

DATE



## PARTS DEPARTMENT ACTION PLAN:

DARREN POTTER  
GENERAL MANAGER  
MOUNTAIN HOME AUTO RANCH

**PARTS DEPARTMENT ACTION PLAN:**

Improve gross profit retention across all sale types. Bring profit retention inline with current industry standards.

**PLAN OVERVIEW:**

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Our Parts Department is having a situation with gross profit retention deficiency. We believe this due in part to our current policy and procedures when billing out parts on counter tickets. We are also going to review our gross profit matrix for all sale types with main focus on our wholesale and internal sales setups. Early in our current month we have made some adjustments that have resulted in an almost 40% retention in retail sales in our service repair shop. The deficiency still remains on our internal, wholesale and counter retail sales parts tickets.

**OBJECTIVE:**

Retain 40% on internal parts sales up from 35% ytd.

Retain 25% on wholesale up from 13% ytd.

Retain 37% on counter retail up from 27% ytd.

Educate parts personnel on department goals and new markup policy on part sales moving forward.

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**PROPOSED TIME LINE:**

Review current matrix pricing setup due October 1<sup>st</sup>.

Implement matrix markup pricing strategy and educate parts personnel of new markup strategy and sales percentage goals. by October 5<sup>th</sup>.

Manage results and gross profit trends bi-weekly for the month of October.

Meet with General Manager weekly to review current gross profit trend.

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**ACTION PLAN:**

**Step 1: Internal parts sales.** Any accessory sale retains 32% gross profit up from 25%. To help offset some of the increase of internal accessory sale price we will lower our accessory labor rate from \$115 per hour to \$102.50 for all accessories installed by the Service department. By managing cost of labor (still retaining 80% on labor sales) and increasing parts sale this will increase parts gross profit percentage from 25% to 32%. Parts manager will setup a matrix that will retain 40% on internal counter and service related sales. This should increase internal parts gross profit from 35% ytd to 40%.

**Step 2: Wholesale.** Most of our wholesale GP deficiency comes from our internal Auto Group body shop sales. We will conduct a market study to determine what our competing dealers are charging us for parts purchased. Schedule a meeting with our group's dealer principal to suggest a increase on internal group sales from cost plus 15% to cost plus 20%. This 5% increase would should increase our wholesale gross profit from 17% to 22% ytd. In addition the parts manager will create a wholesale matrix that will set a hard gross profit retention of 25% for all wholesale sales. Incases of parts with low profit retention the discount will only allow what is available to retain the 25% goal.

**Step 3: Counter Retail.** Parts Manager will record counter tickets with low profit. Current gross profit of 27% ytd is showing on the financial statement. Currently we are selling obsolete D2D program parts on retail counter tickets at 0% gross profit. Instead of relieving inventory on a counter ticket at straight cost sale; we will relieve inventory through the CDK using MSR (Manufacture Stock Return) feature. Currently we are selling an average of \$4,000 a month with a 0% mark up to relieve inventory. Buy removing parts using MSR our gross profit percentage should to take an immediate increase near 40%. A retail matrix will be created to retain 40% gross profit average sale on retail counter tickets.

Step 4: Speak to parts personnel daily to review sales that did not meet the proposed action plan profit retention. Report what the issue was with sale and discuss those to the General Manager during the weekly meeting. Determine what course of action should the next time a similar sale takes place, and council the parts personal on the results.

Step 5: Weekly meetings. Weekly will be held with the General Manager, Service/Parts Director, and Parts Manager to discuss current gross profit numbers and trending sales. Review low profit sales and determine if the profit retained on the sale was justified.

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**REQUIREMENT:**

Proposed action: Meet with our dealer principal to review the proposed action plan for his approval.

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**ACCOUNTABILITY**

<b>WHO:</b>	<b>ROLE</b>
Darren Potter	General Manager
Craig Clifford	Service and Parts Director
Cameron Kellogg	Parts Department Manger
All Advisors	Parts and Service

**WHEN:**

Action plan will go effect October 1<sup>st</sup> with results to be analyzed on the final October financial statement.

**DATES FOR REVIEW:**

October 1<sup>st</sup> review

October 5<sup>th</sup> plan in place.

Parts manager meeting with all parts personnel to ensure goals are being met.

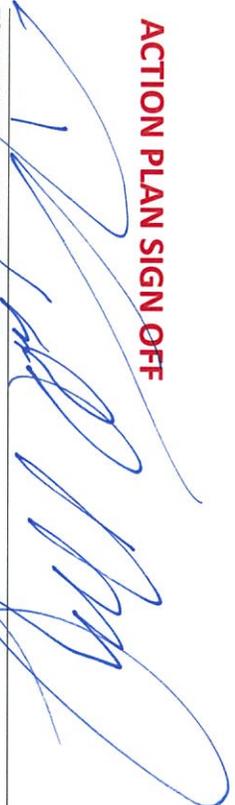
Weekly meeting with management to review gross profit goals.

Final results will be measurable by October 31<sup>st</sup>.

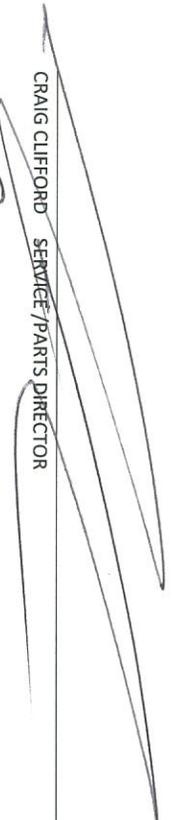
**PROPOSED DATE:**

October 31<sup>st</sup> of completion.

**ACTION PLAN SIGN OFF**

  
TODD MCCURY DEALER PRINCIPAL  
Date: 27 Sept 2018

  
DARREN POTTER GENERAL MANAGER  
Date: 9-27-18

  
CRAIG CLIFFORD SERVICE/PARTS DIRECTOR  
Date: 9-27-18

  
CAMERON KELLOGG PARTS MANAGER  
Date: 9-27-18

## Verification Form Regarding the Departmental Action Plan

### Fixed Operations 1 Week Post-Class Homework Assignment

Dear Academy sponsor,

One of the post-class homework assignments given to your manager at the conclusion of week two at the Academy is the Departmental Action Plan form. The student's assignment is to show you the format of the assignment, explaining to you the purpose of crafting a departmental action plan after week 2 of the Academy. This assignment will be completed four separate times, (classes 2-5) after the student has attended the fixed operations 1 parts week, the fixed operations 2 service week, the variable operations 1 class week and the variable operations 2 class week. The progress of the student's departmental action plans will be assessed by each of the Academy instructors in weeks 2 through 5 of the Academy. Please sign this form below which indicates that the student has reviewed the departmental action with you, and have your student bring the form with them, when they return for their fixed operations 2 parts class. We will collect these forms at that time from the students. The student will receive a pass/fail grade, based upon whether they submit this form signed by you. This is being done in order to verify that each student has shared the Departmental Action Plan with their sponsor.

Thank you for your cooperation.

*D. Todd McCreary*

Sponsor's Printed Name \_\_\_\_\_ Sponsor's Signature \_\_\_\_\_

Date 27 Sept 2008

Very truly yours,

