NADA ACADEMY

PARTS HOMEWORK – ACTION PLAN

S Specific M Measurable A Achievable R Relevant T Time bound

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?
Example: *"I will decrease my 5K run time from 30 minutes to 21 minutes by June 15."*

S M T

I will increase my parts wholesale gross profit from 8% to 12% by March 10th.

How does this goal align with or support your dealer's vision?
What are the BENEFITS of achieving your goal? What are the CONSEQUENCES if you don't?
Why is this goal important to you?

R

My dealer wants to see an increase as well. We both agree we might be spending to much time, energy and money trying to hit a high dollar amount of sales but not asking for a higher percent for fear we will lose business. We are getting with Autosoft and going to do our own internal Wholesale Customer ranking report like in class. Then we can determine who our best to worst customers are.

The benefits for achieving this goal is we will find some customers might not be as good as we had previously thought. We should be able to raise profits rather easily by explaining to our customers that wages are up, fuels up, our delivery vehicles prices have gone up along with wear and tear. Like everything else. I believe most will without doubt understand. Also we stock a lot of parts some of the other shops have to buy from us. Another benefit would be work smarter not harder(are we working harder to sell a customer that may not pay on time and have a high return%?).

The Consequences are. Continuing to operate at a well below average gross profit percentage. Leaving a lot of money on the table for everyone in parts department and the dealership.

This goal is important to me because I know we are well below guide. I believe its the lowest Gp% in the class and I know it's important to my dealer. I believe we are selling ourselve's short and have an opportunity for a lot more profit.

SMAT

First Action: Obtain a wholesale report from DMS. Resources used was Autosoft. Our Office Manger got me the report. I expected to find out who our good and not so good customers were. I wanted to complete this November 27th but didn't until December 4th.

Next Step was to meet with Parts Manager. I used my wholesale customer DMS report. Parts Manager and I are accountable. I expected to get his stance on if he was for or against raising wholesale profit percentages. I expected to complete this December 6th but didn't complete until December 11th.

Next Step was to meet with our Wholesale Counterperson. We used our DMS report. I held myself accountable. I expected to find out his reasons of why he is hesitant to raise our profit percentage. I wanted to complete this by December 8th but didn't until December 13th.

Then I met with our Dealer. I used my action plan along with my findings from meeting with Parts employees. I also used my wholesale DMS report. I held my dealer and myself accountable. The expected result was to create our own action plan on getting my very own action plan into effect. December 11th was my target date. I actually completed this December 14th.

Lastly, the four of us need to get together. Our Dealer, Parts Manager, Wholesale Person and I. We will use our Action plan. We are all accountable. Result is to put a plan for the 1st January. Get profit percentages up on some weak accounts and work on missed opportunities. The report I got from autosoft allowed me to find some repair shops that spend some money with us with higher gross profits. We need to reach out and see why they aren't spending more with us. I expect to complete this the week of December 18th.

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What specific actions or steps will you take to accomplish your goal? What will you do differently or improve? For each, be sure to include necessary resources, who is accountable, the measurable result, and dates.

SPECIFIC ACTION/ STEP	NECESSARY RESOURCES?	WHO IS ACCOUNTABLE?	EXPECTED RESULT?	EXPECTED COMPLETION DATE?	ACTUAL COMPLETION DATE?	CHECK OFF
Get a wholesale report from DMS	AUTOSOFT	OFFICE MANAGER	LOCATE GOOD AND WEAK	NOVERMBER 27TH	DECEMBER 4TH	✔
Talk to Parts Manger and get	DMS Report	Parts Mgr. And I	Find out his take on raising costs	December 6th	December 13th	✔
Meet with Wholesale	DMS Report	Me	Find out why he is hestitant to	December 8th	December 14th	✔
Sit down with Dealer and Put a	Action Plan	Dealer and I	Create an action plan	December 11th	December 15th	✔
Meet With Parts Mgr and	Action Plan	Dealer/Parts Mgr/Wholesale	Raise Percentages	December 18th.	TBD	

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How will you track your progress? Where will you find the information? How often will you check in?

S M A T

I will run a DMS report in Autosoft (the same report we ran to see our wholesale customer gp% and returns and sales YTD, only our monthly report) to see if the profit percentages have risen among the lower gross percentage customers. Also the Statement will show if the wholesale Gp% is higher. I will check the first of every month.

Potential Obstacles?

A

Might be some blowback from Parts Manager and Wholesale Counterperson. Not wanting to have the conversation with the customers. Or being afraid to lose business. Maby we will lose a few customers.

Potential Solutions?

A

The Parts Manager and Parts Wholesale Counterperson will make more money in their pocket. We may lose a customer we should have lost a long time ago. We also may not run ourselves as thin as we somtimes do. However if we still do with the increases at least everyone will be making more money!

BOTTOM LINE! What is the financial impact (expressed in dollars) of achieving your goal?

S M R T

If we do the same business in 2024 as we are tracking to do in 2023. We should be able to add around $98,760 in gross profit just in wholesale.

CONGRATULATIONS! You've accomplished your goal! You added or adjusted policies, procedures, and behaviors. Now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

S A

We raised our percentages two years ago when Chrysler cut our backend money. We do a fine job with 90% of our customers our largest have the biggest discounts. We just need to stick to our guns. Also, I do not personally know our major wholesale accounts. I want to get to know them and create my own relationship with these accounts and build more rapport!

