far with planned PIPP reductions and changes. For over "5" years we've asked for a 30 day return program and the option to select more PIPP credit in place of discounts. (The 30 day return program is scheduled to be rolled out on 4/1/99). PSMAC, Dealer Council and the FPMA continually told FCSD that a lot of us were going to end up with the serious idle inventory problems we now have.

On the other hand, FCSD was telling dealers to improve their processes to deal with lower return credit and to pay closer attention to inventory management and special order processes. They gave dealers time to adjust by phasing in the PIPP changes over several years. While the hand writing was on the wall as far as PIPP was concerned, many dealers continued to operate as if nothing had changed.

One thing we can be sure of is that everyone "wants" to solve the idle inventory problem, they just have different ideas on how to do it. FCSD is reacting to the problem with process solutions like the 30 day return program, Parts Upgrade and ADML. Parts Managers want FCSD to either take back everything that is idle or give them the ability to generate more return credit to send it back.

Could The Solution Lie In A Combination Of Improved Processes That Carry A Program Privilege?

Possibly the answer lies in a compromise. Maybe Parts Managers who complete a level of process improvement education should be given the ability to continually return (or exchange) everything over 9 months old.

Take the process improvement course, pass it, meet certain continual criteria and "anything" that falls into the 9 months not sold column can be sent back, exchanged or better yet scrapped on site...no questions asked. Fail to meet the required criteria and the privilege is revoked until you again comply with the conditions of the program.

In order to get Parts Manager support for a program like this, maybe this privilege could stay with the "process certified" Parts Manager should he or she move to another dealer or relocate. Similar to technician certification or college educational degrees, "process certified" Parts Managers would become more valuable to dealers. An increased demand for their expertise would not only be an incentive for them to take part in process improvement but also raise the professionalism of Parts Management in general.

Editors Note...Aside from the monetary considerations of idle inventory for both FCSD and the dealers, the environmental issues surrounding the disposal of idle inventory was not addressed in this article.

Selling Parts On The Internet...Not So Easy Is It?

For most Parts Departments, web sites are still a horribly inefficient way of finding new customers or generating new business. Sure there are some guys doing some business on the internet but for the vast majority of Parts Departments, the internet hasn't proven to be the end all, be all, selling system that the many "net-sayers" have claimed it would be.

To find out why selling parts on the internet has yet to live up to Parts Managers expectations we took a look at over 1,000 dealer web sites while paying particular attention to how they were attempting to use the web to promote parts.

We also looked at about 200 non-automotive web sites that were successfully designed to sell products to the growing number of internet surfers. What we found was,

that while the internet is starting to mature, many dealers are far behind in the e-commerce curve, especially where it pertains to parts selling.

In order to understand what the web will and won't do for you, we've listed a couple of common myths about the internet and will take a detailed look at both of them. We believe that the myths fall into these "2" categories. If you build it (a website) they (customers) will come. If they come they will buy something.

If you build it they will come....

Thinking this way is a big mistake and shows that the owner of the site doesn't understand what a web site is and isn't. Imagine building a new dealership on a busy street and never putting up a sign or plac-

ing any ads in the local newspaper to let the public know who you are, what you do or what products and services you offer. Who would ever stop at your business? Only those extremely curious people who took great pains to find out what was going on or those who mistakenly happened upon your location would ever know about you.

The internet is the same way with an even more challenging problem. What is it that you want your web site to be? Should it be simply a presence that lets visitors know that you exist? Should it be an advertisement that tells people about your products and services? Should it be a store that is designed only to sell products? Should it function as all three?

Continued On Page 4

BLUE LINE

Ford Parts Managers Association



Internet Selling From Page 3

Whatever you decide it should be, and making it all three is not necessarily the best way to go, you must also tell potential visitors that the site exists or only the most dedicated surfer will ever find you.

Your web address should appear on all of your company correspondence, your invoices, your statements, your business cards, your telephone on hold recordings, your TV and radio ads, the return address on your envelopes, your repair orders and anything else that is seen by customers or potential customers.

Careful attention must be paid to "key words", page titles and search engine registrations. This will enable surfers to find your site when they use on-line search functions like Yahoo or Lycos.

If they come they will buy something....

Visitors to a web site determine, in a matter of seconds, whether or not they will take the time to take a detailed look at your site. If it isn't informational, entertaining or immediately shows them that you have what they are looking for they will simply click on to something else.

In over 90% of the dealer sites we looked at it was either difficult or not obvious that the Parts Department had anything to offer visitors. Some dealer sites did not even list or mention that they had a Parts Department.

In most cases the only thing shown on the small space allocated to parts was a picture of the delivery trucks, the hours, pictures of the counter crew and a road map to the dealership.

Think about it for a minute. The web is the most creative, dynamic, far reaching and versatile way ever invented for sharing information and offering products for sale. What does the guy in Panama, who surfs to your site because he needs an axle for his Explorer care about your road map and delivery trucks?

