

PARTS PLUS Arrives

By Dick Hedahl

March 2001

Volume 9

Number 6

Hedahls Headlines

EMPLOYEE NEWSLETTER

At the recent annual meeting, the members of Uni-Select USA were given a preview of the direction recommended by the Board of Directors. Parts+Plus will be our new brand and marketing program, replacing the Auto-Mate brand currently used by Uni-Select USA members.

I serve on the Uni-Select USA Board of Directors, and this move has my whole-hearted support, along with that of the leadership of Uni-Select USA in the Twin Cities. Gary Kremer told me he sees this move as the best way to take Uni-Select USA to the level of a national player in the auto parts business. I agree.

The national marketing, training and sales programs developed for Parts+Plus will support local stores and companies within the Uni-Select USA membership. We are now competing with national organizations in all our markets, and the stronger, more nationally recognized Parts+Plus brand will help keep us competitive even as our competitors become more consolidated.

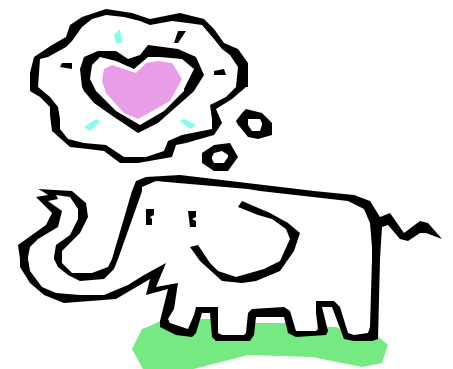
We will be adopting the Parts+Plus program gradually, in a phased in approach. It may take many months to fully implement the Parts+Plus program into the Hedahls system, but I believe it's a move that will help us – and our customers – remain a vital force in the marketplace.

Our Auto-Mate program was a good beginning, but as Uni-Select and its members expand to hold a national presence, we'll benefit from the added clout that increased buying power and unified brand recognition will give us. Please join me in welcoming Parts+Plus to our business.

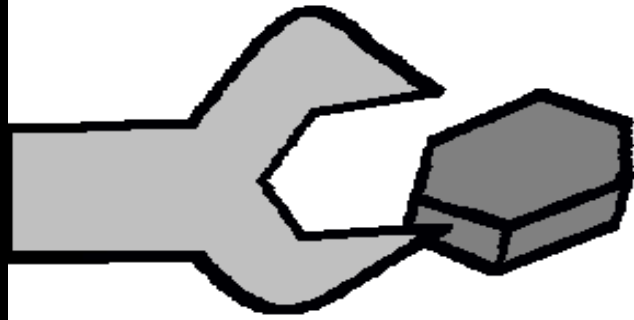
New Employee

There are no multiple-of-five work anniversaries this month, but we do have one new employee. Please welcome him.

JERRY HERRMANN – Jerry is new at Headquarters working part-time in accounting. From Bismarck, he is married with three children. Jerry enjoys hockey and other sports, along with hunting, fishing and camping.



SALES



TOOLS

IDEAS FOR BETTER SELLING:

Common Sense Transfers

Doing transfers is like anything else: it requires a little common sense from the human element. I've seen the computer ask stores to transfer a quantity of two 3M tie-straps, and I've seen stores do it. I've seen the computer ask a store to transfer one 75-watt bulb, and I've seen stores do it. I've seen stores ship that one 75 watt bulb in a paper bag, and guess what, the bulb was broken when it got to the receiving store.

In all of these examples a little common sense would go a long way. If the computer generates a transfer for less than a package of 3M tie straps, change the quantity and send a complete package. If the computer generates a transfer for one 75-watt bulb, change the quantity and send a pack of two.

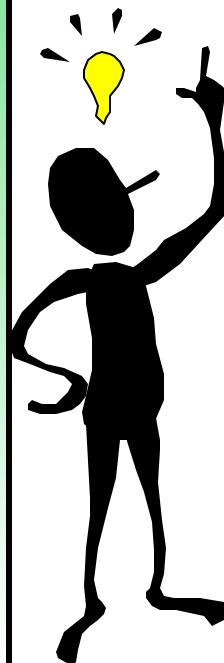
When shipping anything to another store, pack it just like you're shipping a present to your grandma. Pack it and seal it so it makes the trip.

