

October 11, 2022

Post Parts Class S.M.A.R.T. Goal

My goal is to increase accessory and counter retail sales and Gross Profit by December 2022.

We purchased this store in March of 2022 and through September, we have recorded \$15,117 in YTD sales and \$4,672 YTD in Gross Profit which at 31% is far below NADA guide of 41%. I took this store over on the 1st of October and immediately noticed that we have no accessory display, no boutique display, nor any process for selling accessories. Kia has a great brand store that contains nicknacks and apparel (both holiday and seasonal), that with the growing popularity of the brand and new logo would be easy to sell. Furthermore, the store is performing and selling a large volume of vehicles, which naturally provides significant opportunity out of the sales department to increase these sales. While our facility is small, there is room in the lounge for a creative retail display that would be perfect for items such as mugs, keychains, model cars, air fresheners, and fun low cost nicknacks that would sell from exposure alone. I have set our goal at 45% gross profit and believe utilizing a small retail display with a price matrix based on the cost of the item and a process for advisors to sell these add-ons before cashing out customers will initiate the growth. The icing on the cake for increasing the gross profit margin is adding a vehicle accessory menu for the sales department to utilize when selling both new and pre-owned vehicles. We have hired someone for the sales department who is compensated on accessory sales and who presents accessories with pricing at the time of sale to every customer before they visit the finance department. Oftentimes the biggest issue with accessory sales is the lack of a specific person that can be held accountable for moving this merchandise because the sales management/sales consultant is not incentivized enough to push these items nor do they want to deal with the hassle of setting appointments to have these accessories installed. I believe this position will ensure accessories are pushed and offered to a greater number of customers.

I put a deadline of December 2022 for achieving this goal, and believe given the low amount of sales YTD, that this metric can be moved with the high volume that exists in our sales department. The plan is to have \$15000 in sales for each month in Q4 at a gross profit target of 50%. We are selling 200 vehicles per month, which equates to \$75 in accessories per sale at an average gross profit of \$37.50. By year end our target is to have \$60117 in accessory/counter retail sales with a gross profit of \$27172 which equates to a 45% gross profit margin.

I have tasked my General Sales Manager and Parts Manager with ensuring this goal is achieved, and am depending on support from the Service Manager when installation is needed. The goal is to stock the most common accessories and to get any installation performed by our hourly technicians while the customer is in the finance office prior to leaving. I will be monitoring these sales and meeting weekly with the department heads to track our progress. This is an attainable goal and one that can be maintained with consistent oversight and buy-in across all departments.

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