But, the most obvious short coming of dealer parts pages was the fact that almost none of them had anything listed that was specifically for sale. Most simply had a response form that asked the visitor to type in what it was he or she was looking for and the click on the submit button to send it to the dealership.

Worse yet, most of the response forms guaranteed that the visitor could never fill it out correctly on the first visit, if at all. Most needed information such as a VIN number, body or trim code etc.. that meant visitors would have to log off, go get a pen and pencil, go out to their vehicle or find their registration, write down unfamiliar numbers and codes correctly and then get back on the internet, find you again and type the information into the form.

Even if someone was willing to do all that, the complexities of the Ford parts catalog often means that you received less information that you needed in order to be certain you looked up the correct part. You could have all of the correct information such as year, make, model, VIN and color only to find that you needed a production date that you failed to ask for in the response form.

Now because you can't be certain that the part you've looked up is correct, you must call or e-mail the customer for more information. That is, of course, providing you asked for phone or e-mail and that the customer included it.

The web is supposed to speed things up, provide ease of use and show very detailed product information. In fact, what many dealer parts sites have done is make ordering a part more difficult to do, less accurate and less informational than picking up the phone and calling the dealership.

It was also very rare indeed to find a dealer with a secure web site. Secure sites/servers are a must if you expect visitors to type in their credit card information so you can be sure you're paid before you ship something half way across the world.

While we did find members who have had some limited success selling parts on the internet, we could not find anyone willing to admit that their parts sales had increased by much more than a percent or two.

We also heard horror stories of bad credit card numbers, refused shipments which meant the dealer incurred high freight costs, along with problems with carrier damage and lost or stolen overseas shipments.

Does all this mean that dealers should abandon their efforts to sell parts on the internet? Not at all, but it does mean that dealers who want to sell parts must grow with internet technology and be prepared to spend the time and money to develop "selling sites" rather than "presence" sites. They must abandon the simple "cookie cutter" web site approach that so many were sold in the internet's infancy.

Dealers wishing to achieve meaningful internet sales figures must become more aggressive and find innovative ways to exhibit products, pricing, secure on-line purchasing, product information, ease of use along with unsurpassed levels of service that include liberal return policies and fair freight charges.

To see how real pros sell on the internet, we encourage you to take a look at two sites that we feel include all of the attributes needed for successful on-line selling. First is a company that you've probably heard of, L.L.Bean and the other is one you may not be familiar with Harbor Freight Tool Company.

L.L. Bean can be found at <http://www.llbean.com> and Harbor Freight is at <http://www.harborfreight.com>. Both are masters at selling on the internet and both are doing very, very well at it. There is no reason why we can't do the same.

**Don't Forget....
We're On The Net!**
www.fmanet.com
E-Mail fmanet@eznet.net

BLUE LINE

Ford Parts Managers Association



Can Aftermarket Road Hazard Warranties Enhance AtW Program?

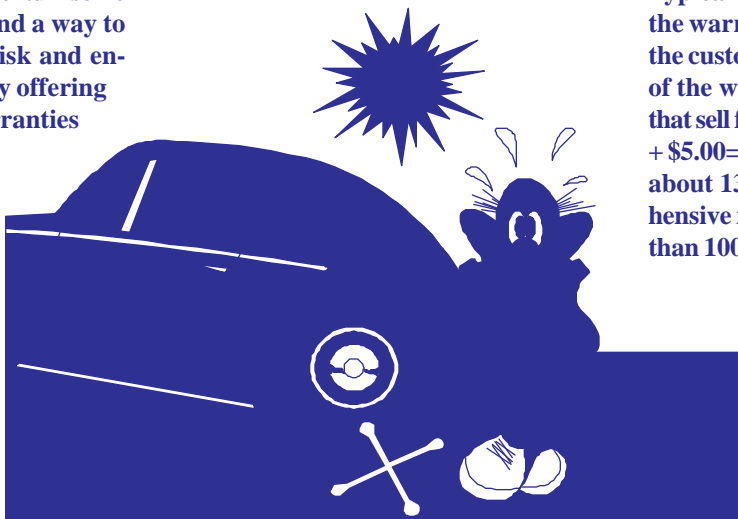
As the AtW program gains momentum some enterprising dealers have found a way to increase the profits, reduce risk and enhance customer satisfaction by offering aftermarket road hazard warranties when they sell tires.

While this article is not an endorsement of any particular company or program, we will explain how the process works using the Ameraan Nationwide Warranty Network as an example. Readers should be aware that there are many other companies with aftermarket road hazard warranties and must decide for themselves which one best suits their needs.

In a nutshell, the aftermarket road hazard warranty is a tire warranty that is sold to customers when they purchase new tires from you. For an additional per tire fee, customers receive coverage for most tire problems they might incur.

