DUCKER CARLISLE

THE RESILIENT REVENUE ENGINE: USING AFTERSALES TO NAVIGATE A RECESSION

A Readiness Playbook

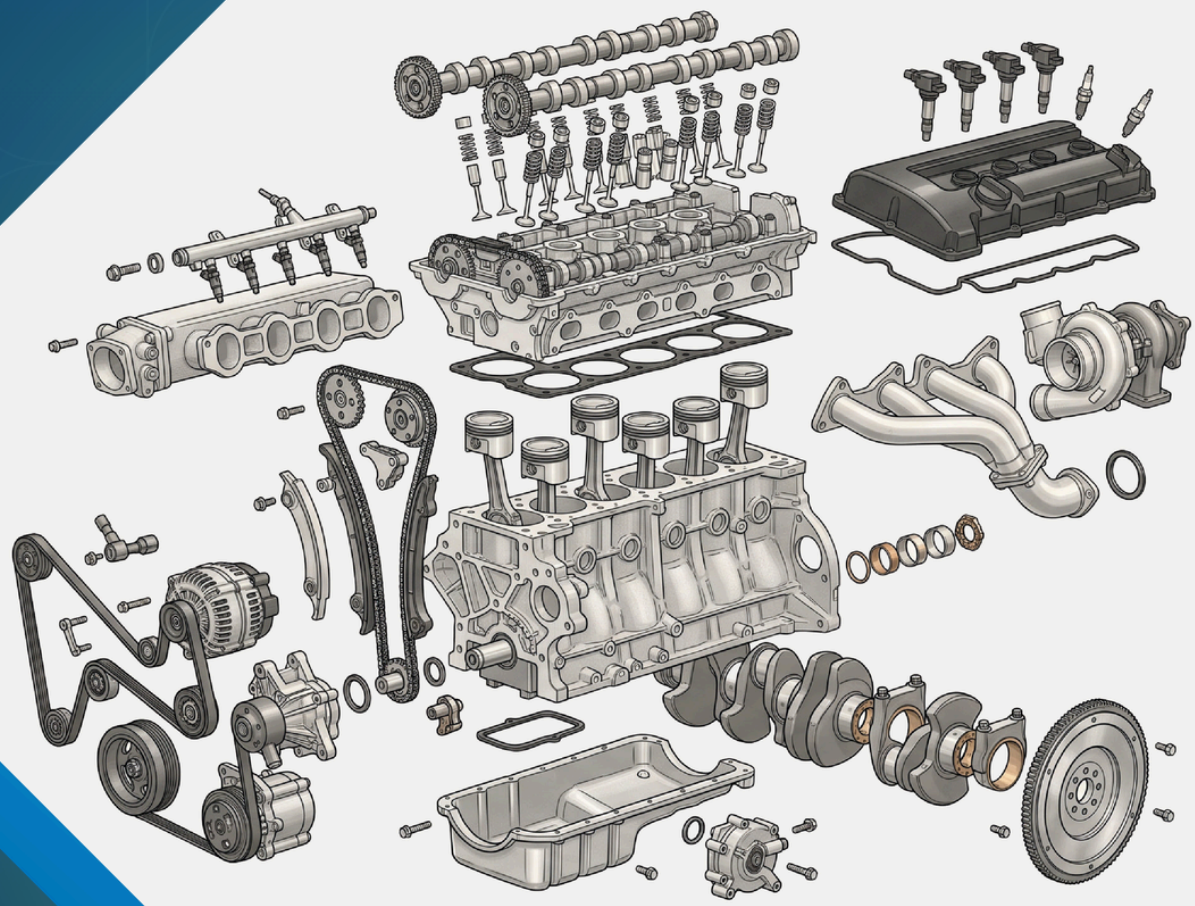


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Every function faces cuts in a recession. In aftersales, proportional cuts can cost more than they save.

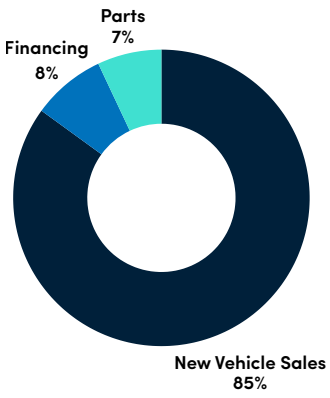
> *"We're all destined to repeat history if we don't learn from it… I wish I had [a playbook] in 2007"*
>
> **-Retired Heavy Equipment Aftersales Executive**

Recessions produce one reflex across an OEM: cut. Customers buy fewer vehicles and machines, revenue falls, and every function is asked to give back budget in proportion. That reflex is sound for new vehicle and equipment sales, where volume drives everything and fixed costs have to come down with it. Applied to aftersales, it puts the steadiest profit stream in the business at risk.