We also need to use a little common sense when receiving merchandise. Be sure that the quantity you receive is right. For example, a bag of fifty 3M wire ties instead of two, or two 75-watt bulbs instead of one.

The other thing I see happening is stores shipping the same item back and forth several times. When I was acting manager at the Dickinson store, we received a Motor-Mite bubble pack from one of the stores. The corners of the package were curled up. You could see the package had already been opened because the plastic bubble was stapled on. One of the guys at the store commented that we should send it back to the store that sent it to us. After all, he reasoned, why should we accept junk like that?

I have to admit that at first I agreed and was a little annoyed by the fact that they would even send junk like this. But I decided to keep it because we needed it. According to our new policy about store transfers, the sending store should now call to ask if we will accept worn or damaged packaging on an item before shipping it out. That way we can have avoided some grumbling and possibly the needless shipping around of this item.

Sometimes the packaging doesn't matter, but let the receiving store make that decision. And if you have a piece of merchandise that is so beat up it can't be sold, either warranty it out or contact the rep and have him take care of it. You need to get it off your inventory and out of the company transfer system. That's common sense too. Thanks, Dale.



That's why they call it "The Bottom Line"

Sometimes your first reaction is your worst reaction. Take the delicate balance of volume, margin and profit as an example. Often our first reaction to a dip in volume is to cut margin. But it's profit that keeps a business strong and viable, not volume or margin. And if your focus is on profit as it needs to be, then cutting margin can have disastrous effects on your business.

Consider this example: Your cost on an item is 55¢, and you sell it for \$1. You make 45¢ profit. Your margin is 45%. If you sell 100, you'll make \$45. You decide you need to boost volume, so you unwisely decide to cut price by 15%. Your cost is still 55¢, and your profit is now 30¢. If you sell 100 of them, you'll make \$30. You cut your margin by 15%, but your profit was cut by 33.3%. Indeed, you'd have to increase volume by 50% to 150 just to make the same profit dollars you were making before.

But look what happens when you increase margin by 15% instead. Your cost is still 55¢, but you'll make 60¢ on each item you sell. That means if your volume stays the same, your profit is now \$60. Even if you only sell 75 – a drop in volume of a full 25% – your profit stays at \$45.

The moral of this little arithmetic lesson is that profit is hard to make and cutting price to boost volume is often the worst way to try to make it. You just have to work that much harder to make the same amount of money.

Another Good Suggestion!

We're pleased with our new program to formally recognize and reward those of our employees who make suggestions that we are able to implement to improve how we do business. This month's winner of the \$100 gift certificate is Phyllis Rogstad of Headquarters. Phyllis gave us a suggestion to make accounts payable more efficient. Hers was among several useful suggestions submitted this month, and we drew her name for the winner. Thanks, Phyllis, and congratulations.

If you want to read about your suggestion here (and maybe win that \$100 gift certificate too) just be on the lookout for ways to improve the way we do business: faster, better, safer, whatever. When you think of one, tell your supervisor about it or send it directly to Larry Lysengen or Dick Hedahl at Headquarters. Each month we'll hold a drawing for a \$100 gift certificate from the names of those who submitted suggestions that we implemented during the previous month.



Victor Gaskets & Oil Seals

We all know ordering Victor gaskets and waiting two days has not been working for anyone, especially our customers. Nemac is now your Victor warehouse. There is a good inventory on the shelves and the computers are set up to replenish your stock daily.

This is a new line for us so it's imperative that you record your lost sales. Our buyers are going through lost sales on a regular basis, and it's one more way to strengthen our inventory company wide.

If you check inventory and you see Nemac is not stocking that number or it's on order, your second source is Jobbers Warehouse. Specify Cross-Country as your courier. Every store will have next day delivery, and we will be able to take care of our customers.