The Ameraan program offers 100% damaged tire replacement during the first 25% of usable treadwear. After the tire has lost 25% of the tread, there is a pro-rated reimbursement schedule to determine the amount the customer will receive. Ameraan define road hazard as, "...when a tire fails due to a puncture, bruise or break incurred during the course of normal driving on maintained roads. Nails, glass and potholes would be the most common examples."

The program also covers flat tire repair for the life of the vehicle as well as a flat tire changing reimbursement. The flat tire changing assistance is limited to the first 24 months of tire ownership. And, while the Ameraan program does not cover towing, it does provide an up to \$50 coverage to pay for someone to install the spare tire for the customer.



According to Walt Olson of Hawk Lincoln-Mercury in Illinois, "We have been able to sell the Ameraan road hazard warranty on 90% of the tires we sell. Not only does it give customers peace of mind and provide us a way to easily take care of customer tire problems, it's also very profitable. We have seen no resistance to the program by the customer and most are glad we offered it to them."

The Ameraan program works like this.

The "dealer" cost of the warranty is based on the retail value of the tire. The more expensive the tire, the more the warranty costs the dealer. The Ameraan program has three warranty price levels. The Ruby level covers tires that sell for \$49.99 or less. The Emerald level covers tires that sell for between \$50.00 and \$89.99. The Diamond level covers tires that sell for over \$90 each.

The Ameraan road hazard, flat tire and tire changing coverage cost the dealer \$2.95 per tire (\$11.80 per set of 4) for the Ruby level, \$4.95 (\$19.80 per set of 4) per tire for the Emerald level and \$6.95 (\$27.80 per set of 4) for the Diamond level.

Typically, dealers add \$5.00 to the cost of the warranty to arrive at a retail price for the customer. For example, the retail price of the warranty to cover a set of "4" tires that sell for \$75 each would be \$39.80. ($\$4.95 + \$5.00 = \$9.95 \times 4 = \39.80). This represents about 13% of the tire costs for a comprehensive road hazard warranty and a more than 100% profit of the warranty sale.

Can these seemingly small dollar amounts have any significant meaning to the bottom line? According to Walt Olson, they add up quickly, "It is a simple way, that customers appreciate, to make an extra \$20 on a set of tires. In some cases we are only

make about \$10 to \$15 per tire anyway so the warranty sale can give customers the protection they need and increase the gross on the tire sale by 30% to 50%. To me everybody wins."

To reinforce Walt's point, Ameraan provided us with data showing how a dealer who sells 300 tires a month and is able to add the warranty to 80% of those sales will put an additional \$14,000 per year on the bottom line.

The cost to get into the Ameraan road hazard program is around \$500 and includes 30 warranties for tires that sell for up to \$49.99, 50 warranties for tires in the \$50 to \$89.99 range and 20 warranties for the more expensive tires selling for \$90 or more. The initial package also includes point of sale material and procedure manual.

If you are interested in offering tire warranties we suggest that you compare different and competing programs and make your own business decision as to which one is best for you. If you would like additional information on the Ameraan program you can contact Leticia Sandoval, Ameraan's Marketing Coordinator at 800-445-2092.

BLUE LINE

Ford Parts Managers Association



Ford Restoration Parts Licensing Program Alive And Well

Recently, the FPMA was indirectly contacted about the Ford Restoration Parts Licensing Program. The correspondence we received claimed that Ford was going to cancel the majority of the Ford Restoration licenses and reduce the number of official licenses, from the current 73, to between 3 and 5.

We have to confess, we didn't really know very much about the Restoration Parts program so we decided to contact Ford's Corporate Trademark Licensing Office to learn more about the program and to find out if there was any truth to the rumor.

What we found was a program that is not only alive and well, but one that is also very well organized, efficient and quite interesting. We also received an official company response to the rumor that said, "We are committed to growing the Restoration Parts Program to increase the availability of high quality vintage parts for Ford enthusiasts. There are no plans to significantly reduce the number of licensed manufacturers."

For those of you who aren't aware of the program, basically it works like this. Ford requires companies manufacturing restoration parts, that display a Ford trademark, to be licensed (Ford owns over 150 different marks). The licensing requirement does two things. First, it increases the legal protection and reduces the wrongful usage of Ford trademarks. Second, it improves the quality of products carrying the Ford brands and helps to enhance the image of these brands.

To obtain a license a business must, among other things, assure that quality control procedures are in place, are maintained and pay royalties to Ford for the use of their trademarks. Ford then requires licensees to display the "Official Licensed Product" logo on each licensed part and/or its packaging.

The Restoration Parts Licensing Program was announced on Sept. 29th., 1993 and at present, there are over 5,000 restoration parts displaying the "Ford Official Licensed Product" logo. The program provides benefits to consumers, to the licensees and to Ford.

