

# POWERFUL SOLUTIONS

For maximum F&I profitability

## Used (LKQ) Versus Rebuilt Versus Remanufactured

Sometimes replacement engines, transmissions, and many other parts sourced to repair a vehicle may be previously-enjoyed/used parts. As always, it is incumbent of us to know the nuances of our contract's language.

"Like Kind and Quality" (LKQ) parts, per AI Overview... are used, salvaged parts from a different vehicle that are (typically) of the same make, model, and year as the original part, and are in GOOD condition. For insurance purposes, LKQ refers to a replacement part that is similar in type, functionality, appearance, and performance to the lost or damaged part, but not necessarily identical or brand new. For repair purposes, these parts will typically be utilized to effect repairs to older/higher-mileage vehicles, but again... contract language may vary.

Rebuilt parts, per AI Overview... a rebuilt engine has been disassembled, cleaned, inspected, and repaired or replaced with new components before being reassembled to its "like-new" condition. The process restores the engine's original function and reliability by addressing wear and tear through machining, replacement of critical parts (like pistons, bearings, and seals), and rigorous reassembly and testing. The quality and thoroughness of a rebuild can vary by Rebuilder.

Remanufactured parts, per AI Overview... a remanufactured engine is an engine that has been *completely* disassembled, *thoroughly* cleaned, and rebuilt with new or reconditioned parts *to meet or exceed the Original Equipment Manufacturer's (OEM) specifications*. *This comprehensive process ensures the engine functions like a brand-new unit, offering similar reliability and a long lifespan, and is a higher standard of restoration than a simple rebuild.*

A possible approach to consider, like that of a colleague...



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## Used (LKQ) Versus Rebuilt Versus Remanufactured Parts (cont.)

“We’d love to earn your business! Clearly, you have a lot of choices available for your protective needs. When you think about it, it isn’t hard to understand that many of the other Providers offering contracts, *out there*, WON’T be the ones giving you the bad news when your vehicle gets sick. Many of them don’t fix broken things. They only SELL contracts. This leads to problems like this,” said while referring to a photo of a used engine sitting on the corner of her desk. The engine portrayed in the photo is sitting on a pallet. “This engine literally looks as though it had been recovered from the bottom of a lake. It had been ordered by a Vehicle Service Contract Provider who offers direct to Consumer VSCs. Their Contract Holder had suffered an all-too-common catastrophic engine failure.

This used replacement engine was shipped to our Dealership to replace the Guest’s failed powerplant. Due to the obvious poor condition of this used engine, we couldn’t install it and accept the responsibility involved where proper functionality and durability were concerned. Ultimately, this Guest chose to invest the necessary *difference* required to access an engine that was far more appropriate for their level of risk tolerance!”

The photo this Finance Director refers to has been placed here to address inadequacies which may be present in the contracts of companies who *enjoy degrees of separation from the Service Drive*. We, on the other hand, at the Dealership level, don’t. We will be here to answer to the inadequacies of our products, if any! That is the simple reason why we have partnered with the best Contract Providers in the Industry to ensure the HIGHEST likelihood that our Guests enjoy their desired outcomes!!!

We may reassure our Guests by further stating, “I can assure you that we have YOUR interests at heart, particularly when it comes to ensuring your transportation requirements are met. We have every reason to want to avoid comments like, ‘Holy smokes... did you snag your boat’s anchor on that thing!’ **We** must stand behind the outcome, after all!”

Thank you to Sveta G. for your contribution to this month’s “Training Tip”.

Think about it.

Good luck and good selling!

