

How to Organize Sources,
Control Stocking Groups,
and Eliminate Excess
Inventory

The Parts Inventory Control Guide

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The Parts Inventory Control Guide

Managing a dealership parts inventory can feel overwhelming. Thousands of part numbers, changing demand, and manufacturer requirements make it difficult to maintain the right balance between availability and profitability.

The key to controlling inventory isn't simply ordering fewer parts - ***it's organizing your inventory sources and stocking groups correctly inside your DMS.***

This guide walks through a proven framework for structuring sources, controlling inventory movement, and eliminating unnecessary stock so your parts department can operate efficiently and profitably.



What Makes Up a Parts Source?

Understanding Inventory Sources

A parts source in your DMS determines how inventory is managed, priced, and maintained behind the scenes. Key components include:

- Days Supply
- Phase In / Phase Out Criteria
- Pricing / Matrix
- Sale / Source Accounting
- Price Code Adjustments
- Manufacturer Master Tape Pricing
- Economic Order Settings

Together, these settings drive how your inventory performs—impacting availability, control, and overall profitability.



The Grocery Store Example



Think About Your Inventory Like a Grocery Store

To understand how inventory sources should work, imagine you manage a grocery store. You wouldn't treat every product the same.

Milk sells quickly and has a short shelf life. It needs frequent restocking and tight inventory control. Canned asparagus, on the other hand, sells slowly and lasts almost indefinitely.

Because of these differences, each product category requires its **own stocking strategy**.

Parts inventory works the same way.

Fast-moving service parts, slow-moving accessories, and specialty parts all require different rules for stocking, pricing, and replenishment. The key is organizing your inventory sources so your DMS automatically treats each group appropriately.

Organizing Sources Like File Cabinets

A helpful way to think about structuring your inventory sources is like a file cabinet with folders. Each folder represents a different category of parts with its own rules and purpose. Examples include:

Parts You Actively Sell

- Captive parts
- Competitive parts
- Accessory parts

Parts You Need to Stock

- Special order parts
- Non-stock test parts

Parts That Need Attention

- Obsolete parts
- Forced stock parts

By separating parts into organized sources, you gain better control over **inventory value, stocking behavior, and ordering decisions.**

Inventory Value Checklist

Tracking the Value of Each Inventory Category

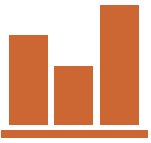
Once your sources are organized, you can monitor the value of each category within your inventory. Important categories to track include:

Your goal is to maximize **productive inventory** while minimizing **forced stock and obsolete parts**.

- ✓ Captive parts value
- ✓ Competitive parts value
- ✓ Accessory parts value
- ✓ Special order parts value
- ✓ Forced stock parts value
- ✓ Obsolete parts value

Captive Parts

Manufacturer-specific parts sourced directly from the OEM, with same-brand dealerships as your primary competition.



- Escalated pricing
- Daily stock order replenishment
- Managed by part movement (days supply)

Core to service demand and critical to get right.

Competitive Parts

Common maintenance parts available from multiple suppliers, where pricing drives the sale.



- Not manufacturer specific
- Sold at retail, menu, or family pricing
- High-volume, fast-moving parts

Best managed with multiple sources by part type, movement, and pricing strategy.



Accessory Parts

Impulse-driven parts that require a different sourcing strategy than traditional service items.



- Not typically manufacturer captive
- Often impulse purchases
- Sold at suggested retail
- Model or date specific

Best managed with flexible sources, separating active and idle inventory to control movement and profitability.



Special Order **Parts**

Customer-specific parts that are not typically stocked.



- Ordered for a specific repair
- Not usually replenished
- Can transition to stock if demand grows
- Isolated for easy tracking and aging

Keeps customer orders organized while preventing lost or abandoned inventory.



