

Executive Interview with Jim Franco, CEO of Autologue Computer Systems

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BUENA PARK, Calif. -- In our most recent Executive Interview with Jim Franco, CEO of Autologue Computer Systems, Franco shares his take on the current crisis in the auto industry and what he sees as the many opportunities available for the industry. Read on to learn more.

We're hearing about a lot of "gloom and doom" in the auto industry these days, but you have been very vocal recently about the ways technology can empower the industry to work more effectively and efficiently.



Yes, I know it's so easy today to get caught in the media's negativity on the state of the economy, but I see this as an opportunity, not a problem. I see the next few years to be the highest Sales & Profits for the parts business in this decade. As history repeats itself, we all are aware that when the economy slows and new car sales plummet, the Auto Parts business increases substantially. We are part of a \$2.3 billion industry. Vehicles are on the road longer today, and there is \$1.6 billion of un-performed vehicle maintenance annually. The motoring public needs their cars and trucks to operate safely and efficiently to meet the demands of their everyday life. With fuel prices under \$2 per gallon, the aftermarket parts business needs to capitalize on these opportunities.

Why is it important for Autologue to help customers capitalize on the opportunities available right now in the aftermarket due to current market conditions?

As I mentioned earlier, "When the economy slows, the Parts & Repair business increases substantially. We, the parts distributors, can no longer do business the way we used to." We need to think outside of our box. We need to take a look at another industry. Let's take United Parcel Service (UPS) for instance, efficiency at it's finest. You can see where your order is instantly, anytime, 24/7. The auto parts aftermarket, has these capabilities today, and don't have to spend hundreds of thousands of dollars. They're available today as "bolt-on," "hookup" or "integrated to" most all management systems. How about Amazon and eBay online ordering, selling billions of dollars of merchandise annually. Some of the more "mature" parts guys said "Internet ordering is just a fad; people want someone to talk to." As you are all well aware, Internet ordering is here to stay. Why, because it's faster, easier and time is money. So, make it easy for your customer to order parts from you online. Now let's look at the banking industry. No more statements, no more checks, no more mail. Internet access only or they'll charge you money.

This is another area where most of us are handling paperwork the old fashioned way. We must step up and use technology which is available today from multiple vendors, known as ePaperlessOffice, Paperless Warehouse, etc. The amount of time and money spent on back office procedures is huge! Things such as sorting, matching, filing, retrieving, copying, faxing and refilling, not to mention the cost of things such as invoices, statements and postage. The efficiencies that can't be measured in actual dollars (which is what we call "efficiency dollars") are also huge. Not only your customers, but your office staff, counter and management can view, search, print or email any invoice, statement, payment on account and all parts purchased online, 24/7. One of our customers with eOffice said "I have another safe place, besides my management system, to store a complete copy of my A/R.". We all need to act right now so our competitors will not take our customers away.

In addition to the webinars Autologue recently hosted, the company is also offering other modes of support for customers. Tell us more about what you are doing to help your customers in these challenging times.

Autologue has decided to commit the resources to help educate our customers, for that matter, any parts distributors that are interested in increasing their business. We will provide a full schedule of our free User Group Interactive Webinars, one on one consulting sessions, and on-site visits (at a minimal charge). Autologue has polled many jobbers/distributors, as well as their employees, and have compiled some recommendations on how to increase profitability and CRM. Below are only suggestions and ideas, but they give you an example of the type of education that we offer. We hope that distributors will be able to utilize some of this information to assist them in obtaining their profit goals.

"How can I cut costs?"

- Implement electronic access to invoices and statements to reduce time for filing, retrieving and faxing using ePaperlessOffice
- Determine the busiest times of the day and staff your counter and drivers accordingly with eAnalysis
- Use a delivery management system to cut costs for fuel and wages, such as eDeliveryTracking System
- Make uniforms simple enough that your personnel can wash and iron them themselves
- Ask your employees for cost cutting suggestions, and reward them for the best suggestions
- Pay your suppliers and regular expenses online to save time and postage
- Streamline the matching of PO's to packing slips, invoices and statements with ePayables
- Divide the daily workload more evenly between all employees to increase productivity
- Spend a little extra time price shopping supplies such as stationery and cleaning supplies

Autologue recently released some new products into the aftermarket. Tell us more about this.

Yes, we at Autologue are very pleased to announce three new products. The first and most exciting is ePaperlessPayables. The parts business is notorious for creating large amounts of paperwork purchasing parts. We create a PO, receive packing slips, invoices and statements. Then, we spend countless hours matching all four documents so we can pay the proper amount. ePayables, once again, can "bolt on" to most management systems seamlessly, capturing the printed PO and storing it online in a database by vendor. Next, whether from a manufacturer or a local W/D, an ASN (Advanced Shipping Notice) is sent electronically to ePayables through a secure "pipe" and is matched online to show the quantity exceptions. Then, an invoice is sent to ePayables, which is also matched to the PO and the pricing exceptions are noted.

If a statement is sent, there are provisions to reconcile with PO's and invoices, online. The real value with ePaperlessPayables is that there is no filing, and no key punch mistakes, which results in fewer credit memos and more time for customer service. Our next product, to be released in early 2009, is our new GUI (Graphical User Interface) POS interface. This project, two years in development, will make the legacy, character-based ("green screen") management system look and feel like the most modern POS system used today. Featuring Google Maps, video conferencing, user configurable colors, pop-up boxes with various information, user defined function keys, graphs and charts on sales and returns, access to invoices, credits and statements. Also you can access promotions, company newsletters, monthly specials, free how-to-repair instructions, labor guide, vehicle specs, service intervals and the ability to show instantly when the order left the store for delivery, and which parts are on the way.

Never before has a counterperson had all this information at their fingertips. One of our very good customers said, "My customers have more information about my company than my counterpeople." (His customers use ePart via the Internet and his counter folks use "green screens." We at Autologue are attempting to change the way we do business in the aftermarket.

The final product released was eDataAnalysis. This incredible tool gives the jobber instant access to information, in pie charts, bar graphs and text report formats, from the huge amount of data stored on Autologue Central's servers in the ePaperlessOffice and eDeliveryManagement databases, for reporting sales, deliveries and much more data. This is an extremely important tool for use in scheduling sales personnel and delivery drivers, all resulting in a dramatic improvement in customer service.

In your opinion, what are the biggest barriers to businesses taking advantage of these opportunities?

I have been affiliated with the aftermarket for many decades, and my experience shows that there is some hesitation from owners to adopt new technology. I believe their resistance to change is mainly due to lack of resources, not just dollars to invest, because most of these new eCommerce products cost very little or have no up-front fees and you don't even have to change management systems. The main hurdle is the time and energy it takes to inform, educate and promote eCommerce to their customers and employees. Autologue recognizes the hesitation of the owners, so we are offering, 60-day free trials and a 100 percent money back guarantee, flyers and announcement letters customized with your company's logo, voice-over "eLearning" videos, on the Autologue website, and assistance with email campaigns to all professional installers showing new, faster, and time saving ways to do business.

In conclusion, Autologue is doing everything in its power to develop quality and low cost "eProducts", and assist in their deployment, as well as show an increase in efficiency dollars which will have a huge impact on your CRM (Customer Relationship Management), so in the future, we will all be proud to be part of the automotive aftermarket parts business.

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