

NADA Academy

Action Notes & Commitments

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Date: 1-30-18

Knowing is Nothing! Life Rewards Action: Not wisdom, experience or knowledge. Get up off your knowledge and do something!

(Return this completed to et@prestonmotor.com by the end of the day on Wednesday January 31st with deadlines for each commitment.)

1. Grading of Wholesale Accounts – As we continue to grow we expect to be growing every aspect of our parts department including Wholesale. Wholesale is a department that we are not focusing on and have not, until now, been staffed to begin to tackle. Although I understood the concepts of wholesale parts, 1 thing stood out to me more than anything else – Grading of Wholesale Customers. This will be a process that Matt and I work on as we move forward and pick up new accounts, as well as evaluating the accounts we currently have. The concept of Grading Wholesale accounts is figuring out what kind of discounts you are giving to which customers. You should be giving the most discount to your customers that are high volume customers, loyal, low AR, and close in proximity to your store. The ones that have high returns, don't call on you unless no one else has the parts, high AR are accounts that should get less of a discount, as they are only using you because they usually have to, thus pricing isn't a concern as much. Going forward I would like to grade each wholesale account with Matt, and make appropriate adjustments to their pricing to increase efficiency and profitability!

2. Pricing Matrix – After looking at NADA's guide for parts pricing matrix I reached out and got our current matrix. Our matrix appears to have 5 pricing buckets, starting at list +50% as the least expensive, most markup parts. NADA recommends having between 10-15 or more pricing buckets starting at between 400% and 900% markup on parts under \$5 where the client is less likely to notice the pricing, and scale down to list as it gets more expensive. I've already spoken with William about this briefly, but really think we should look into how this would affect our profitability if we were to change to something closer to their recommendations.

3. One of the largest takeaways for me was the questions that I need to ask to manage the department effectively and efficiently. Matt and I have planned a Sit Down later in the week to ask a lot of these questions, and discuss the answers. Some of these include:

- What is our tax exempt policy, how do we prove that we are not supposed to collect taxes on tickets, do we have a file with business licenses?
- Are we getting retail reimbursement from FCA on Service and Parts?
- What's our policy on marking up parts from outside sources?
- How often are we looking at Negative Parts on Hand report?
- Who can make Bin adjustments?
- Who runs pricing updates?
- How are we discounting tickets? Taking straight off sell price or using coupon code to track it?
- What is our plan for Inventory over 12 months?

4. Mystery Shop my own store and other stores parts departments – What is our phone demeanor? Do we try to up sell on the phone? Do we get customers information in case we are disconnected? If you call 2 times do we get the same price quote? Are we saving quotes so that anyone can pull them up?

On other stores, we can check their pricing matrixes to see how in line we actually are. Call several times on several different price levels of parts to see what they are using as markup? Do we need or want to be the cheapest person in town? Does our experience and professionalism entitle us to have a higher price point slightly?

5. Lost Sales – Prior to class we were not recording Lost Sales, we were tasked with sending a test back to our parts people asking them to answer if certain situations were lost sales, were both of my guys answered differently than the other one, and neither got all of the situations correct. This will be something that Matt and I cover in our meeting at the end of the week, but first is training on what is actually a lost sale, and second is making sure they are being accurately tracked on a regular basis. Our First Fill rate is low according the guides, part of it may be the Breadth of our Parts inventory, in that we do not have enough of a selection to service the majority of our customers. By tracking more lost sales and looking at our current phase in/phase out, we may find an opportunity to increase profitability by less E-orders, as well as convenience.

JB Burnett

Signature of the Committed