

**DEALERSHIP
ROBY**

TOYOTA OF GREENVILLE

STUDENT NAME JOEY

ACADEMY WEEK WEEK 2- FIXED OPERATIONS- PARTS

Current Situation: Same day fill rate

We are currently running a 15 day supply of inventory in our parts department. We have a culture in the department that “**we can have it by tomorrow**”. This has become a large problem in the last few years. As we look at dealership growth the used car, and service departments have increased business by **34%** and **8%** respectively. The body shop has grown by **3%** in the last two years. Parts has stayed at about **1%** growth in the same time frame, and has yet to increase the breath of our inventory. The cost associated with lost business is becoming exponential at this point. Especially, when you factor in lost sales in service. This cannot continue and must be addressed.

Overall Objective:

- 1.** Increase the parts count monthly, reduce overnight and emergency purchases for common used cars. Keep commonly used parts and tires in stock at all times for preowned reconditioning.
- 2.** Increase the daily body shop parts count for pre-owned vehicles that we commonly sell.

Proposed Timeline:

Step 1. Define lost sale within the parts department. Due: September 16,

Step 2. Increase tire count on commonly carried Toyota vehicles (Camry, Corolla, Rav4, etc.)

Due: September 16, 2019

Step 3. Increase brake rotor, battery, gasket, and axle count. *Due: October 30, 2019*

Step 4. Increase Camry, Corolla, and Rav4 bumper and panel count. *Due: November 30, 2019*

Step 5. Increase count on struts, starters, and alternators. *Due: December 31, 2019*

Step 6. Change the internal culture of the parts department toward the used car department. *Due:*

Ongoing.

Step 7. Increase tire count on Camry, Corolla, and Rav4. *Due: September 31, 2019*

Action Plan:

1. Have GM reinforce reasonable recommendations from the department managers in monthly meetings.
2. Have the Used car technician maintain a count of parts that we have to Special Order consistently on pre-owned vehicles. This report is to be reviewed with Parts manager monthly.
3. Recon Manager needs to keep record of common parts that we don't stock in order to continue to move pre-owned cars through the reconditioning process in a timely manner.
4. Get the parts manager to understand and teach her team what is actually a lost sale and accurately track them in CDK. This has to be reinforced by the GM.
5. Accurately track lost sales.

Requirements:

1. I need my GM to buy in that this will increase bottom line numbers not only in the pre-owned, but service and body shop as well.
2. Coach all parts staff and manager on these changes and set the expectation for the future.
3. Start to paint the big picture of the store to the Parts manager. Help her to understand how important her buy in is to the success of the store moving forward.
4. Have monthly mandatory manager meetings to discuss progress and new needs as they arrive.
5. Utilize the wonderful buy back system from Toyota to being to show the parts manager that these increases are no risk and only reward investments.
6. Get the Factory reps to show reports to verify the data.
7. Have GM monitor lost sales report weekly and use this data to produce change in culture.

Accountability:

Used car techs: daily monitoring of parts needs to be collected and given to Service manager for review.

Recon manager: assessing daily parts needs and the number of special order or overnight orders. This needs to be brought to GM weekly and then reviewed at monthly managers meetings.

Preowned director: needs to monitor vehicles that are delayed in the reconditioning process due to parts delay daily. This is to be shown to the GM weekly and discussed with management at monthly meetings.

GM: Has to change culture and enforce increases to the parts manager. Do this using the data collected by all departments involved in the day-to-day process. We are volume driven as a company and speed is imperative to the growth of the store in the long term. This has to be monitored daily, weekly, and monthly.

Evaluation of Results:

Impact areas: Sales, Gross, Net Profit, and CSI

Sales: This can impact the speed of the pre-owned department. The direct impact is that if we sell more vehicles then we recondition more vehicles. The faster we sell a car the greater the potential for a higher ROI. This will also impact our service department as many of the parts that I am suggesting we carry are usable for retail customers in service. This increases turns per month in the parts department directly effecting the sales and gross.

Gross: due to increased turns and volume of pre-owned sales as well as service customer sales the gross will be increased.

Expenses: this will only be increased in parts count. However, this is only in the short term as Toyota allows for no cost returns after 90 days.

CSI: this should be a byproduct of increased volume. Anytime you can fulfill customer needs immediately your chance for better customer reviews greatly increases.

Projected date of Completion:

December 31, 2019