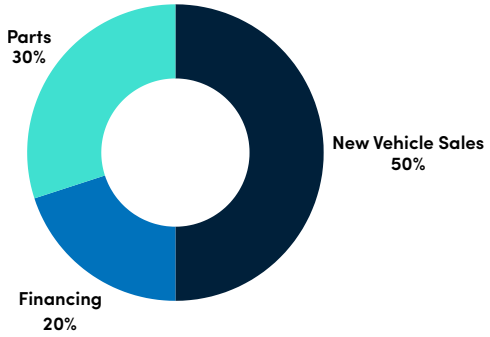
Aftersales, and specifically part sales, always sees less of a revenue decline. Instead of making a costly replacement of old vehicles/equipment, consumers instead continue to maintain and repair their existing units, keeping parts revenue more stable than other revenue streams like vehicle sales and related financing. Aftersales revenue is based on units in operation, which changes slowly, whereas new vehicle/machine sales are quite volatile by comparison.

Aftersales also typically provides more proportionally to an OEM's total profit compared to other revenue streams. For the average OEM, ~7% of their revenue comes from parts whereas parts contributes to ~30% of their profit in good economic times. In a recession, the less volatile aftersales revenue stream becomes even more important to an OEM's profit. Strong aftersales operations can even help overcome possible losses they may have in their other revenue streams due to the business downturn.

Revenue Mix



Profit Mix



INTRODUCTION

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Aftersales also contributes a disproportionately large share of an OEM's total profit. Consider the critical role that preserving parts sales and margins has in helping an OEM through the recession. OEMs will have some ways to cut aftersales costs, but these cuts must remain controlled as to sustain stable revenue/profit source at the very time it's needed most. This guide can help OEMs better prepare their aftersales operations for a recession by developing strategies that consider the broad impacts of cost cutting measures and balances trade-offs to ensure success both during the recession and into recovery.

This playbook contains two main parts:

1. Business Case for Aftersales in Recession:

This section explains why an OEM should support their aftersales operations during a recession. Using historical evidence and modelling, the section develops a framework through which aftersales leaders can prove the value of aftersales to their company.

2. Recessionary Action Guides:

The remainder of the playbook includes detailed guides on preparing specific aspects of aftersales operations for a recession. The section begins with a high-level look at the considerations any aftersales leaders, regardless of their specific title, should make when preparing their group for a recession. The following subsections then focus on specific business areas and are designed with the intent that these guides could be distributed to specific individuals who could "take ownership" of a specific facet of an organization's broader recession plan.

Sources: Interviews with OEM aftersales decision makers on their experience during the 2008-2009 recession. Interviews with past Ducker Carlisle team members who observed the OEM aftersales industry during the 2008-2009 recession. Historical OEM benchmark data - 16 automotive OEMs (including separate US / CA OEMs), 6 heavy equipment OEMs, and 3 heavy truck OEMs. Third party sources such as Census.gov and SEC.

EXECUTIVE SUMMARY

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Aftersales is the most resilient profit stream an OEM has in a recession, and it is the one most likely to be cut as if it were not.

Parts generate disproportionate profits

For the average OEM, parts account for roughly 7% of revenue but close to 30% of profit in normal conditions. New vehicle sales and financing carry higher fixed costs, so parts already contribute a disproportionate share of profit before any downturn begins.

2008 showed what happens next

When a recession compresses margins on new vehicles and financing, the parts contribution becomes more valuable, not less. Customers keep their existing vehicles and equipment longer and continue buying the parts to maintain them. In the 2008 downturn, new unit sales fell sharply and stayed low for years while parts sales roughly kept pace with inflation. Yet customer line volumes for automotive and heavy equipment only declined ~17%, less than half the drop in new vehicle sales. Heavy truck parts volumes grew as aging fleets stayed in service (n=3 heavy truck OEMs).

The reflex is to cut it anyway

Cutting aftersales at the same rate as the rest of the business puts that stability at risk. Aggressive reductions to parts inventory, service levels, labor, and supplier support lower fill rates and slow delivery. Customers respond by turning to aftermarket parts, and volume lost during a downturn rarely returns once conditions improve. Aftersales still has to contribute to cost savings. The question is where those cuts do the least damage.

