

The PartsEdge Advantage

Turning Inventory Challenges
into Revenue Opportunities

Part I:

THE PARTSEGE ROI



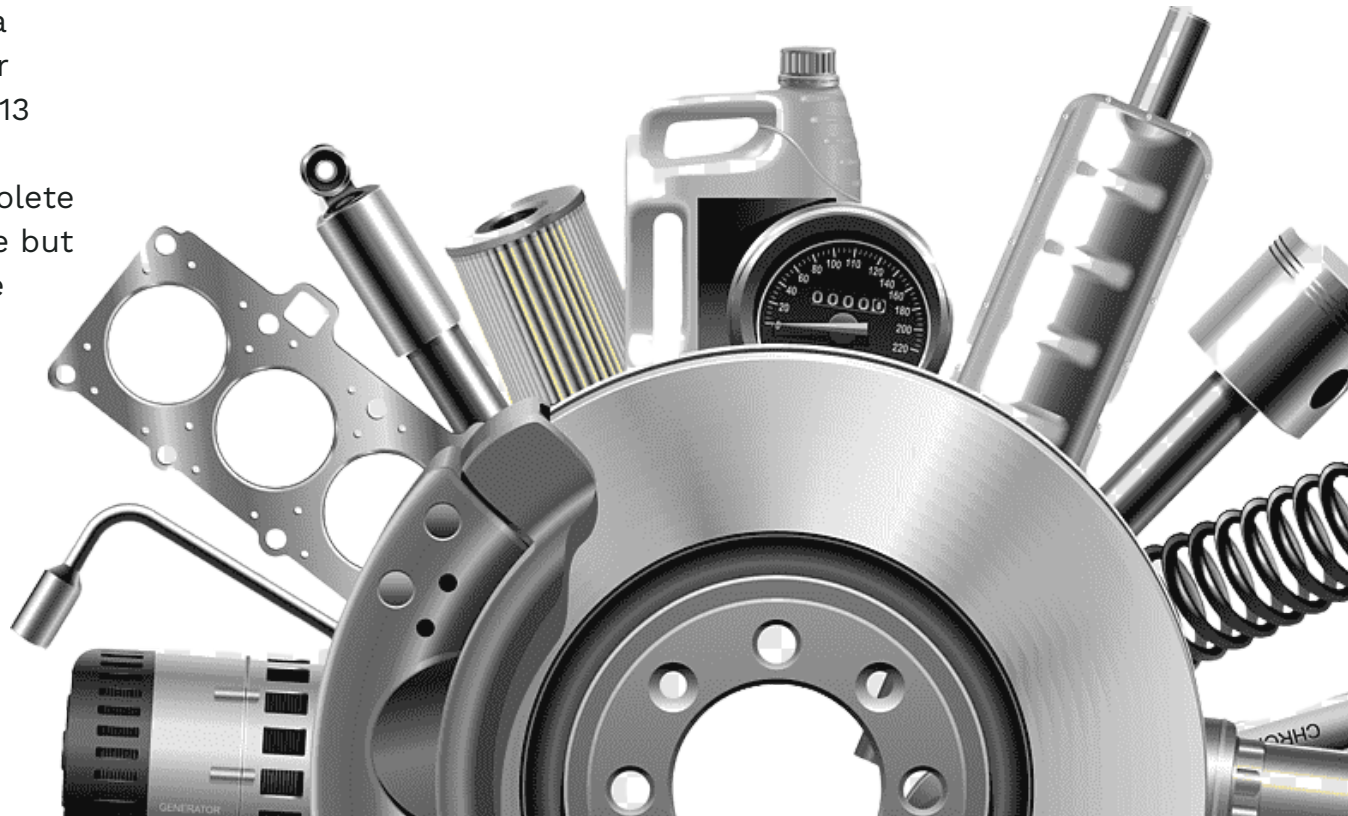
The Problem: Chaos in the Parts Department

In many dealerships, the parts department operates under constant stress. Your parts manager is busy from dawn to dusk, yet profitability remains elusive. Obsolescence grows month after month, and the path forward seems increasingly unclear.

Obsolescence, a silent revenue killer, costs dealerships significantly each month. It's a problem every dealer faces, but when over 15% of your inventory has been sitting for 13 months or longer, it's no longer just a nuisance—it's a financial drain. These obsolete parts not only occupy valuable shelf space but also tie up capital that could otherwise be used to stock fast-moving, profitable inventory.

