

Boat anchors. For you folks on the marine side, they're legitimate. But for the motorcycle shops, it is a term we dread: Obsolete parts. Junk. Boat anchors. (So, what do you marine guys call this?).

And we all have it. But some of you have more than others. In a recent study I published in Powersports Business magazine, I found that the best of dealers are running about 11% of their parts sitting for 60 months without a sale. Over 80% of their part numbers were selling within the year, and the balance was split between.

On the other end, the worst of dealers as a group averaged 47% of their part numbers sitting 5 years without a sale (62% over 2 years no sale!), and only 30% of those parts were selling during the past 12 months.

"...dealers with inefficient inventory control are spending \$59,000 per year..."

I found that the average dealer carries \$565,000 in parts inventory. Bringing this home, we see that the efficient parts managers are running (11% of \$565,000) \$62,000 in obsolete parts, while the inefficient managers are carrying (47% of \$565,000) \$266,000 in merchandise that has not moved in 5 years.

Some time ago, American Honda calculated the cost of carrying a parts inventory. They included all the pieces: Purchase price, cost of money, freight, handling, stocking, insurance, shelf space, and everything else they could think of. They came up with 22% per year in car-

rying costs. Run that 22% against \$266,000 and we see that our dealers with inefficient inventory control are spending \$59,000 per year maintaining parts that do nothing but sit.

Boat anchors. Expensive boat anchors.

But what do you do about it?

Sure, there's e-bay and there's always the scrap yard that will pay a penny per pound. But there really are some other alternatives.

First, know that these parts are price sensitive. Riders with older bikes are still riding them for a reason, and one of those reasons is money. I was in a shop recently that had air filters for Honda Dreams on the shelf. They were priced at retail, and had sat for 72 months no sale. We priced them at \$4, and they all sold within 20 minutes. No kidding. Twenty minutes. Gone. After 6 years.

Another store: Tubs of bearing grease, sitting in a good spot, but no sales for 60 months. I picked up all four tubs, went to the parts counter gathered the guys around and told them the price was now \$.65. Half of the tubs were gone within 10 minutes, and another 30 obsolete numbers moved within the next week.

Lightspeed, both Unix and NXT, allow you to make mass changes in your pricing structure based on number of months no sale. First, use variable reporting to find the stuff, and then use variable updating to re-price your inventory, and spotlight those obsolete parts.



Change the retail, flag them as "never order", and watch them begin the march out the door. And if that isn't enough, make up grab-bags. Some clear, and some paper. Mark them at \$2 each, put them on a bargain table, and watch them move. Especially the "no-peeke" ones. People love a surprise.

But maybe the best way ever, just now in your stores on our latest release, is to simply list your inventory on the new system-wide Light-speedNXT Parts and Major Unit locator. For pennies, you have the whole Light-speedNXT world looking at your inventory before they lift the phone and call that vendor. It's a dream come true.

Bottom line, it's your attitude that will conquer obsolete parts. Letting them sit, year after year after year, is a choice you have made. Change your attitude, use the tools in your Light-speed DMS, and watch the sunlight hit the shelves where those parts used to sit.