

# **ACTION PLAN WEEK 1**

## **What will you do differently as a result of what you learned in this section?**

Treat accessories sales differently. They are currently an afterthought in our parts, service, and sales department. My goal is to create a series of accessories displays on our sales showroom floor. GM has a rewards program in place on the purchase of New and Certified Pre-Owned customers. At the time of purchase the customer receives \$100-\$500 worth of rewards points that can be used immediately towards parts and service. We are not adequately capturing these dollars at the point of sale or after.

## **What will be the benefits of making these changes? What will be the consequences if you don't do anything differently?**

By increasing accessory sales and presenting them as a point of sale item on the sales floor it will increase customer retention, customer satisfaction and overall gross profit for the dealership. Using YTD sales figures (600 total New and Certified Pre-Owned vehicles sold YTD) using an average of \$200 in rewards dollars received per customer \$121,200 in rewards dollars towards service and parts, that has cost neither us or the customer anything out of pocket, has walked off our sales showroom floor. The industry average spent on accessories for domestic in the first 90 days of ownership is \$250 split between aftermarket and factory, with truck customers spending an average of \$1500. Using the industry average of \$250 on the 600 YTD sales number, \$150,000 in accessory sales have walked off our sales showroom floor. NADA guides dictate that accessory spend doubles when presented by a qualified sales professional at the point of sale. NADA surveys also show that customers are more satisfied with the quality and benefits of factory accessories versus after-market over time. The objection to factory versus aftermarket is price, which is overcome with the rewards program. By installing the displays on the showroom floor we have a greater chance of capturing these customers at the point of sale and increasing this accessory spend. Unique to GM is also the fact that most available features can be added as an accessory after purchase and do not need to be on the vehicle at the time of purchase, this could have the potential added benefit of curbing lost sales when customers are looking for specific features. An added benefit to the customer by selling on the showroom floor is that it can be added into their loan at the time of financing and will be added to their 36/36 bumper to bumper warranty as opposed to the 12/12 parts warranty. If we choose not to do anything differently; we are missing an obvious customer retention, satisfaction and gross profit grab that has many programs and factory support.

## **What obstacles might you encounter and how can you overcome them?**

We are not currently tracking accessory sales separately. After diving into the financial statement, I found that accessory sales are not being properly tracked through the parts

department. However, I can surmise that they are low possibly non-existent since it is not a priority in any department. An added issue is that our sales showroom is at a separate location from our parts/service department. Communication between the two departments for ordering/installation of parts and accessories can be difficult and create customer service issues. There will need to be a clearly defined process for selling, ordering, installing, stocking in and invoicing accessories in order to properly track and control them. Without a set process customer satisfaction will decline.

**Identify your first few steps and the people who can help you with them.**

Sales Managers, General Managers and Salespeople to identify hot accessory items to stock in the displays. Utilizing each department manager to train on accessory warranty and installation and to come up with a process to hand off the customer from sales to service or parts. Office manager and Parts manager to identify how to properly track all accessory sales on our financial statement. By making these items 1<sup>st</sup> trackable and putting them on the forefront of sales and service we should be able to track a steady quarterly increase of 25% quarter of quarter throughout next year with the goal of capturing 100% of rewards dollars by the end of next year.

**Start Date:** 12/01/2020

**Completion Date:** 03/31/2020