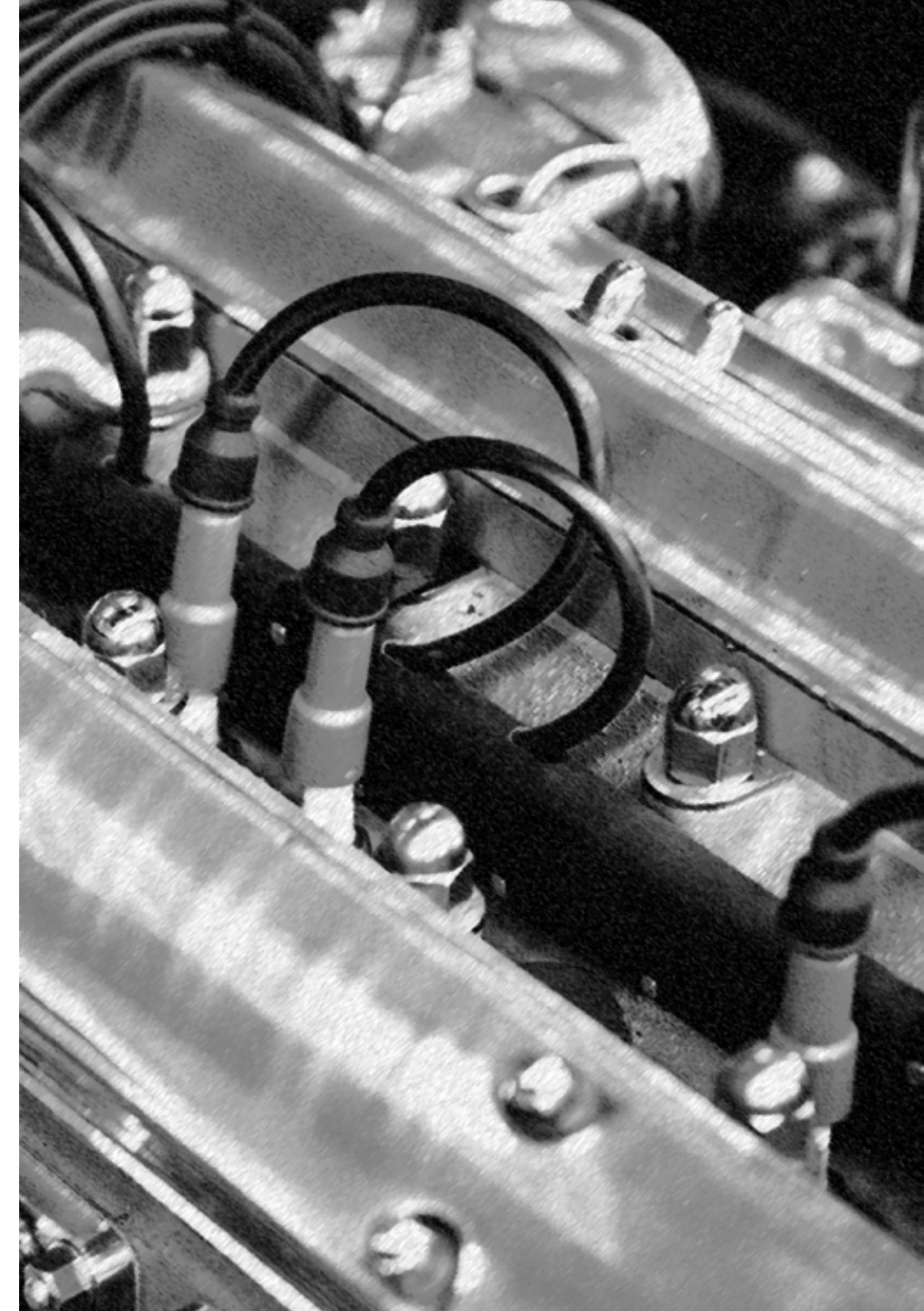
Non-Stock Test Parts

Parts with some demand but not ready to be stocked.



- Tracks early demand before phase-in
- Prevents unnecessary inventory investment
- Allows demand to determine stocking decisions

Use to test before committing inventory dollars.



Non-Stock Phase-In Process

Build inventory width by testing demand before stocking.

For example:

1

Default
Source –
**Phase in 3 in
9**

2

Phase-In
Source – **4 in 9**

3

Phase-In
Source – **5 in 9**

4

**Never Stock
Source**



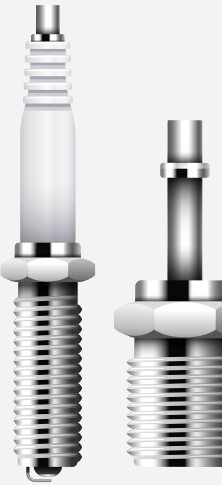
Ensures only proven demand earns shelf space.

Forced Stock Parts

Understanding Why Forced Inventory Happens

Forced stock occurs when parts enter inventory without meeting your normal stocking rules. Common causes include:

- Technicians over-ordering during repairs
- Wholesale returns from body shops
- Manufacturer stocking programs
- Customers failing to return for scheduled repairs
- Ordering mistakes by parts advisors
- Speculative stocking based on guesswork



These parts represent **unfulfilled demand rather than real inventory need**, making them one of the largest drivers of inventory inefficiency.

Obsolete Parts

Impulse-driven parts that require a different sourcing strategy than traditional service items.

Obsolete Parts

Obsolete parts are typically defined as items that have had: **No sales for 12 months and no receipts for 12 months.**

95% of obsolete parts value comes from forced stock and unfulfilled demand.

Unfulfilled Special Orders



Forced Stock



Obsolete Inventory



Example Source Guide

A typical source structure might include:

101–104: Captive parts selling

121–125: Competitive parts

131–135: Accessories

141–143: Non-stock test parts

151: Special orders

161: Forced stock

171: Tires

181: Obsolete parts

199: Never stock



This sample of 20 sources is really 8 sources that you would have to control. The other 12 sources are grouped into source by movement automatically.

