

**THANKS TO OURISMAN FORD'S** new bar-coding system, stock clerk Gregory Lantion can accurately check in an entire parts shipment 50% faster than he could using the dealership's former manual system.

Dennis Brack/Blackstar

# CRACKING THE CODE

BAR-CODING SYSTEMS PROVE THERE'S NO MYSTERY TO INCREASING  
PRODUCTIVITY IN DEALERSHIP PARTS DEPARTMENTS

**Any shopper** who's ever cooled his heels during an agonizingly long wait at the supermarket checkout knows that the greatest gift technology has delivered to mankind isn't the personal computer, the cell phone or even the Internet—it's the bar-code scanner.

For the impatient, that innocuous-looking hand-held laser gun wielded by cashiers at major retail

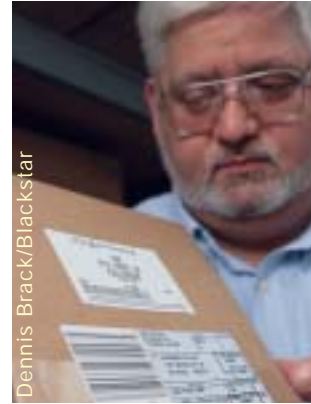
stores in America has been the answer to a million silent prayers and unprintable epithets.

The productivity-enhancing technology behind the laser gun and other bar-code reading devices has also contributed millions in additional profits to retailer coffers. Now, that technology is affordable, dependable and ready for use at Ford, Lincoln and Mercury dealership parts departments of every size.

by MIKE PRINCIPATO

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—David Katz



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### Laser-Guided Accuracy

It’s not that bar coding is exactly new to dealerships. According to Becky Cox, parts operations coordinator for Ford Customer Service Division, the technology has been used by a limited number of parts departments for several years. What has

changed significantly, however, is the volume of parts being shipped from Ford, Motorcraft and other suppliers that are now labeled with bar codes.

“Dealers told us they wanted to use bar-code technology, but the major obstacle to installing bar-code reading systems in their parts departments was the small

percentage of parts that were labeled with bar codes,” Cox explains, adding that a bar-code system is not a practical investment for a dealership if its percentage of bar-coded parts is only 10%.

Ford heard that concern loud and clear, and began an aggressive plan to remove the barrier. In April, FCSD announced that an estimated 80% of parts received by Ford, Lincoln and Mercury dealers had bar codes.

That’s all David Katz, parts manager at Ourisman Ford in Bethesda, Maryland, needed to hear. Within weeks of the April announcement, his 12-person department was up and running with a bar-code reading system supplied by Automotive Business Solutions (ABS). For roughly \$300 per month, the dealership is leasing a PC, a specialized label printer, a corded handheld laser scanner and software. ABS also supplies the team with training. The results in the department’s productivity were immediate and obvious, says Katz.

“In receiving, we’re checking in parts at least 50% faster than we were on our former manual system, and we’ve just about eliminated the paperwork required on special-order parts,” says Katz.

Ourisman Ford sold \$5.4 million in parts in the Washington metropolitan area last year and maintains \$500,000 in inventory, most of which Katz says is now bar-coded by the suppliers.

He adds, “We’re now using just one person to check in our shipments of parts instead of two. The key for us was the increased number of parts we order that come in with bar codes on them. I’d estimate that more than 90% of the parts we’re receiving are bar-coded now.”

He notes one other significant advantage of bar coding: accuracy.



Dennis Brack/Blackstar

**THE TURNKEY** bar-code reading system leased by Ourisman Ford enables stock clerk Gregory Lantion to single-handedly inventory a large parts shipment.



**STOCK CLERK LARRY LYBARGER** uses a bar-code scanner to receive, check and stock Earnhardt Ford's weekly and daily parts orders.

"Before the scanner and the system, we'd have two guys check in and mark off shipping logs every day," says Katz. It was a tedious task that exposed Ourisman Ford to the possibility of errant parts slipping through. "Now, you either scan it or you don't. There's no more, 'Jeez, did we check that part in yet or not?'"