Obsolescence stems from several common scenarios: over-ordering, failure to return parts on time, incorrect orders that can't be returned, or warranty parts for customers who never complete their repairs. Often, dealerships hold onto these parts, reluctant to let go of their sunk cost, but this hesitation prevents them from reallocating resources to higher-performing inventory.

Meanwhile, parts managers juggle a multitude of tasks: inventory control, staffing, technician support, training, wholesale operations, and OEM program compliance. They fight an uphill battle every day, trying to keep everything running while obsolescence chips away at their margins.



The Solution: Smart Dealers Turn to PartsEdge

What if your parts department could shift from chaos to control? What if it could evolve into a revenue-driving engine for your dealership? Enter PartsEdge, the ultimate partner for optimizing your parts department.

PartsEdge understands the challenges parts managers face and bridges the gap between dealership leadership and the parts department. By integrating advanced Dealer Management System (DMS) reporting with personalized consulting, PartsEdge helps dealerships unlock hidden profit potential.

PartsEdge helps create parts managers who operate with the same level of skill and acumen as the highest performing asset managers. By shifting the focus to treating auto parts as assets that can generate returns, the parts department transforms into a key driver of profitability and operational excellence.

Total Inventory Value Reduction

10-20%

Obsolescence Reduction

90%

Parts Sales Increase

20%

Hourly Savings Each Week

8-10

“PartsEdge’s data-driven approach has streamlined our operations, ensuring we stock the parts we need while maintaining a lean inventory. This optimization has led to improved sales, ROI, and customer satisfaction.”

Luis Majano

Parts Manager at Jaguar Land Rover Austin



The PartsEdge Advantage

Whether you're a dealership leader aiming to improve profitability or a parts manager striving for better control, PartsEdge offers the perfect solution. By focusing on strategic inventory management, PartsEdge transforms challenges into opportunities, ensuring your parts department becomes a key driver of revenue.

Unlock Hidden Profit Potential

PartsEdge shifts your inventory management strategy from reactive to proactive, turning your parts department into a reliable profit center.

The Power of the 80/20 Rule

In most dealerships, 20% of inventory drives 80% of profits. PartsEdge helps you focus on the high-performing 20% while streamlining or eliminating low-performing inventory, creating a lean, efficient stock.

Optimize Inventory for Profitability

Only 50% of a dealership's inventory is guaranteed by the manufacturer. PartsEdge identifies and removes excess, forced, or obsolete parts, freeing up capital and reducing unnecessary costs.

Reduce Idle Capital

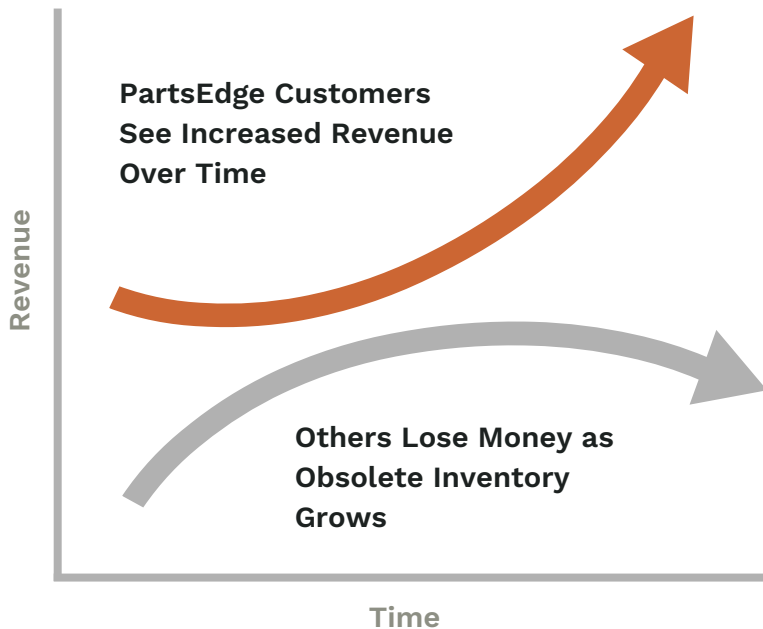
In many parts departments, 80-85% of inventory sits idle, representing a significant financial opportunity. PartsEdge's proprietary algorithms and reporting processes ensure your inventory is working for you, not against you.