Consumers benefit from the availability of high quality authentic parts which can be used on their vintage Ford cars and trucks. Licensees benefit from access to original Ford blueprints, the use of the "Official Licensed Product" logo and the policing of unlicensed competition. Ford benefits from the trademark protection and enhanced brand images.

According to Trevor Berge at Dearborn Classics, "Because we aren't making hundreds of thousands of emblems to be installed on a full fledged vehicle production run, we can pay closer attention to the plating, polishing and fit of the ones we manufacture. In most cases if you put our restoration part next to an original and ask a customer which one is better, they pick the restoration part."

Robert Twist of California Mustang Sales & Parts was also very up-beat about the program and its expansion. "We are seeing more products being licensed all the time. And, consumers should feel confident that licensed products are of high quality. A licensee simply could not get away with manu-

facturing a part that wasn't as good as OEM. In fact often the restoration parts are actually better. It's a good program and Ford has been super to work with."

The typical restoration licensee also sells non-licensed/non trademarked parts as well but considers the value of the licensing program to be well worth the 7% royalties paid to Ford. "The Ford Official Licensed Product logo tells our customers that we are serious about quality and customer satisfaction. To the consumer, the logo and license means they are getting a better quality part" said Rick McIntosh of Mac's Antique Auto Parts Inc. of Lockport NY. Of the 40,000 restoration SKU's carried by Mac's nearly 100 are officially licensed products.

Eaton Detroit Spring Service Company believes so strongly in the value of the "Official Licensed Product" logo that they have licensed all of their more than 2,200, non trademarked, leaf and coil springs for Ford vehicles back to 1903 models.



Quality assurance is a major concern of the program and licensees must successfully complete a quality assurance plan and their products must meet all governmental standards and safety regulations. On going quality monitoring insures that production quality adheres to a "master" part sample.

In fact, I had a long discussion about quality with several of the licensees and asked how the restoration program parts quality compared to the "original" OEM quality. I was told that in many, many cases, the smaller runs (compared to the original production runs) and advances in manufacturing techniques means that restoration parts have a higher level of quality than the original parts.

Continued On Page 7

BLUE LINE**Ford Parts Managers Association****Restoration Parts From Pg.6**

So what does this all mean to you as a Parts Manager? Well, if you're like most guys, you've been telling customers who want restoration parts that you can't help them when in fact, now you can.

Nearly every restoration licensee we spoke to expressed an interest in selling restoration parts to Ford and Linc-Merc dealers. Most have catalogs that contain, not only the licensed products, but the non-licensed items they carry as well. We have listed the current licensees and their contact info on a separate insert.

Wayne Wolfgram, Manager of the program for Ford, commented: "Once Parts Managers become familiar with the Restoration Parts Program and get to know some of the licensees, they will quickly see that besides exhibiting a love of vintage Fords, the licensees represent a vast knowledge base concerning Ford vehicles and their parts. This resource will be a great help to dealers in serving the needs of Ford enthusiasts and collectors."

The vehicles covered by the program are Bronco, Capri, Comet, Cortina, Cougar, Econoline, Edsel, Fairlane, Falcon, Ford Cars, Ford Trucks, Galaxie, World War II Ford Jeeps, Lincoln, Mercury Cars, Mercury Trucks, Model A, Models K,N,R,S, Model T, Mustang, Pinto, Ranchero, Thunderbird, Torino...even Ford Tractors.

Whether you need a radiator for a Model R, a battery for a Bronco or a Ford Scripted tire for a 1937 Ford, chances are that one of the Ford Restoration Licensees will be able to help. We believe that the program offers you an opportunity to increase customer satisfaction and can provide you with a means of obtaining incremental sales. A catalog and/or additional information can be obtained by calling 800-244-2242.

Editors Note. We had a very enjoyable time writing this article and were impressed with the expertise, professionalism and cooperation of the Ford Trademark Licensing Office and the program licensees.

The Association's Official Position On The Ford Retail Network

Frequently, the Ford Managers Association is asked what their position is on the Ford Retail Network. To understand our position on the Ford Retail Network it is once again necessary to explain the mission, goals and methods of the association.

The association is an advocacy/watchdog group representing Ford and Lincoln Mercury Parts and Service Managers. The association isn't anti Ford, it is however, pro Parts and Service Manager.

Our goal is to raise the professionalism of Ford and Lincoln Mercury Parts and Service Managers by keeping them informed about 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.

The methods we use to keep members informed is to distribute information to them

and ask for their input of topics, issues and concerns facing the Ford Parts & Service business. We do this by publishing newsletters, posting information on our world wide web site, communicating with various other trade organizations and members of the media. We also encourage networking and the sharing of information amongst the membership and maintain toll-free lines to answer questions or direct members to other sources of information.