### Beaming Up Cost Savings

On the other side of the country, June Esparza, a 21-year veteran in the parts department at Earnhardt Ford in Tempe, Arizona, has found that selling more than \$20 million worth of parts annually from three Arizona locations is a whole lot easier with bar-coding technology.

Earnhardt Ford stores in Tempe, Chandler and Apache Junction supply a variety of retailers and wholesalers in the West with parts—receiving and shipping more than 2,000 items per week. That's more than \$300,000 per week in Ford and Motorcraft parts alone, notes Esparza.

Thanks to the PartScan bar-code system from supplier ADP, which was installed at each dealership location last November, Parts Manager Esparza is now reporting unprecedented levels of productivity in receiving. Even better, inventory counts are more reliable, leading to faster and more profitable sales.

"We were running pretty lean to begin with, so we haven't reduced head counts since adding the bar-coding technology," Esparza says. "But our 49 employees in the three locations have cut the time we used to devote to receiving almost in half."

These employees use the handheld scanners to receive, check and stock Earnhardt Ford's large weekly and fast-turnaround daily parts orders. "We still stock and pull parts manually, as we did before we bought the scanners," says Esparza. "The big difference now is that we're much more confident that the inventory information that appears on our parts departments' computer screens

## BAR-CODING BASICS

- Bar codes are now being applied to all individual Ford and Ford supplier parts.
- Ford Customer Service Division Packaging Engineering uses two types of bar codes: UPC for Motorcraft parts, and 3-of-9 for non-Motorcraft parts. A dealership's bar-code reading system must be able to decipher both types.
- Corded handheld scanners—the kind most commonly in use today in retail and wholesale distribution operations—are used primarily for parts shipment check-in. Cordless handheld units are most commonly used for physical inventory counting.
- Some bar-code system providers offer specialized PCs as part of their system, along with necessary reading and report-generating software and a label printer. Other providers' bar-code systems easily connect to a dealership's existing computer network.
- To ease the transition from manual, paper-based parts-management systems to bar-coding systems, FCSO maintains a Web site, which can be found on QCdealer.com under the Parts tab (click on "Packaging" under Resources). The site contains information about bar-code system providers, an online tool for cross-referencing bar codes with Ford and Motorcraft parts numbers, and a concern form for reporting bar-code issues.

is accurate, since the scanners eliminate the possibility of most human counting errors." Information read by the handheld scanners on each part or bulk package is automatically uploaded into Earnhardt Ford's parts department computer system. Parts that don't have a bar code can be assigned one; an employee simply enters the item's part number into the system.

Like Katz at Ourisman Ford, Esparza is looking forward to maximizing the potential of the bar-code scanning gear.

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—June Esparza



John Phillips/Blackstar

count quickly with our own staff, rather than subcontractors," she says. "I think we're also going to be able to better track our inventory investment by performing those physical counts more than the usual twice per year."

But Esparza says there is even more reason for dealerships to be

excited about bar-code technology. "We're not quite there yet, but we're working toward being able to scan retail parts sales right at the counter register," she says. "That means if a customer comes in and grabs a can of brake fluid off the shelf, we can scan it at the counter, know that it's being deducted from inventory, and ring up the sale on the spot, just like a supermarket."

"With the bar-code system, when we see it on the screen, we know we have it."

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## Action Steps

Implementing bar-code reading technology in a dealership is a relatively simple process, particularly if the system selected is a turnkey solution containing all the necessary hardware and software. Just as important as choosing the right technology is preparing the people who will be using it, says Becky Cox, parts operations coordinator for Ford Customer Service Division. She offers the following advice for a successful implementation:

- Get the parts team on board early in the planning process.
- Choose a bar-code system provider whose system can read 3-of-9 and UPC bar codes, both of which are used by FCSD Packaging Engineering.
- Ensure that the bar-code system installation includes on-site training for operators.



**PARTS MANAGER DAVID KATZ** (left) guides Ourisman Ford parts counterman **Kenneth McCants** in using a bar-code scanner. Training is usually included with a bar-code system installation package.

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