Achieve Higher Productive Inventory Levels

With PartsEdge, you'll maintain optimal stock levels—enough to meet service demands without tying up resources in surplus inventory.

The Benefits of Using PartsEdge

Discover how PartsEdge can revolutionize your parts department by streamlining operations, improving efficiency, and driving profitability. Here are some of the key benefits that make PartsEdge an indispensable tool for dealerships:



Lower Obsolescence

PartsEdge reduces obsolete stock to minimal levels, improving overall efficiency.

Smarter Inventory Decisions

By simplifying and enhancing DMS reporting, PartsEdge empowers parts managers to make informed decisions about stocking criteria.

Increased Trust and Retention

Streamlined operations build trust with technicians, service advisors, and customers, improving satisfaction and loyalty.

Faster Results

Dealers often see improved transparency, better reporting, and measurable results within the first few months.

The PartsEdge Process

Streamlining your parts department begins with a proven methodology that combines cutting-edge technology and expert guidance to deliver outstanding results.

PartsEdge works closely with their customers, offering help whenever needed. Eddie Santos, Corporate Fixed Operations Director at Bayside Auto Group, called working with PartsEdge “a great experience,” adding, “You guys make this feel like an actual partnership.”

Components of Success

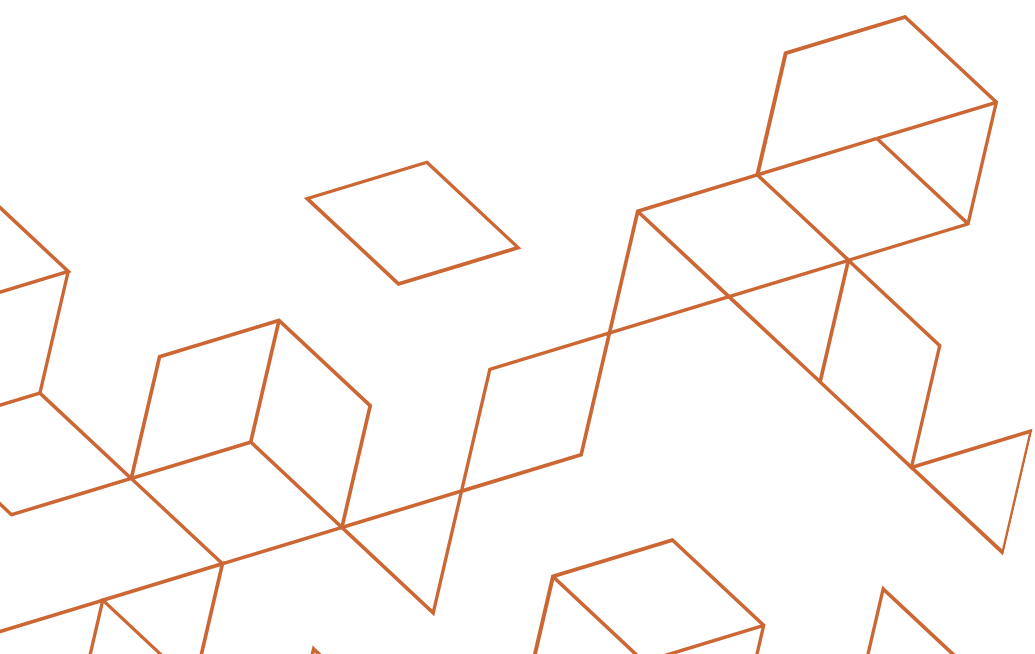
60% Technology, 40% Consulting: PartsEdge blends advanced technology with personalized support to optimize your parts department.

DMS Integration: Implements manufacturer-specific setups for complete inventory and pricing control.

Daily Data Analysis: Analyzes every part daily, making automated adjustments as needed to maintain peak performance.

Expert Support: PartsEdge’s team ensures smooth processes, minimizing reliance on DMS providers like CDK, Reynolds, Dealertrack, Tekion etc.

This hybrid approach of automation and expert-driven decision-making boosts productivity without overburdening parts managers. Jeff Dennis, Parts Manager at Marcotte Ford, put it this way: “PartsEdge is the perfect mix of human and robot. They automatically optimize inventory based on the data. They also take personal input from the everyday operations to create a hybrid of human and computer.”