It makes no difference to us if you are a manager in a Ford Retail Network dealership, a manager in a mega dealership conglomerate or a manager in a privately owned dealership. If you are a manager in "any" dealership that provides parts and/or service to owners of Ford or Lincoln Mercury products, work at any Ford Authorized Distributor, are a Ford business partner, Ford employee or Ford vendor, anywhere in the world, you are welcome to join and participate in our growing association.

Ford To Sponsor "Fun Weekends"

Ford Division will sponsor 11 Fun Ford Weekends around the U.S this year. Targeted toward late-model Mustang drag racing, each of the events also feature an all-Ford car show which draws vintage, mint condition Ford cars.

Racers will compete for more than \$200,000 in cash. "The Fun Ford Weekend is a real tribute to Mustang," said Mustang Brand Manager Lon Bollenbacher. "The mix of racing and the vehicle displays make for a great family event, and gives Mustang and Ford lovers a chance to get together and swap stories as well as parts."

Interest will be heightened this year as Mustang lovers celebrate the storied car's thirty-fifth anniversary. Mustang remains one of America's favorite fun cars, and dominated its segment, with sales up 24% in 1998 over 1997. Restyled for 1999, Mustang's

sales were up 17 percent in February, the 20th month in a row of higher sales.

The schedule for this year:

April 16,17,18 NHRA's Atlanta Dragway, Commerce, Georgia

May 1,2 Houston Raceway Park, Baytown, Texas

May 22,23 Montgomery Motorsports Park, Montgomery, Alabama

June 5,6 Gainesville raceway, Gainesville, Florida

June 26,27 Virginia Motorsports Park, Richmond, Virginia

July 17,18 Norwalk Raceway Park, Norwalk, Ohio

August 7,8 Bristol Dragway, Bristol, Tn.

August 21,22 New England Dragway, Epping, New Hampshire

September 11,12 Cordova Dragway Park, Cordova, Illinois

October 8, 9,10 The Texas Motorplex, Ennis, Texas

BLUE LINE

Ford Parts Managers Association



Late Breaking News

Three New DOESII Enhancements

Editors Note...Bob Howell sent along this information about three new enhancements to DOESII. If you have not already tried these, take a look.

Enhancement 1.....COLORSCustomer will put in the Command Field the command "COLORS" and then in the Next Key Field an engineering part number or a service part number and the colors screen will appear with a listing of the engineering colors ie blue, gold, etc and the service part number for that color all on one screen. This has been one of the most difficult enhancements to program, but it is done and the dealers are now the winners in having what was before available only in CPD now is also available in DOESII as well.

Enhancement 2.....CUSTOMER INFORMATION SCREEN.....Customer will now be able to go the the CUSTINFO screen and update there Contact Name, Fax Number, and Dealer Phone Number. What is important here is that the Parts Assistance Center uses this FAX NUMBER to send automatic replies to the dealer. If the fax number is incorrect then guess what, the information goes to never never land. DEALERS NEED TO VERIFY THEIR INFORMATION, AND CAN NOW MAKECHANGES ON LINE. Data will be updated once each week. Another very difficult enhancement but the dealers are the winners again on this one.

Enhancement 3 - When you log into DOESII and you come to the message screen you only saw the current messages and there were only 18 lines of data, so you had to type MESSAGE in the command

field to see prior information and any POD messages on the system. Now I have put a F KEY at the bottom of the screen and you can just press it and go directly to the message screen data and POD data.

So three enhancements that make sense and will again help the dealers.....

We are now working on the possibility of putting FED-EX, UPS, and carrier information, another nightmare but considering what we have done this month, we will forge ahead and work on this as well.

Nasser thinks Parts/Service Important

Below is an excerpt from a speech that Ford's Jac Nasser make to several groups earlier this year.

It is encouraging that Ford's Top Man recognizes that this business is more than just selling cars and trucks.

"The consumer's transportation experience is far broader than new car or truck purchases.

It's service ... parts ... accessories ... insurance ... and so on ... until the next purchase. If you look at market share on that basis - the total transportation experience - then our market share, along with that from all the other manufacturers, is far, far lower than they way it's been measured traditionally."

How Big Is The Parts And Service Business?

A member recently called us an asked an interesting question, "Just how big is the parts and service business." To answer this we obtained information from NADA and the Auto Parts And Accessories Association. All figures are from the last year in which the data was available 1997.

In 1997 the total amount consumers spent on all automotive purchases, including vehicles, was \$531.4 billion dollars. The 1999 figure is estimated to be \$600+ billion.

Of that amount, \$151 billion was spent after the vehicle was purchased to either repair or enhance it. The 1999 estimate is about \$161 billion.

In 1997 franchised dealers provided 355,000 service stalls, employed 255,200 technicians, and carried a parts inventory valued at nearly \$5 billion.

The largest segment is service repair with over two-thirds of 1997 industry sales. Service repair sales include parts, chemicals and accessories as well as labor for repair or maintenance jobs through all service repair outlets.