Good outcomes require coordination

Aftersales operations—whether in automotive, heavy equipment, or heavy trucks—require tailored recession plans. Results turn out better when every cut is thoughtful. Each needs a named trigger and a named owner before it happens. The cuts are coordinated across functions rather than decided in isolation, and each one is calibrated to preserve the partners, capabilities, and customer relationships the recovery depends on.

This playbook has two parts.

The Business Case, gives the executive who defends the aftersales budget the evidence and the framework to make that argument internally.

The ten Action Guides, give each function owner a plan for their area: who owns it, what signals trigger action, which cost it moves, and what to expect in both the downturn and the recovery.

HOW TO USE THIS PLAYBOOK

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Two things must happen inside an aftersales organization before a recession starts.

First, someone must make the business case for aftersales. Leadership will set cost targets across the company, and aftersales will be handed one alongside every other function. If no one has already established why proportional cuts damage aftersales more than they save, the target arrives as a fact rather than a conversation. A 20% inventory reduction lands in your inbox, and by that point the argument is over. **The Business Case,** gives you that argument.



Second, the people who run each part of your aftersales supply chain must build plans they can trigger and execute quickly. Recessions arrive with little warning, and the actions that work are the ones already scoped, owned, and triggered by defined conditions. **The Recessionary Action Guides,** are built to be handed out. Give each guide to the person who owns that area.

The guides cover every aspect of the aftersales supply chain, and they vary widely in difficulty and impact.

Some stand largely on their own. Warehouse labor is the clearest example, and for most organizations it is the least of your concerns in a recession. Others cannot be addressed in isolation. Moving the largest cost drivers in the business, transportation chief among them, requires you to look further out and consider terms and conditions and warehouse network design.

The prioritized summary maps all ten guides against their owner, primary cost lever, and priority. Read it before you distribute individual sections to know how each element relates to all others. The guides also interconnect, and **How To Use The Action Guides** identifies which ones should be read together.

If you lead the aftersales or supply chain organization: Read this page and **the Business Case.** That gives you the evidence and the framework to defend the budget internally. You do not need to read the Action Guides in detail, although you certainly can. Distribute them to your team.

If you own a function inside aftersales: Go to **How To Use The Action Guides** and find your area. Each guide is written to be read on its own. If you want to understand why aftersales is worth protecting at all, or you expect to be asked, **the Business Case** gives you that.

If you are not sure this is worth your time yet: Start with the Introduction and the Executive Summary. They make the case for why aftersales gets cut wrong, using what happened in 2008 and 2020.

HOW THESE ACTIONS FIT TOGETHER

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None of these actions works alone. The savings you approve in one area are usually constrained by a decision someone else owns.

The playbook covers ten recession actions, each with an owner. Most of them fail when they are planned in isolation. An inventory target that nobody shared with the Terms and Conditions owner becomes a delivery promise the warehouse cannot keep, and the "savings" can show up as a service failure two quarters later.

The table below maps these dependencies. "Read with it" indicates that two plans constrain one another. "Worth a look" means one plan will change how the other performs, usually on a longer timeline.

You do not need to read the action guides in detail. But you should know which of your owners have to be planning together.

Your guide	Read with it	Worth a look
Inventory Management	Terms and Conditions, Supplier Management, Warehouse Space	Network Design
Terms and Conditions	Inventory Management, Transportation	Supplier Management, Sustainability, Warehouse Labor
Transportation	Terms and Conditions, Network Design	Supplier Management, Sustainability, Quality
Supplier Management	Inventory Management	Terms and Conditions
Network Design	Inventory Management, Warehouse Space, Terms and Conditions	Transportation
Warehouse Labor	Quality	Warehouse Space, Sustainability, Terms and Conditions
HQ Labor	None required	All nine others, as a check
Quality	Warehouse Labor	Terms and Conditions, Transportation, Sustainability
Warehouse Space	Inventory Management, Network Design	No additional guides
Sustainability	None required	Terms and Condition, Transportation, Warehouse Labor, Quality



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About Ducker Carlisle

Named one of America's Top Management Consulting Firms 2026 by Business Insider, Ducker Carlisle is a global market research, strategy consulting and M&A advisory firm that helps the world's largest companies and private equity firms optimize business performance and accelerate growth. Founded in 1961 with o ces across the US, Germany, France, UK, India and China, the firm leverages proprietary data, deep industry knowledge and proven methodologies to deliver tailored, industry-specific insights and recommendations across the automotive, heavy truck & equipment, general industrial, building and construction, and private equity sectors.

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