First Time Fill Rate

DEALERSHIP NAME			First time fill rate		
DATE	# OF RO'S	RO's Filled 1st Time (Right Away)	RO's Filled the same day Same Day	RO's Not Filled Same Day	Actual 1st Time Fill Rate %
11/27/2023	4	3	1		75.00%
11/28/2023	1	1			100.00%
11/30/2023	2			2	0.00%
12/1/2023	2			2	0.00%
12/4/2023	4		2	2	0.00%
12/5/2023	3	1		2	33.33%
12/7/2023	3	2		1	66.67%
12/8/2023	2	2			100.00%
12/11/2023	4	3	1		75.00%
					#DIV/0!
					#DIV/0!
Totals	25	12	4	9	48.00%

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Parts Manager Conversation

Collaborate with your Parts Manager to answer the following questions. Use this opportunity to share new ideas from the class and to coach your Parts Manager on how they can be implemented. Be sure to respect their expertise. **Provide your answers in a different color font.**

1. What formal parts management training does your parts manager have (for example, the NADA Academy Seminar)? Stellantis annual required training offered in dealerconnect.

2. Does your Dealership/Parts department have a Vision statement that all departmental employees know and understand? What is it? "Foggy in the morning, cloudy in the afternoon and blurry in the evening" All jokes aside the answer is No.

3. Have you ever tracked your First Time Fill Rate (FTFR) manually (not using the DMS or your OEM)? What is your current Repair Order FTFR? No, he has not.

4. What percentage of your business comes from Inside (RO/Internal/Warranty/Body Shop) vs Outside (Counter Retail & Wholesale)? He claimed to never calculate that.

5. What policies, controls, and security are in place on your DMS (via Privileges and/or the Exception or Deviation Reports) to prevent counter people from changing the pricing structure during daily transactions? None, he can see pricing at the end of the day.

6. Who can change/override parts pricing? Cashier? Service Director/Manager? Service Advisors? Parts Person only.

7. Are you at Retail pricing for Internal? Who established your Internal parts pricing policies? Are they current? No. Dealer Principal. Yes.

8. If you are in a Retail Reimbursement for Warranty state, are you at retail for warranty? If not, when was the last time you petitioned the OE for retail reimbursement? He is unsure if we are in a retail reimbursement for warranty state. We are at 64.5% which he believes is close to retail. It was last petitioned in the last year.

9. Do the Parts, Service and Body Shop Managers work with the Office Manager/Controller monthly to follow up on all Work in Process (WIP) documents. Do they verify that all parts invoices and repair orders are closed out in a timely manner? What does this look like? No.

10. Is the financial statement for the Parts department given to the manager and discussed on a weekly/monthly basis? If not, is a daily operating report of sales, gross profit, etc., provided to the Parts Manager for review (DOC)? No.

11. What is your retail pricing strategy for your Parts department? How often do you check to see whether your pricing goals are being achieved? Never.

12. How often do you audit your dealership's Parts web page? How often are coupons, hours of business, etc., reviewed and updated? He does not. He thinks our BDC handles that.

13. Do you have a Parts online eStore? How do you ensure that parts order forms/queries are responded to in a timely manner? Who gets the email leads/questions? No. Our BDC does get leads or questions to parts department. Its not a great system.

14. What sales training is available to Parts personnel? If training is available, is it mandatory? How often are sales skills assessed, tested, and refreshed? Stellantis annual required training only.

15. Do you have a process to offer accessories to 100% of your New and Used customers? If so, what does it look like? If not, why not? No.

16. What would help you sell more accessories? Giving the customers more options. I recommended accessorizing a couple units (Ram/Jeep) and put them on our showroom floor by the finance department. We have the room.

17. Do you review your wholesale customers to see if their sales, gross, and returns justify the expense of conducting business with them? How often are they reviewed? No. Prior to me getting back from Parts week we were unaware that our DMS could provide us with a report detailing this.

18. Do you know how much each of your Parts salespeople must sell each day just to breakeven? No.

19. What procedures do you have in place to ensure inventory accuracy and integrity? How are variances communicated to the accounting office? Autosoft. For example, "our shelf says we have five parts and we only have three. We find out what went wrong we correct it and we move on".

20. Are lost sales being tracked in your DMS? Do you have a common definition that all counter people understand? What is your definition? Yes! Lost Sale. Our definition is if we do not have in stock, and they do not order it's lost. If we order it and they pick it up it's not a lost sale.

21. What is the biggest obstacle to getting your Special Order parts off the SOP shelves and installed/picked up? Parts shortage. Not getting all the parts at the same time to complete the job.

22. In your store, what do you feel is the biggest cause of frozen capital and/or obsolescence? What is the current dollar value of your obsolescence? Special order parts. Body Shop returns with our large wholesale business. $40,000.

23. What is your phase in/phase out strategy? How do you balance this strategy with factory recommended stocking guidelines (RIM, ARO, Parts Eye, etc.)? We are ARO.

24. On a scale of 1-10 (10 = expert level) what is your level of understanding of the information that is on your DMS's monthly summary? 7

25. What is the one thing that your organization can do or provide to help the Parts Manager do their job more effectively? Just leave me alone!