

Parts Department ***Lost Sales*** cost your dealership more revenue than you may realize.

What is a lost sale? A lost sale happens every time you lose an opportunity to sell a part, whether it be over the phone, over the counter, or in the Service Department, the profit (parts & labor) walks out the door with the customer. The customer still needs the part and will go elsewhere to purchase it. This will impact profit in the Parts Department and the Service Department. Also, the customer may lose future confidence in your store, maybe never to return.

What's the definition of a "Lost Sale"?

Simply stated:

- A Lost Sale occurs when you have a customer demand for a part and you do not have the part in stock.
- The customer can't wait for the part to be ordered or you can't procure the part from a local source in a quick timely manner.
- The customer decides to go elsewhere to buy the part. You lost the sale. You could have sold the part if you had it in stock.

It's not a Lost Sale if:

- There is a concern regarding price, it is not a lost sale. You had the part; you just weren't able to make the sale.
- You order the part for the customer; it is not a lost sale. You are able to sell it; it is just recorded on another day.

Keeping Track of Lost Sales

$\text{ACTUAL Sales} + \text{LOST Sales} = \text{TRUE Demand}$

- Recording a Lost Sale in your DMS
- As intuitive (if programmed correctly) as your DMS may be, if you don't tell it that you had a demand, it won't ever know to stock it. The part won't be on-the-shelf for the next customer which could result in yet another Lost Sale.
- Not only will you miss out on a sale and profit, there is the potential that you will lose a customer too.
- There are numerous benefits to recording lost sales.
- The part, if TRUE Demand is captured, will automatically be recommended on your DMS stock or RIM order – as a new part number or, added depth to an existing stock part (if needed).
- You will have it on-the-shelf when there is another demand.
- You will realize the profit(s).

- Technician down time is reduced.
- Service throughput and labor sales is increased.
- You won't have to spend time chasing the part at added expense
- The wholesale or retail customer expectation that "You have all needed parts" will be realized. Immediate parts availability impacts satisfaction leading to loyal "repeat" customers
- It's important to record lost sales regardless of year, make, model, and part status.
- You should record a lost sale on the OEM part number if you have to purchase it aftermarket.
- Record lost sales from wholesale accounts, other dealers, retail, and the Service Department (declined service due to lack of availability impacting redelivery promise time).

Parts Department "Lost Sales" cost your dealership more revenue than you may realize.

Every lost part sale is lost PROFIT and impacts customer confidence (future business) in you as a part and/or service "1st Choice" provider.

Action: Track your lost sales in parts daily.

Tracking lost sales and posting them in your DMS so that you can track TRUE Demand (Actual and Lost sales) leading towards OPTIMAL on-the-shelf Stock Sales Strength and Profit.

Reference: <https://admiglobal.com/what-is-considered-lost-sales/>