

Young VW Mazda Parts KPI and Expense Control Action Plan

What?

- First measure the Parts department's gross profit.
- Make sure the parts inventory data is accurate and posted in the correct fields.
- Break out Accessory sales from Parts counter sales. They are currently combined.
- Increase Gross Turn Rate from 4.8 turns.
- Increase True Turns from 4.7
- Measure FTFR and SDFR accurately and stock the fastest moving inventory.
- Reduce our 2.5 months' supply to 1.5 months' supply
- Make sure we are adequately and proficiently staffed.

Who?

- GM
- Parts Manager
- Controller

How?

- Thorough review of Parts Inventory report and financial statement. Look for areas of improvement.
- Create an incentive based performance objective of sales, gross, fill rate and turns.
- Agree on a consistent method of accounting that can be easily identified.
- Track FTFR and SDFR weekly to be more proactive during the month instead of waiting for the month end report.
- Consign tires instead of purchasing them to reduce overall inventory cost.

When?

- GM, Controller and Parts manager meet monthly to review performance and potential and technical parts obsolescence.
- Form a timely action plan to reduce aged parts in our inventory and monitor progress.
- Make corrective actions with under performance as necessary.

