

GOAL

- Scarborough Toyota will improve Retail Counter retained gross profit from 35% to 42% by June 30th.

BENEFITS / CONSEQUENCES

- Dealership Vision: Run the most efficient dealership within our group.
 - With 21 stores within the group, his idea is that we benefit from having all the financial data available.
 - Beat out those other stores, and our output will be strong.
- Benefits: 7% point improvement at the retail counter will unlock an average of \$2,000 gross; all of which drops to net.
 - \$2,000 net improvement per month = \$24,000 within a year
 - We know that 42% is possible, a Toyota dealer within our grp that is 5KMs from us achieves 42%
- Consequences: Missing the opportunity will cost us \$24K in a rolling 12 month period.
 - We hold ourselves accountable to execution, if another dealer can do it we can
 - Openly - our pride is impacted when another dealer can do it and we can't.

ACTION PLAN

ACTION	RESOURCES	CHAMPION	EXPECTED RESULT	IMPLEMENTATION	NOTES
Discount reporting by Retail Counter Consultant	Weekly reporting	Parts Manager	Each Consultant holds 42% gross retention	Reporting will start Monday, April 12th	Important that all Consultants are aware of their results
Create Parts Pricing grid	Reynolds reporting	Parts Manager	Have discount grid on high volume sales; provides guidance to Consultants to keep margins in line	May 1st, 2021	Will take time for Parts Mgr to evaluate sales vs profit margins.
Discounting policy	N/A	Parts Manager	Policy that has Parts Manager authorize discounts that go beyond pricing grid.	May 1st, 2021	Depending on volume, gross profit \$ may trump pricing grid. Will require Parts Mgr approval.

TRACKING

- Our group holds weekly trending meetings; Parts Manager will report on GP retention % of Retail Counter each week
- Weekly e-mails (every Monday) will rank Retail Parts Consultants on GP\$, and GP%
- Parts Mgr (aside from e-mails) will hold a weekly meeting to review results with the team each Monday afternoon
 - Meeting should share best practices; areas of improvement
- Reynolds is printed off daily by our Fixed Ops Manager - will serve as reporting tool for Parts Mgr

OBSTACLES

- Important to note that we retail twice as much as the Toyota dealer that achieves 42% GP retention on the counter
- GP\$ is still a top priority, we're looking for efficiencies - not a loss of profit
- Solution to the above is to educate the Parts Consultants that we want them to make business decisions, and learn from the focus on this area.