ASR Source Guide Example

Another example source guide includes:

Source 101 = Guaranteed Parts

Source 102-105 = Non-Guaranteed Active Parts

Source 121 = Guaranteed Competitive Parts

Source 122-125 = Non-Guaranteed Competitive Parts

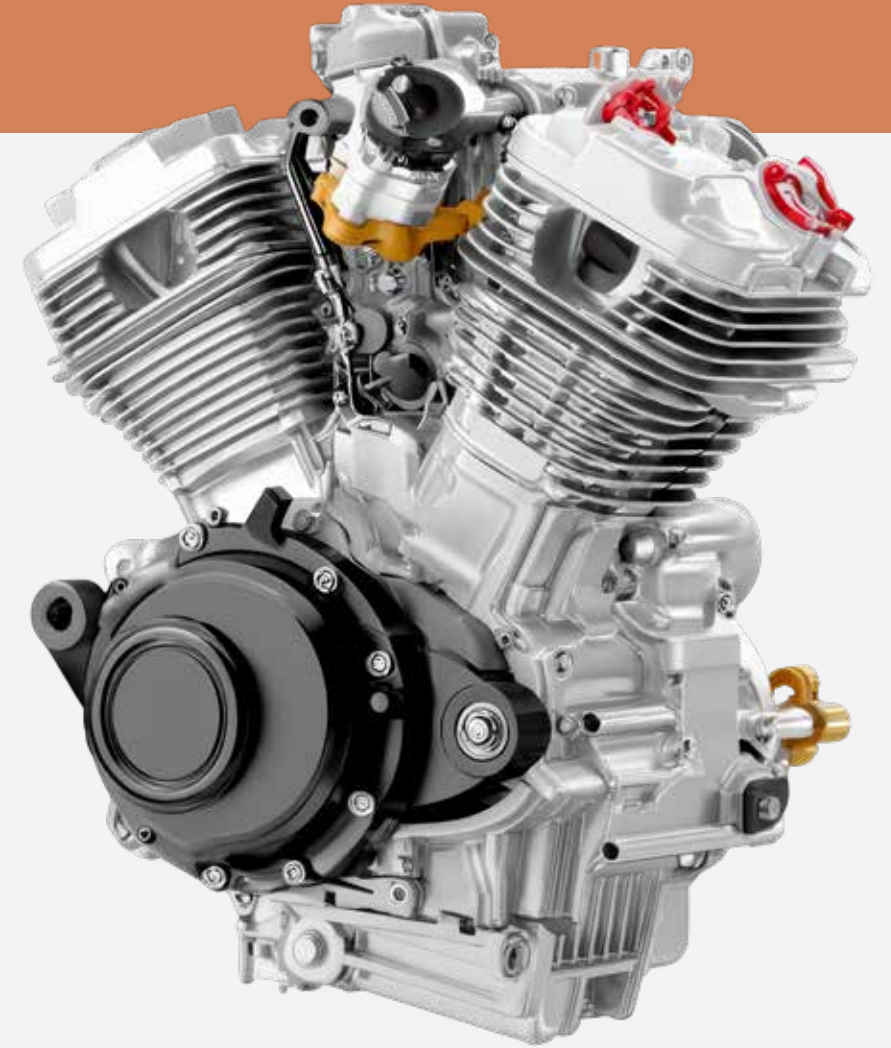
Source 131 = Guaranteed Accessories

Source 132-135 = Non-Guaranteed Accessories

Source 141 = Special Order Parts

Source 151 = Tires

Source 199 = Never Stock Parts



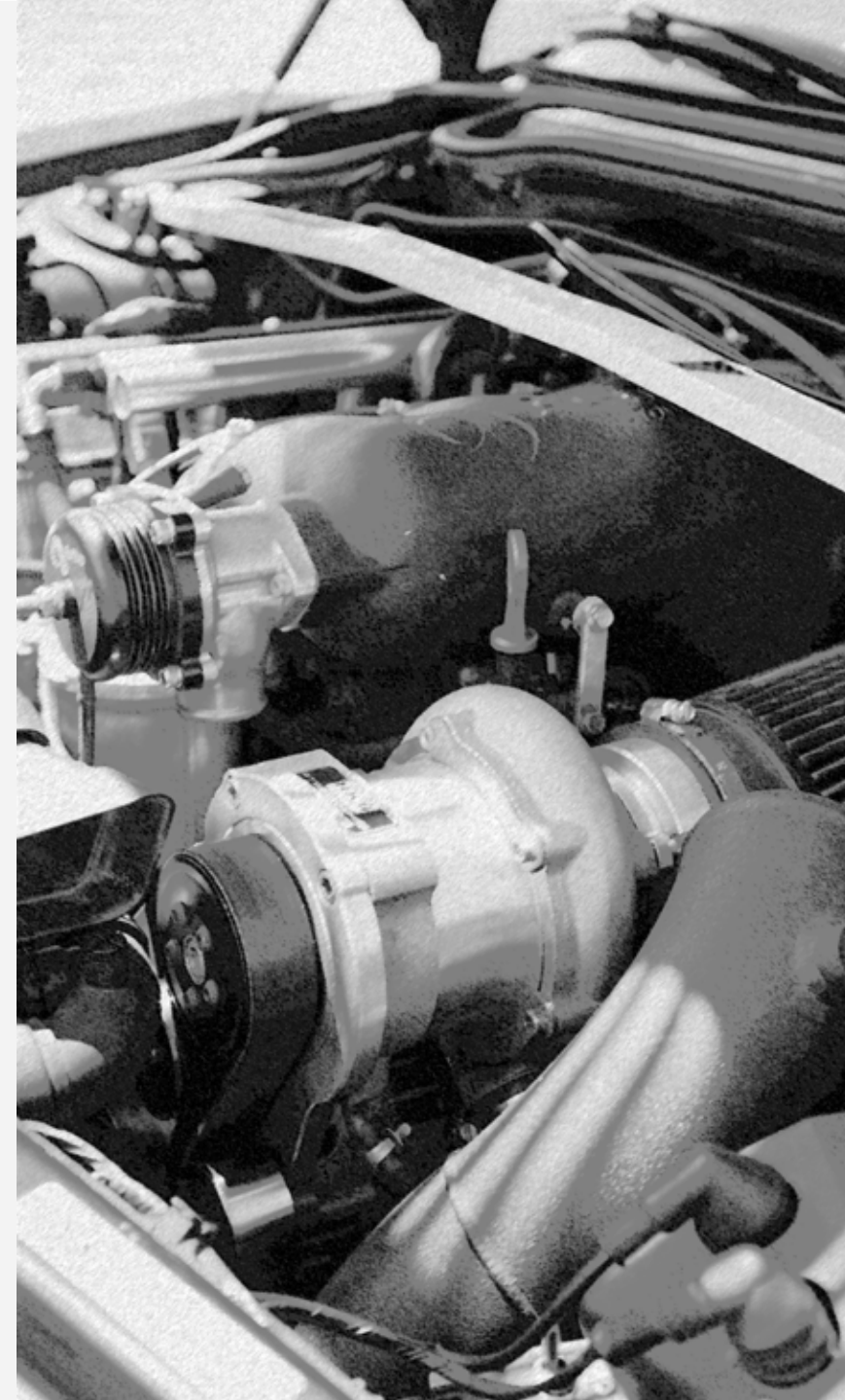
This sample of 18 sources is really 8 sources that you would have to control. The other 12 sources are grouped into source by movement automatically.

Why Source Management Matters

When inventory sources are structured correctly, dealerships experience significant operational benefits:

- Reduced excess inventory
- Greater inventory breadth
- Faster identification of forced stock
- Easier management of special orders
- More accurate stock order calculations
- Improved pricing consistency

Ultimately, proper sourcing leads to **better profitability and stronger inventory return on investment.**



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Ready to SIMPLIFY Things?

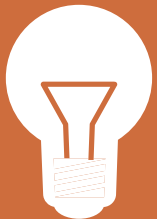
What We Do!

We help your DMS work smarter without adding more to your plate.



- Save time managing inventory
- Replace guesswork with data
- Reduce manual workload
- Turn inventory proactive

How It Works!



- Remote setup and optimization
- Automated source and pricing adjustments
- Ongoing reporting to track results

Real Results



"In one year, we reduced total inventory by 35%, increased productive inventory, and cut obsolescence by 58% — with technical obsolescence down 72%."

Greg Dimond, Parts Manager



"PartsEdge combines automation with real-world expertise to optimize inventory using both data and daily operational insight."

Jeff Denis, Parts Manager, Marcotte Ford



"With the tools offered by PartsEdge, I doubled my monthly gross profit within 16 months."

Jason Boyd, Parts Manager, Tate Branch Auto Group

Measured Dealership Results After Implementation

1 20% less total inventory

2 50% higher ROI

3 20% increase in parts sales

4 15% less idle inventory

What If Your Parts Department Could Drive Even More Profit?

The key to unlocking more profit isn't working harder - it's how your inventory is set up, maintained, and optimized inside your DMS.



PartsEdge: The Missing Link Between Data and Decisions

Partsedge uses real performance data, advanced algorithms, and dedicated parts experts to optimize inventory directly within your DMS. The result: tighter stock levels, less excess and obsolescence, without added work or operational disruption.

Ready to take control of your inventory?



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