DIY ("Do-It-Yourself") products, including replacement parts, accessories, lubricants and chemicals sold at retail over-the-counter to consumers, together account for one-fifth of the aftermarket.

Within the DIY category, DIY parts and accessories represent the largest segment with a 17% share of sales. Tire sales include tires, tubes and installation and comprise 12% of the aftermarket.

Average Dealer Service & Parts Operation	Average dealership	All dealers
Total Parts & Service	\$2,778,509	\$62.9 billion
Gross profit as % of service and parts sales		43.2%
Net profit as % of service and parts sales		5.6%
Total number of repair orders written	9,725	220 million
Service and parts sales per customer repair order		\$171
Service and parts sales/warranty repair		\$195
Number of technicians (inc. body shop)	11.3	255,200
Service bays (excluding body shop)	15.7	355,000
Total parts inventory	\$218,100	\$4.9 billion

BLUE LINE

Ford Parts Managers Association



New Component Helps Reduce Crash Parts Costs

DETROIT, February 15, 1999 — Efficient, high quality collision repairs are a step closer with Ford Motor Company's new replacement full body side outer panels available for six popular models. The full body side outer panels allow body shop technicians to eliminate several repair procedures which should lead to improved quality and help contain costs.

"Our direct contact with body shop technicians identified the need for full body side replacement panels and we agreed that the panels can ultimately lead to better quality repairs," said George Gilbert, crash parts merchandising manager for Ford Customer Service Division.

The new components answer a need voiced by repairers to more efficiently customize the repair to the damaged vehicle by eliminating unneeded cuts and resultant weld joints on full body side repairs.

The new panels will also lead to cost savings. "The cost of a new full body side replacement outer panel is less than the cost of buying an A pillar, B pillar and a quarter panel individually," Gilbert said. "The combination of lower parts prices and a simplified repair process should make these parts popular with the repairers." A variety of intermediate machining pro-

cesses which are required for individual parts have been eliminated. The new full body side outer panels are e-coated like all other Ford sheet metal replacement parts.

New Ford Motor Company vehicles are being reviewed for possible addition to the full body side outer panel line. Also, the new panels have been added to Ford's parts lists with individual components still available.

The following parts are immediately available from any Ford, Lincoln or Mercury dealer:

<u>Part Number</u>	<u>Description</u>	<u>Model</u>	<u>Replaces*</u>
XF125420010 AA	Right - Full Body Side	96-'99 Taurus Sedan	XF1Z5427840 AA Right Quarter F6DZ5402500 BA A Pillar F6DZ54211A10 AA B Pillar
XF125420011 AA	Left - Full Body Side	96-'99 Taurus Sedan	XF1Z5427841AA Left Quarter F6DZ5402501 BA A Pillar F6DZ54211A11AA B Pillar
XF125420010 BA	Right - Full Body Side	96-'99 Sable Sedan	XF1Z5427840 BA Right Quarter F6DZ5402500 CA A Pillar F6DZ54211A10 BA B Pillar
XF125420011 BA	Left - Full Body Side	96-'99 Sable Sedan	XF1Z5427841BA Left Quarter F6DZ5402501CA A Pillar F6DZ54211A11BA B Pillar
FBCL5420010AA	Right - Full Body Side	97-'99 Escort/Tracer Sedan	F7CZ5427840AA Right Quarter F7CZ5402500 AA A Pillar F7CZ5428160AA B Pillar F7CZ5410128 AA Rocker Panel
F8CZ5420011 AA	Left - Full Body Side	97-'99 Escort/Tracer Sedan	F7C25427841AA Left Quarter F7CZ5402501AA A Pillar F7CZ5428161AA B Pillar F7CZ5410129AA Rocker Panel
F8RZ5420010AA	Right - Full Body Side	98-'99 Contour/Mystique	FBRZ5427840 AA Right Quarter F5RZ5402500 A A Pillar F5RZ5428160A B Pillar
F8RZ5420011 AA	Left - Full Body Side	'98-'99 Contour/Mystique	F8RZ5427841AA Left Quarter F5RZ5402501 A A Pillar F5RZ5428161 A B Pillar

* Individual parts are still available

Fax Your Comments, Suggestions & Questions To 315-483-9589

Reproduction By Permission Only

BLUE LINE

Ford Parts Managers Association



"Bumper Blem" Problem Still Not Solved

Editors Note...In spite of FCSD's published commitment to stopping blemished OEM bumpers from entering the market, we have recently been informed that not only are bumper blems still being made available, the program had been expanded to include blemished OEM grilles (8200), parking lamps (13200-01), tail lamps (13404-05) and even headlamp assemblies (13008).