Mitch Brady, Parts Manager at Ressler Toyota

PartsEdge Unlocks Inventory Creativity

At Ressler Toyota in Bozeman, Montana, Parts Manager Mitch Brady has always taken pride in a well-run parts department. But after implementing PartsEdge, he found something unexpected: creative freedom.

“PartsEdge makes it a lot more fun to be creative with the inventory and really dive into certain projects that you want to accomplish,” Mitch shared. With more control over source setup, phase-in/phase-out rules, and clearer reporting, Mitch was able to tailor his inventory strategy in ways the DMS alone couldn’t support.

Managing thousands of part numbers can be overwhelming, but PartsEdge helped simplify the process, giving Mitch the headspace to innovate. “Having that time to be creative and focus on how you can be more efficient is kind of invaluable,” he said. “And the numbers are just showing that the creativity is working.”

Since partnering with PartsEdge, Ressler Toyota has increased its active part numbers, reduced excess stock, and lowered obsolescence by 3–4%—all without increasing total inventory value.

“It's giving us an edge over other people,” Mitch concluded. “PartsEdge has made a big difference—not just in how we manage inventory, but in how we think about it.”

Total Inventory

▼ **7.86%**

Productive Inventory

▲ **7.98%**

13/13 Obsolescence

▼ **39.33%**

Excessive Inventory

▼ **38.40%**



Steps in the Process

PartsEdge is your partner throughout the entire process from discovery, implementation and ongoing assistance:



1

Discovery

PartsEdge will work with you to assess your current parts department situation. What are your struggles? What bothers your parts manager the most?

2

Implementation

PartsEdge integrates its proprietary algorithms into your DMS for streamlined inventory management daily.

3

Ongoing Assistance

Monthly one-on-one calls ensure continued success and fine-tuning of processes.

Results You Can Expect

Dealers typically begin to see measurable results within 30-60 days of implementing PartsEdge. Customers who have been using PartsEdge for 10-15 years continue to see consistent and significant improvements in inventory performance and profitability.

Evaluate
Obsolescence



Support Through the Year

Variance



Busy Summer



“Having PartsEdge support truly assists us performing many tasks behind the scenes. Parts managers have many tasks each and every day and with PartsEdge it’s like having an additional assistant manager in the office.”

