

FRONTLINE PERSPECTIVES ON THE AFTERMARKET

q&a

JOBBER'S FOCUSING ON CUSTOMER SERVICE, NEW TECHNOLOGIES TO STAY COMPETITIVE

“I remember, twenty years ago, being told that if I did not have an electronic catalogue, I would not be in business in the future. I recently went to a meeting and was told that if I did not have a driver delivery system, I could not be competitive.”

– WAYNE MAUNULA,
OWNER, AUTO PARTS
CENTRAL, THUNDER BAY,
ONTARIO

economy, with slowing growth in some sectors and in provinces such as Alberta, a precipitous decline in growth and a rapid spike in unemployment.

Wayne Maunula, owner of Auto Parts Central in Thunder

The last two years have seen tremendous changes in the Canadian economy, and those changes are challenging jobbers across the country. *Jobber News* decided to talk with several jobbers in Canada to get their perspectives on what is happening in the economy and how they are coping.

One of the issues facing jobbers right now is an economy that is weathering a storm created by the rapidly declining Canadian dollar – which is mainly caused by a collapse in global oil prices. The Canadian dollar's earlier strength was predominantly based on oil being over US\$100 per barrel. To put things in perspective: around June of 2014, a barrel of Brent crude was going for US\$110 on the open market, and the Canadian dollar was worth just a tad over 92 (U.S.) cents during the same period. Fast-forward to today, and that same barrel of oil is just a little over US\$33, and the Canadian dollar is sitting just shy of 72 cents.

Bay, Ontario, says that along with the challenges of a rapidly changing economic landscape, a lot of major aftermarket parts makers are starting to change the landscape of how parts are going to get into the aftermarket, potentially upsetting the status quo. “If you look at Carl Icahn from Federal-Mogul, he just bought Pep Boys and he recently acquired Uni-Select in the United States, and he is now trying to change the model of the aftermarket. He is a manufacturer who is now moving to having jobber and retail stores, and that is going to start to change how products are offered.”

Maunula's Auto Parts Central has two locations, with the head office in Thunder Bay and the other in Winnipeg, along with nine operations throughout Ontario and Manitoba. Maunula adds that changes to the economy have meant that he has had to make changes to his business in order to remain competitive. One such change is investing in new software systems that allow his operations to keep a better track of inventory, to better manage the rapid proliferation of parts and to move parts with greater accuracy and speed to customers.

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Maunula says that he just rolled out such a driver delivery system, which allows Auto Parts Central to use GPS tracking to see where the delivery fleet is at any moment. In addition, that GPS information is now linked to parts invoices that are then tagged to specific delivery vehicles, so that his staff can see where part orders are in the delivery cycle and how far away parts are from customers. The system updates automatically when the part is delivered.

Maunula says that this system has allowed his business to improve efficiencies and delivery times. “If a customer comes to us and says that our deliveries are typically taking an hour or more, we can go through the whole order process and delivery and find out exactly where the problem is happening. We can see where improvements need to be made and we can then see

if those improvements are making an impact.”

“We are being forced into using much more in-depth and comprehensive computer systems now because the margins [on parts] are getting tighter,” Maunula continues. “Everybody now has online catalogues, so our customers can now go online and call up two or three competitors and they can choose the part that is the least expensive. So now we have to do more than just offer a competitive price to stay competitive, when you now have a landscape where people can make decisions even before they call you.”

Dale Devlin, owner of Halton Automotive in Milton, Ontario, says that economic uncertainty is now a normal part of today's competitive landscape. He says that for him, right now it is staffing that is presenting the biggest challenge.

“[The issue] is primarily around finding the right people and having those people wanting to stay with you and grow with the industry,” Devlin says. “We have been very lucky in being able to find and retain very good people, and we have people here who have been with us for a very long time. If there is a challenge right now for us, it is that some of our staff are getting close to retirement age, and we are looking for good people to replace them when they make the decision to retire. What I have found is that if you have someone who is good, you will do what you can to keep them.”

Maunula agrees with Devlin that staffing remains an issue that poses challenges to jobbers. “It is easy to find good people, but it is hard to find good people who understand the automotive industry. Sometimes, we have taken people on and trained them, only to lose them when they were offered something better. With our stores in Saskatchewan, with the downturn in the oil and gas industry, it has taken the pressure off of our staff, as there are fewer opportunities to make \$30 an hour as there were before. So we are able to retain staff a bit better now.”

Like Maunula, Devlin has had to remain proactive to stay on top of the growing proliferation of parts. One thing he has noticed is that not only are there more part numbers in the last 15 years to keep on top of, “but there has been a change in box sizes. Ball joints are now being replaced by complete control arms. So where you had a small box, you now have a large box. So you have to ask yourself how you can expand the walls of your building to accommodate those larger boxes. And then there are the new parts categories you have to carry. Fifteen years ago, you never sold a window regulator. Now you have to stock 200 of them, just to have decent coverage and to be competitive.”

Wayne Hoskins of Vancouver-based Pacific Parts says that with margins

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- WAYNE HOSKINS, PACIFIC PARTS, VANCOUVER, B.C.

on parts becoming tighter all the time and with customers now using the Internet to price-shop, the focus now has to be on improving customer service to stay competitive.

“The main way to remain profitable today is being available to the customer,” Hoskins says. “The independent [jobber’s] advantage has always been the same: the ability to make parts choices that have an immediate impact on the customer.”

Hoskins says that while parts proliferation can seem to some to bring a competitive disadvantage, he says there’s an upside to that proliferation. But that can only happen if jobbers work to get constant feedback from customers about what is happening with vehicles and the kinds of service work being done. “We have an advantage of being able to quickly see service trends happening

the kinds of work being done. So we can establish an inventory based on what we see and hear from our customers whom we speak to every day.”

“My counterpeople will tell me what they have heard and what we should be carrying,” Hoskins continues. “That can be a specific SKU, line, or even a variation on a single product. We are not driven by computer models or national trends, but from the input we get from our customers. The promise we make to our customers is to give them the best service we possibly can all the time. Vancouver property values and property taxes are so high, our customers cannot afford to have a vehicle sitting on a hoist for too long. They have got to get that vehicle in and out in a timely fashion.”

Where all three jobbers see things progressing in the future is the increasing use of smart technologies and apps by service writers and technicians to order and communicate with jobbers. Technology is changing the relationship service operations and their staff have with vehicle owners, and that change is being reflected in their relationships with jobbers. Maunula of Auto Parts Central says that smart technologies and apps are soon going to become the primary means of communications and parts ordering by service operations, and jobbers need to start making those technologies part of the business plans moving forward. ■JN

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