We re-printed an article on this topic that appeared in our Dec. 1997 issue and, on the next page, a March 1st. letter from Allstate Insurance company. It is the position of the association that the availability, and apparent expansion, of the blem program undermines all the positive efforts of the crash parts program, the truckload programs and adversely affects the dealer to FCSD relationship.

If FCSD and/or Visteon cannot stop blems from entering the marketplace, or has a cost containment issue with the disposal of blemished parts that occur through normal manufacturing processes, it would seem to us that these OEM blems should be offered to the dealers rather than providing an outside company with an unfair competitive advantage.

We urge dealers to continue to support FCSD's truckload and crash parts programs and ask that FCSD take whatever steps necessary get these blemished parts out of the marketplace.

Below Is A Re-Print Of A Dec. 1997 Article We Published On The Bumper Blem Problem

By now, everyone is aware of the FCSD/Visteon bumper program. What you may not know is that a key ingredient to the success of the program was the elimination of the bumper "blems" that saturated the market.

Blems are factory rejects that were sold, with FCSD authorization, in the aftermarket through various sources. The blems did not pass inspection due to a variety of imperfections such as dings, chips, paint smears etc...One of the sources for these blems was Bellevue Bumper who marketed the blems to dealers through the Bellevue Bumper Program.

How big is the blem problem? We have seen reports that state that 6% of all the bumper fascias made are blemished. This could mean that as many as 240,000 blemished bumpers are available every year. Certainly enough to affect the market.

Bellevue offered these blems at prices that were far below FCSD dealer cost. Insurance companies and major fleets often required that these cheaper, but still OEM, blems be used on their vehicles or the vehicles of their insured because they provided substantial savings.

If the FCSD/Visteon bumper program was to be successful, the blems would have to be eliminated so that only the new priced reduced bumpers would be available. So, Ford kept their promise and did away with the Bellevue Program. Presumably, FCSD had succeeded in making us competitive in the bumper market again.

But, blems are still being made everyday and we have reason to believe that they will once again be available. And, if they are available, what will this do to the new FCSD/Visteon program?

Documents we have seen indicate that another company, not Bellevue, will soon be offering OEM blems to Ford dealers. Early indications show that all blemished bumper covers will carry a dealer cost of only \$85.00. We have also been told that there will be no minimum order quantity but there will be some additional benefits offered to buyers of 50 bumpers at a time. We have not been told of any "pooled" order program as of yet.

We have also been told that some very heavy hitters, Hertz, Allstate, Budget and even the Ford Auctions are considering, "requiring" that blems be used to repair their vehicles.

So, it looks like the market has already reacted to the Ford/Visteon bumper program and it seems to be saying that prices are still too high, quality is not an issue and that they will continue to buy at the lowest possible price.

Can the blem problem ever be solved? We're not sure. It's easy for FCSD/Visteon to say that they are going to eliminate blems or not sell them to the aftermarket, but is that reality? Blems will always happen and unless someone is willing to bear the cost of destroying them, blems will always find their way to the marketplace and be a major factor in determining price.

We are not recommending that you participate in any blem program, that's a business decision you need to make for yourself. And, Ford has told us they are committed to ridding the market of blems even if it means shredding every last one of them, but we do want you to be aware that \$85.00 blemished OEM bumpers will be available in the very near future, and will once again be listed on insurance estimates as an alternative to the FCSD/Visteon bumpers.

BLUE LINE

Ford Parts Managers Association



March 1999 Letter To Allstate PRO Shops

Allstate

Pro Centralization Staff

March 1, 1999

To: All Allstate PRO Shop Managers

RE: MarKen Bumpers and Parts

Ladies and Gentlemen:

Many of us have been working with MarKen Bumpers for several years and have had good success when we use their parts. The bumpers they supply are all O.E.M parts for Ford, Lincoln and Mercury vehicles. The bumpers have minor "Blems" but the imperfections should not impact the a shops production process. Why are these bumpers "Blems"? Most bumpers were manufactured to be used in OEM manufacturing assembly lines but were rejected because of some imperfection. The imperfection, "Blem," is usually minor and generally noticed in the paint quality. These imperfect bumpers are marketed by Mar Ken to Ford and Lincoln/Mercury Dealers around the country. This provides a unique opportunity for us to use one of these OEM "Blem" bumpers at a fraction of the cost of a new OEM bumper.

Here is the best news, they are even more cost effective that before. MarKen has lowered their price to a one price structure of \$190.00 retail on all bumpers. The cost to the shop is \$140.00 which is a 26% discount. Currently, they have 40 OEM dealers around the country that stock these parts. MarKen is also listed in CCC's database and should be one of the vendors that automatically display when a Ford, Lincoln and Mercury bumper is selected. You need to check and make sure that your PRO Facility has them listed as an active vendor. If you need a list of distributors, please let me know.