Mike Kraft

Parts Manager at Suburban Chevrolet



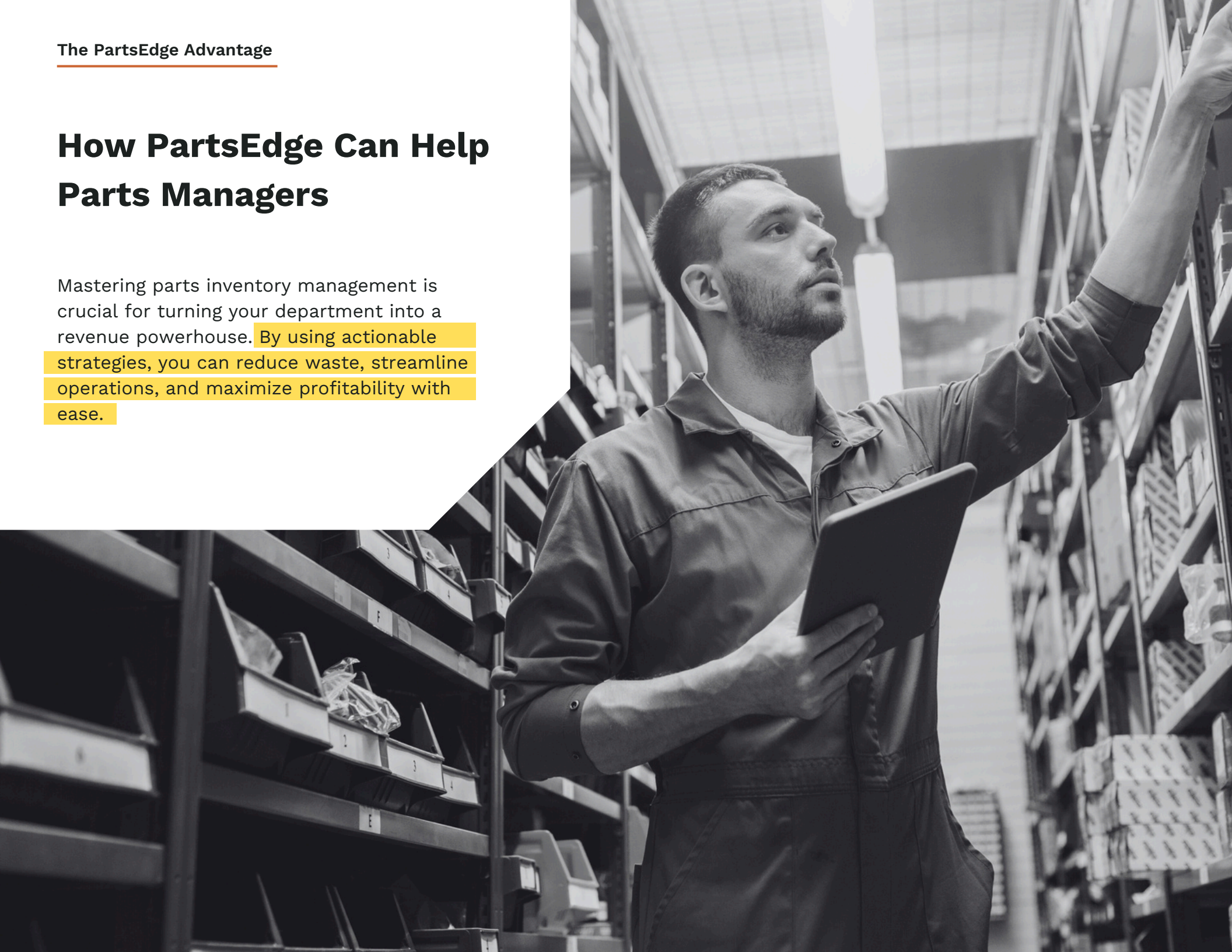
Part II:

BEST PRACTICES FOR A PROFITABLE PARTS DEPARTMENT



How PartsEdge Can Help Parts Managers

Mastering parts inventory management is crucial for turning your department into a revenue powerhouse. By using actionable strategies, you can reduce waste, streamline operations, and maximize profitability with ease.



PartsEdge Provides Actionable Solutions for:

1 Reducing Frozen Capital

Free up valuable resources tied up in excess stock

2 Eliminating Obsolescence

Minimize costly unsold inventory.

3 Avoiding Additional Personnel Costs

Automate processes without the need for extra staff.

4 Eliminating Daily Carry-Overs

Keep inventory streamlined and efficient.

5 Boosting Technician FRH Proficiency

Ensure parts are always available for timely repairs.



PartsEdge tracks inventory using five key categories

1

Productive Stock

Inventory that is actively selling.

2

Excess Stock

Items exceeding optimal stocking levels.

3

Forced Stock

Special-ordered parts not previously in inventory.

4

Technical Obsolescence

Parts without sales or receipts for 7-12 months.

5

Obsolescence

Parts without sales or receipts for over 13 months.

Where to Start

To address obsolescence proactively, calculate the value of parts in the 7-12 month no sale/no receipt category. Divide this value by six to estimate the monthly average growth of obsolescence. For example, if the total value is \$5,000 and you lack sufficient return allowances, offset the difference by accruing from gross profits.

Establish processes to ensure customers prepay for non-warranty parts and create strict procedures for special orders to avoid incomplete repairs.



“PartsEdge works in the background correcting sources and increasing profits, decreasing obsolescence and optimizing the matrix pricing. Their team and approach are special because they care about our business. It works.”