Your discount out of Jobbers Warehouse—on Victor gaskets only—is the same as Nemac's discount. Don't forget to add \$11 for freight through Velocity Express. Jobbers address and phone number:

Jobbers Warehouse Supply
800 Third Ave. No
Minneapolis, MN 55405

Phone # 800-489-4520
Fax # 612-377-4522

Alert: Phone Scams

There's a new scam making the rounds and it's a costly one. Be alert to it both at work and at home. It goes like this: you get an email, phone call, voice mail message, or see a web page, telling you to call a number with a 809 area code. Sometimes the message with the number says there's an opportunity for you or perhaps it claims a loved one is ill or injured – whatever it takes to get you to call the number. But when you call the number, you are given the runaround and made to stay on the line — **all while they are charging you as much as \$2,425 per minute!**

People have racked up huge phone bills only to find out the message was a scam at a "pay-per-call" number. But here's the catch: the 809 area code is located in the British Virgin Islands (The Bahamas). Because of that, any call you make is not covered by U.S. regulations. They are not required that you be notified and warned of charges and rates involved as with other "pay-per-call" number. They don't give you a time period during which you may terminate the call without being charged. But most importantly, because they are beyond the reach of U.S. regulations, trying to fight these charges is almost impossible.

But there's more, according to a telephone company representative that we talked to on Friday, 809 isn't the only area working like this. New ones are cropping up all the time. The message is, be careful with the numbers you dial and the messages you return. Try to confirm where an area code is before you leap in.



CALL PAUL

If you have an idea for a topic to be covered in "Call Paul," please FAX, call or email Paul Barth at Headquarters.



#13 is Lucky for Sales Inquiry

By going to #13 – Sales Inquiry on your store menu, you can get to a screen that displays all important data on a part number:

- LOC = Location
- Mfg MC = Manufacturer Movement Code
- Our MC = Our Movement Code
- Avail = Quantity Available
- COH = Quantity On Hand
- STK FLG = Stock Flag
- SFTY STK = Safety Stock
- Stk Date = Date part was put in your store
- Last Sale = Last date part was sold
- YTD = Year to Date Sales
- LYR = Last Year Sales
- 18 MTH Sales = Last 18 month rolling sales total
- 12 MTH Lost = Lost Sales in last rolling 12 months

Larry Bosch uses this screen continuously when he is making stocking decisions on part numbers.

On this screen you can tell if your store stocks a part number by looking at the Safety Stock field and Stock Flag field. If there's a number in the Safety Stock field, it means you stock that part and that is the amount you stock if the Stock Flag is "Y" for yes.

If the Stock Flag is "N" for no and you have a number in the Safety Stock, then you still do not stock that number. If you would like to stock a number, see your manager.

STK Flag = N means part number is not stocked

STK Flag = Y means part number is usually stocked

When a part has a Safety Stock greater than zero and a Stock Flag of "Y," the stock order system will reorder the part. If a part has a Safety Stock of zero and a Stock Flag of "Y," the part will only be reordered by the stock order system after the part has been sold and Bill Edwards does the Safety Stock recalculation at the end of the month.

A part with a Safety Flag of "N" will not be reorder by the stock order system.

New part numbers keep their "Y" Stock Flags for 270 days in Bismarck, Aberdeen and Detroit Lakes. All other stores keep the new "Y" flags for a year. After the new number time is up, the part number will go to a Safety Stock of zero if there are no sales.

Larry Bosch will look at all numbers that have a "Y" Stock Flag and a zero Safety Stock when he does a periodic review of the line. At that time, he will change those "Y" flags to "N."

With our stock order transfers, a part will not transfer to another store if the Safety Stock is zero and the Stock Flag is "Y." The Stock Flag must first be changed to "N" by Headquarters before this number will be automatically transferred to another store.

Bottom line here: if you see something screwy in all these quantities and flags, ask your manager about it.

The next round of ASE testing is in May.

If you want to take a test, your manager has registration forms.

They must be returned to Dee at Headquarters by March 23.