Allstate Insurance Company does not endorse any products. This is just another excellent opportunity for cost containment and customer satisfaction. We should not accept paying for an OEM bumper when there is a more cost effective solution. At this price, even aftermarket bumpers are less cost effective. If your PRO Facility is not aware of this supplier, please ask me the next time I visit your facility or feel free to give me a call.

Ordering information: Ordering from a dealer is the fastest way to get the part. In most cases, delivery will be same or next day. If the dealer cannot supply the bumper, your shop can call (877) 810-0620 toll free to their warehouse and they will deliver within two days from date of order. If you encounter any problems with ordering, delivery and part quality, please let me know.

Thank you for your cooperation
Kevin Kovalcik PRO DE
Allstate Insurance Company
(614) 870-9760 voice
(614) 870-9761

BLUE LINE

Ford Parts Managers Association



Ford Facts...Ford Of Canada..."Eh"

"There are men in Detroit who say every farmer will soon be using an automobile. I don't see why we can't build them here in the wagon factory." Canadian entrepreneur Gordon McGregor, Walkerville (now Windsor), Ontario, January, 1904.

McGregor, who was just 30, was talking about the possibility of converting the Walkerville Wagon Works to production of automobiles.

Widely regarded today as the father of the Canadian automobile industry, McGregor and his brothers, Walter and Donald, were concerned about the future of the wagon factory on Riverside Dr., which Gordon headed following the death of their father in 1903. Their first step was to visit some of the emerging automobile manufacturers in Detroit to determine which company had the greatest potential for success.

Henry Ford, who had launched Ford Motor Company a year earlier in 1903, impressed the young Canadians with his innovative automobiles and his vision of the future.

McGregor and his associates succeeded in attracting investors and with subscribed capital of \$125,000, Ford Motor Company of Canada, Limited, was incorporated on August 17, 1904. The event marked Ford Motor Company's first expansion outside of the U.S. and the beginning of the company's globalization. Mr. Ford and fellow shareholders in the United States received 51 percent of the issued stock in return for rights to produce Ford cars for sale in Canada and other parts of the then British Empire except the United Kingdom.

The fledgling company produced 114 cars and its 17 employees generated a total payroll of \$12,000 in its first year.

From small beginnings, Ford of Canada grew to play a leading role in Canada's economic development through the 20th century as it supplied transportation for five generations of Canadians in times of peace and war.

During World War II, for example, Ford of Canada produced 336,187 trucks of various types and 33,992 Universal and Windsor military carriers for use by Allied forces. Ford's Windsor plant was the largest single source of military land transport in the British Empire.

The post-war boom in automobile sales resulted in the company expanding from its Windsor base. In 1953, the Oakville Assembly Plant began production followed by the Ontario Truck Plant in Oakville in 1965 and the St. Thomas Assembly Plant in 1967. In contrast to the company's first-year results, Ford of Canada's annual production of cars and trucks runs in the half-million-vehicle range, employment of 14,000 employees generates payrolls in excess of \$1.5 billion, and purchases from Canadian suppliers exceed \$5 billion.

While Ford of Canada reflects with pride on its historic past, the company and its employees across Canada are focussed with determination on its future in the highly-competitive and increasingly globalized automobile industry.

For the first 60 years of its existence, Ford of Canada competed only with other companies operating in Canada. Then in 1965, the Canada-U.S. Autopact created a North American market for Canadian-produced vehicles. As a result, Ford of Canada and its employees rose to the challenge of competing on a continental basis.

But through the 1990s, the playing field grew even further to include the entire world as the automobile industry, among others, became more globalized.

Ford of Canada responded to this new challenge by launching the most extensive investment program in its history to expand, retool, and convert its plants to the highest technology standards in the world.

Ford of Canada's two assembly plants in Oakville, Ont., one in St. Thomas, Ont., and

five engine and component casting plants in Windsor, Ont., ship their products around the world. The Oakville-built Ford Windstar minivan, for example, is exported to more than 40 countries.

Ford of Canada plays an important role in the worldwide operations of Ford Motor Company, which serves customers in more than 200 countries and territories.

When Ford produced the 250 millionth vehicle since its establishment in 1903 last year, the country that accounted for the highest total — outside of the U.S. — was Canada, with more than 20 million vehicles, ahead of the output from Ford operations in either Great Britain or Germany.

In The Next Issue

The New 30 Day Parts Return Program

And Much, Much, More...

THE "BLUE LINE" IS PUBLISHED EXCLUSIVELY FOR MEMBERS OF THE FORD PARTS MANAGERS ASSOCIATION. MEMBERS ARE ENCOURAGED TO SUBMIT ARTICLES, QUESTIONS, COMMENTS AND SUGGESTIONS TO...

F.P.M.A.

WORLD HEADQUARTERS
PO Box 147

SODUS PT. NY 14555
FAX 1-315-483-9589
PHONE 1-800-547-5354
BBS# 1-800-863-5617