Scott Robins

Weld County Garage Buick-GMC



Checklist: Best Practices for Parts Managers

Your Top Priorities:

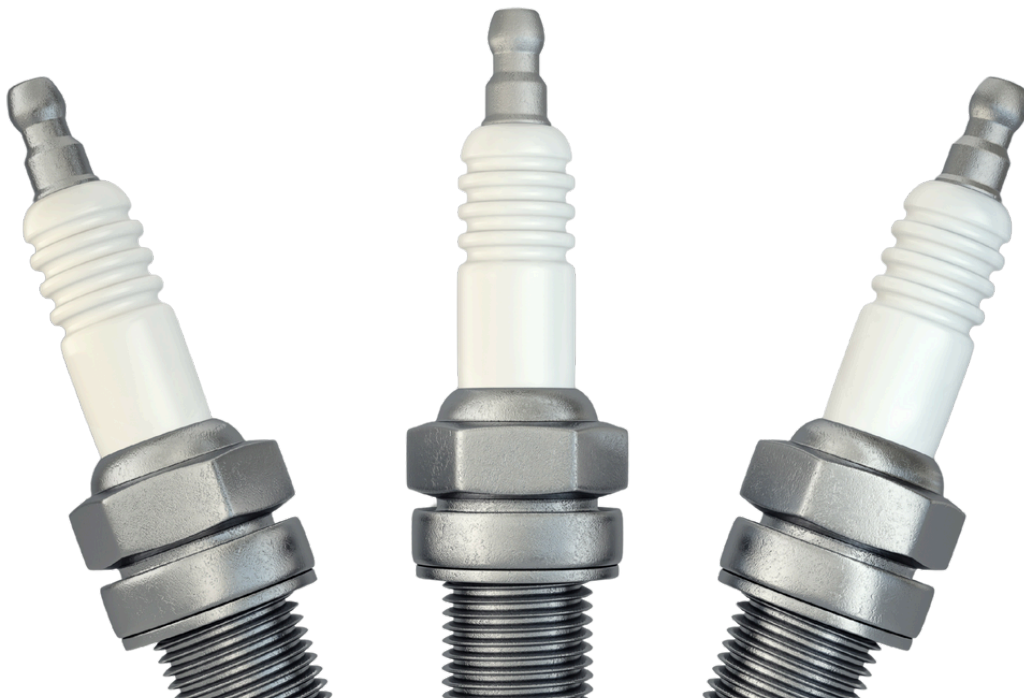
- Monitor inventory at a more granular level.
- Control special orders: Only order what's needed.
- Eliminate obsolete inventory: Get rid of the 50% that isn't guaranteed by the OEM.
- Update your pricing matrix.
- Train your parts managers.

Monitor Inventory:

- **Define Excess Inventory:** Parts that exceed calculated Best Stocking Levels due to over-ordering or returns.
- **Focus on Productive Inventory:** Ensure all inventory is productive by eliminating excess stock.
- **Track the Watch Category:** Crucial for avoiding surplus.
- **Set Realistic Stocking Levels:** Example: Adjust oil supplies from a one-day to a 25-day supply to reflect actual sales.
- **Accurate Reporting:** PartsEdge ensures precise inventory reporting, helping parts managers reduce idle inventory.

Special Order Control:

- **Order What's Needed:** Avoid over-ordering by technicians, which leads to obsolete stock.
- **Follow a Phase-In Process:** Develop a strategy for new parts setting more than one phase-in criteria
- **Accrue for Obsolescence:** Build a profit factor into pricing to cover idle inventory.



Checklist: Best Practices for Parts Managers



Eliminate Obsolete Inventory:

- **Understand Manufacturer Programs:** Automatic Stock Replenishment (ASR) parts may be returnable but come with conditions.
- **Break Out Non-Guaranteed Stock:** 50% of parts may not be guaranteed by the OEM.
- **Reduce Forced Stock:** Update pricing matrices and special-order processes to reduce obsolete inventory.
- **Manage OEM Loyalty Programs:** Dealers must comply with purchase and sales loyalty requirements.
- **Adapt to New Realities:** Modern dealership policies no longer offer return allowances or discounts.

Update Your Pricing Matrix:

- **Move Beyond Flat Base Pricing:** Understand margins before creating a pricing strategy.
- **Evaluate, Investigate, Implement, Review:** Continuously adjust your pricing approach.
- **Isolate Low-Gross Parts:** Track profit through source-specific analysis.
- **Create Sub-Sale Accounts:** Track low-margin items separately if necessary.
- **Eliminate Overrides:** Minimize manual adjustments.
- **Adjust the Escalator Table:** Regularly update pricing rules for maximum profitability.

Scott Robins, Parts Manager at Weld County Garage Buick-GMC

96% Reduction in Obsolete Inventory.

In the spring of 2021, \$150,000 of Scott Robins' \$1.6 million parts inventory was considered obsolete — meaning it had been sitting in inventory for at least 13 months without being sold.

