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## Departmental Action Plan

Dealership **Hobson Chevrolet Buick**

Academy Week **Fixed Ops-Parts**

Class &

### Current Situation

When I was in Parts class at the academy and we were discussing how to utilize the matrix. When I returned to the dealership and asked how our matrix was set up, I was told we have never used it. This immediately became my project.

### Overall Objective:

Implement a parts matrix to increase overall profitability in the department and

### Proposed Timeline

Because I don't have a previous matrix to compare results to, I will be analyzing "custom" pricing practice. February will be the first complete month using the matrix. I will analyze the matrix month over month through the end of April. After that, I will analyze how profitability has changed with the matrix and what factors should be characterized.

### Action Plan

Describe necessary actions to reach desired result:

### Requirements

Meeting with Dealer: I meet with our Dealer every morning he is in the store. V my week at NADA after each class I meet with our Dealer and layout a "brief" e do, what we could do, and what we need to do. After week 2 of parts, the matri significant change we needed to implement.

1. proposed that we (myself, Parts Manager, and Asst Parts manager) pull up the given and use mark up percentages for each tier based on our OEM/NADA pai

Meeting with stakeholder(s) (dealership personnel): I met with our owner and ( making by implementing a new matrix. Once I had the approval I met with my I their input on what price ranges would be best to set and the level of mark up

Describe what is in place to support desired goal:

Training / Coaching / ±Consequences related to results / Pain & Gain called our DMS provider Autosoft to schedule training on how to best use the levels would be set, we turned on the matrix feature. We looked at how gross p range and how it would increase overall monthly gross. My parts team was ex feedback on any issues they encountered. I made it clear that since this was o would help his create the perfect set up for our store. They agreed to give fee about how this would be an everchanging system. We agreed that we would k February and then compare the results to January to see what increase/decre;

2. then change the setting accordingly. Both parts managers agreed the new mat make their jobs quicker and easier.

1.01-3.50 207% 3.50-6.00 157% 6.00-10.00 128% 10.00-30.00 116% 30.00-70.0 500.00-9,999.00 92%

Accountability: Monitoring progress:

Who: I will be responsible for monitoring the progress of the new matrix. Both be held accountable to report changes and issues they encounter.

What: The matrix results will be compared with previous monthly reports and

By When: We will compare each new monthly financial statement with the pre

3. By May, after three months of analysis we should be able to pinpoint which ma sales and gross profit.

How: By analyzing month over month changes in parts sales and gross and m customers to make sure we are pricing ourselves out of the market.

Describe checkpoints that have been established to measure progress: We will review financial statements. If there are issues discovered between months, we will conduct a review / Daily / Weekly / Bi-weekly / Monthly /

4. Date(s) for review: We will review each monthly statement: February, March, April

5. Estimated cost for implementation: There was no cost associated with turning training from autosoft which would be \$500 for an in house visit. The other cost is for Managers from a possible increase in sales and gross profit.

Projected Date of Completion:

04/30/2018

Sponsor Signature:

Bob Hobs

Evaluation of Results: Include measured results.

(± Metrics)

**Impact Areas:**

**Sales:** We expect a 5% increase in sales from \$98,449/mo to \$103,371/mo

expect a 34% increase in gross from \$25,701/mo to \$34,439/mo

relatively no change in expenses between decreasing our advertising expense and increasing our 1

34% increase in net profit from \$6,955/mo to \$9,320/mo.

CSI: We already have great CSI in parts, but we will work to make

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Student Number **N331-16**

ze a parts matrix, I just assumed we had one.  
told we have a matrix option in the DMS but

d provide price structure.

ng the new matrix results against our old  
new matrix, so while I'm hoping for great  
ter this three month trial, I will have an idea of  
ged or kept the same.

**PLEASE BE ADVISED  
THIS ASSIGNMENT BY  
IT'S SELF IS WORTH 100  
POINTS.TAKE YOUR  
TIME AND GET IT  
CORRECT**

We discuss many things. When I return from  
evaluation of what I learned, what we currently  
x stuck out as the most immediate and  
Action Proposed: I  
DMS and look at what matrix options we are  
rts discussions.

GM to discuss the changes we would be  
Parts Manager and Assistant Manager to get  
associated with each price range.

I  
matrix feature. After we agreed on which matrix  
profit would change on average per part price  
cited to use the matrix and I requested  
our first matrix trial, monitoring the results  
back to help create a best fit matrix. We talked  
keep these settings set for the month of  
ases could be observed month over month and  
trix would help keep pricing consistent and  
We set up our matrix as follows:  
mark up from cost: .01-.50 265% .50-1.01 262%  
00 108% 70.00-100.00 98% 100.00-500.00 93%

the Parts Manager and Assistant Manager will  
figures.  
vious month to see what results we are getting.  
atrix settings give us the best results for total  
onitoring feedback from employees and

**If we have monthly checkpoints by comparing and change the matrix settings accordingly.**

**April**

**Work on the matrix. The only anticipated cost is that it would be an increase in pay for the Parts**

**on**

**training/salary expense.**

**it even better.**

**Gross: We expect  
Expenses: We expect  
Net Profit: We expect a**

AUTO SOFT			
Stocking Status	Inventory Value	% of Inventory	Guide
INVESTMENT			
Normal or Active Stock	\$19,873	15.12%	over 70%
Automatic Phase Out	\$0	0.00%	Less than 30%
Dealer Phase Out	\$0	0.00%	Less than 1%
Manual Order	\$0	0.00%	Less than 3%
Non Stock Part \$'s	\$110,012	83.71%	Less than 5%
Non Stock Part #'s*	1,818	0.00%	Greater than 70% of PN's
No Phase Out	\$0	0	NA
Repace by Hold	\$0	0	NA
Clean Core	\$1,529	1.16%	# PIECES PART #
Dirty Core	\$0	0.00%	
<b>Total Inventory</b>	<b>\$131,414</b>	<b>100.00%</b>	

AUTO SOFT			
Activity from Source	Value \$	% of Inver	%
			Notes & Guides
0-3 Months	43,497		33% ACTIVE INVENTORY at 75%
4-6 Months	18,261		14% ACTIVE INVENTORY at 23%
7-12 Months	11,815		9% 75% will likely become Obso 2%
13-18 Months	13,587		10% Technical Obsolescence 2% is
New parts no sales	0		0% Minimal Amount
<b>Total Inventory</b>	<b>131,414</b>		<b>66%</b>

<b>CRITICAL OBSERVATIONS:(How do you feel about these observations?) Color Coat</b>
OBSO POSITION (LINES 20-22 FROM ABOVE)
NEG-ON-HAND (MINUS-ON-HAND)
CLEAN CORE
DIRTY CORE (RDCI) OR DONE MANUALLY
LOST SALES CALCULATOR VS. ACTUAL
AVERAGE STOCK ORDER (Obtain data from your OE)
MONTHS SUPPLY (This calculation from your FS Template)
GROSS (TOTAL) TURNS (from your FS Template)
TRUE (STOCK) TURNS (from your FS Template)
FTFR (FIRST TIME FILL RATE)(this is a post class assignment)



