

GRAND THEFT CHEVROLET PARTS DEPARTMENT BREAKDOWN

The Parts Department is in pretty good shape, but we have a few areas of improvement that can make us better.

At the end of October's financial statement, the inventory total amount is \$183,681. The first thing I notice regarding our inventory is that our day supply is high at 114 days and our guide is 45 days. With this high of a day supply on hand we need to look further into our inventory. We need to find all obsolete parts and market them based on age and value, sell them at 50/40/30 cents on the dollar to move them quickly, and replace them with fast moving products.

We are pretty good percentage-wise in customer pay and internal gross, but moving the needle 5%-10% would have us running at guide. By increasing our volume in sales along with more trades that gives us more opportunity for parts gross volume. We can also look into a few more inexpensive marketing ideas to get more traffic flow to the department. Particular areas where I see more opportunity would be in YTD counter retail gross profit, currently 19% and YTD wholesale gross profit, currently 9%.

I will sit down with the manager and look to see if we are working with any type of matrix. I will be changing the department to a retail matrix which should improve our numbers significantly.

Overall operating profit for the department is 20.8% and guide is 20.0%. That is refreshing to know and shows that all it would take is some minor adjustments and giving the department a clear vision to produce more and follow the guide. In return, this would make us a more efficient and profitable department.