"The chances of those parts selling are pretty slim when they get to that age with no sales and orders," said Robins.

After using PartsEdge, his dealership reported a 96 percent reduction in non-Retail Inventory Management obsolete inventory and an overall reduction of 87 percent in obsolescence.

Before adopting the program, his monthly obsolescence was \$4,000 to \$5,000 more than his return reserves could cover. If he got 50 cents on the dollar for \$5,000 worth of parts, the \$2,500 made doesn't include the time needed to generate those orders, ship them to the dealer and pay shipping fees, he said. Robins said there now is more room on his shelves for parts that sell.

"That translates to net profit because you don't have those expenses that you were dealing with before," he said.

He said his protected inventory — parts the manufacturer guarantees to take back if not sold — is 12 percent higher than it was before working with PartsEdge.



Ready to Unlock Revenue?

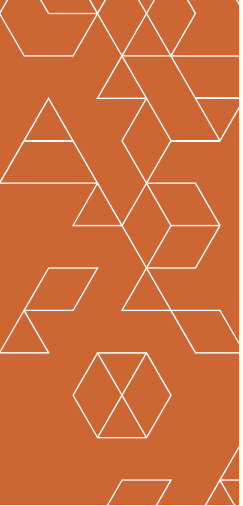
The parts department is one of the most critical areas for a dealership's profitability and operational efficiency. Whether you're a dealership leader looking to improve your bottom line or a parts manager striving for better inventory control, PartsEdge provides the tools, insights, and support to achieve your goals.

With proven results like reducing obsolescence, freeing up capital, and optimizing inventory for profitability, PartsEdge transforms your parts department from a source of frustration into a thriving profit center. Imagine a parts operation where obsolete inventory is minimized, processes are streamlined, and your team can focus on what truly matters: serving customers and driving revenue.

The time to act is now. By partnering with PartsEdge, you'll not only simplify your inventory management but also unlock hidden potential for growth and success. Let PartsEdge guide your dealership into a new era of profitability and operational excellence.

Contact us today for a free 15-minute consultation.





Andrew Ruthven, Berger Chevrolet

The PartsEdge ROI

Managing parts inventory effectively is critical to dealership profitability, yet most Dealer Management Systems (DMS) fall short in providing the necessary insights and automation. PartsEdge helps parts managers take control of their inventory, automate key processes, and create stability for better forecasting. For Andrew Ruthven, Parts Director at Berger Chevrolet, the impact was immediate:

"One of the biggest ways PartsEdge helped is the level of automation and the ease of making stabilized change. One of the challenges we had prior to PartsEdge was maintaining a consistent sourcing approach."

The Solution: Smarter Source Management

PartsEdge transformed Berger Chevrolet's inventory strategy by automating source management, eliminating the guesswork, and allowing Andrew's team to focus on high-value activities like sales and customer service.

"PartsEdge managing the DMS sources pays for itself in a couple of hours."

By automating routine inventory tasks, Andrew gained more control, visibility, and efficiency, ensuring the right parts were stocked at the right levels without over-investing.

The Challenge: DMS Limitations

Many dealerships struggle with their DMS, which often lacks clear, actionable insights for optimizing inventory. Andrew shared his frustrations before implementing PartsEdge:

"CDK creates a big challenge for us in terms of looking at what's productive, what's not productive, or what's valuable or not."

Without a system to properly analyze inventory performance, parts departments are left to manually sift through data, increasing inefficiencies and the risk of excess or obsolete stock.



The ROI: Leadership & Profitability

PartsEdge isn't just about automation, it's about maximizing profitability and freeing up leadership to focus on growth.

"Do you want your parts leader focused on the nuances of managing the inventory, or do you want them selling product?"

By reducing time spent on manual inventory management, Berger Chevrolet's parts department became more strategic, proactive, and profitable.

Driving Sales

For Andrew, the true value of PartsEdge became crystal clear: Inventory is growing strategically while maintaining or lowering investment. Excess and obsolescence are rapidly decreasing.

Inventory turns are accelerating, driving increased sales.

The Bottom Line

"PartsEdge reduces or alleviates significant hours for your parts manager. It provides more strategic direction from an inventory performance standpoint. Your sales will increase while the value of inventory will be less."

