ACTION PLAN 1

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What is your goal? What do you want to achieve? From what metric? To what metric? By what date?

I imagine the goal, as always, is to increase gross profitt. After the exercise we have done in class, I recognize our store is a bit difficient in the Internal gross area. By my calculations, our percentage of sales for Internal is just under half of where it should be...20.22% vs 41% of NADA's target. Processes can be implemented immediately to help increase this value.

BOTTOM LINE: Benefits of Achieving Your Goal

The obviously answer to this is an increase in gross profit for our Internal sales. This would lead to a healthier Parts Department as well as happier Parts Manager, Parts Salespeople and, most likely, a happier General Manager.

Consequences of Not Achieving Your Goal

Frankly, not achieving this goal would just leave Internal Sales mired in mediocrity. It would be a prime opportunity wasted if this goal isn't, at minimum, aimed for.

When will you start?

Something like this can have processed installed immediately.

How will you gauge your progress? When? Using which metrics?

Gross profit can easily measured monthly and even weekly. The Parts Manager and simply run the Internal Sales numbers to see the effects. We have a weekly meeting between the heads of all departments, usually on Friday, where progress can be discussed and any challenges can be brought up and solutions as well.

What specific actions will you take to achieve your goal? Who can help you?

There are two areas that we can improve in to help achieve our goal, trade ins (or used car purchases) and new car sales.

For New Car Sales, too many times items are 'thrown in' to the deal. This, inevitably, leads to the Sales Department insisting that the Parts Department give the item to them at cost (or extremely close to it). Here, an assessory's gross is stripped away before the Parts Department even knows there is a sale. A simple word track of "this is what the item costs" or "this is how the item affects your payment" and holding their guns should help. I'm not saying this will be affective every time but at minimum the customer will have to work for it. Another method that may work is to bring the customer to the Parts Department and let them discount it if they are so inclined.

For trade in and used car purchases, a better, more thorough inspection process should be implemented. In many occurances, an appraiser tries to save time, looks a vehicle quickly, and trades for a vehicle. Well, then it goes through the service department and, lo and behold, things are missed and it needs this and this and this. Then the manager can either refuse the service or beg and plead with the service and parts department to cut the costs to keep the vehicle's price more in line. Take the extra few minutes to inspect the vehicle and you can explain to the customer your assessment and what it would take to get the vehicle up to par. Thus reducing any surprises from the Service Department and any slashing of costs from both the Service and Parts Departments.

Potential Challenges?

Being more thorough with used car inspections may lead to lower appraisals and can lead to disgruntled customers.

Holding firm on accessory's pricing may cause a customer to want to shop for the items elsewhere.

Potential Solutions?

The Salesperson or even the appaiser can EXPLAIN what is required to get a trade up to par. Customers have little idea of what their vehicle needs so a concise explaination should ease the discussion.

Accessories can eventually be discounted if that becomes a point of contention. That way, the customer can have the perception of 'winning'. But I think such discount should be made by the Parts Department themselves instead of the Sales Department doing it for them (when possible).