

Departmental Action Plan

Dealership **Fletcher Jones Motorcars**

Student Name **Brandon Hale**

Academy Week **Week 2 - Fixed Operation - Parts**

Class & Student Number **n323-08**

Current Situation

Wholesale Parts Business: Currently we are at 16% of wholesale parts sold. The biggest impact to the bottom line for counter people that sell is to increase the number of wholesale parts shipped and sold. I would like to see a 10% increase.

Overall Objective:

Objective 1: Increase Wholesale Parts Bussiness

Proposed Timeline

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Step 1: Review current currant wholesale process in general. ~ April 20th 2017

Step 2: Review and meet with team make sure they understand the

importance of wholesale bussiness.~ May 1st 2017

Step 3: Review payplans and make sure they are driving the extra wholesale part sales.~ May 1st 2017

Action Plan

Describe necessary actions to reach desired result:

Step 1: Review current wholesale process with Parts Manager and rehash what was talked about on April 20th 2017.

Step 2: Decide what the maximum discount will be.(This does not mean every customer receives maximum discount.)

Step 3:Review and adjust Demographics (Expand the radius if needed)

Step 3: Review and meet with team and set new goals and objectives.

Step 4: Review and change pay plans and make sure they are driving the extra wholesale part sales.

Step 5: Manage and Measure results weekly.

Step 6: Consistently meet and have round-table discussions to discuss how we can improve.

Step 7: Manage and Measure daily activity

Step 8: Along with our pricing strategy I want to arm our salesmen with services that go above and beyond the competition. (Dedicated Driver more daily stops)

Requirements

Meeting with Dealer:

Action Proposed: Change payplans to focus more on wholesale gross, increase radius, manage daily activity, train the staff.

- 1. Have a new mindset and attitude that the customer shouldn't have to go anywhere else to find the parts they need. We won't let our customers buy a part from a competitor. If we have this mind set it gives us sales history on the part and we record that demand, and it keeps our customer from ever having a need to call a competitor for any reason.**

Meeting with stakeholder(s) (dealership personnel):

Describe what is in place to support desired goal:

Training / Coaching / Consequences related to results / Pain & Gain

Commitment Phone training, Sales Training, Customer Service

Consult with our Parts Manager, Assistant Parts Manager, the Team and the GM to make sure everyone is on-board.

- 2. Coach** parts staff involved to meet changes and set our expectations.

Accountability Held accountable by GM, Parts Manager and Service Manager using our DMS report and Call logs to measure changes in activity and results.

Expenses Wholesale sales and profits should increase and it should not have additional expense attached to it.

Accountability: Monitoring progress:

Who:

Parts counter, Assistant Parts & Manager Parts manager and GM

What:

Parts Counter: accountable for increasing wholesale sales and improving customer service and retention.

Assistant Manager: Managing activity daily and assistant on pricing overrides.

By When:

We are working on this plan now and will have an official release to the team by June 1, 2017

How:

3. Daily activity reports, DMS Review, Identify best customers and call on them more often.

Describe checkpoints that have been established to measure progress:

Daily / Weekly / Monthly

Daily – Assistant Parts Manager will have 5-minute morning and afternoon meeting to lay out the goals and the plans for the day.

Weekly - A round table discussion in the Monday morning Senior Manager meeting, followed by a weekly meeting that will be held by the Parts and Service Managers with all parts counter personal.

Monthly – Meeting with Parts Manager & GM to celebrate the top parts sales person of the month with an added bonus. Then we will talk about trends and how the process can improve.

- 4.

5. **Estimated cost for implementation: Sales Phone Training:** \$1500/day x 3 = \$4500 per visit (twice a year)

Projected Date of Completion:

July 2018

Sponsor Signature:

Garth Blumenthal- I will enclose a signed copy in word doc.

Evaluation of Results: Include measured results.

(± Metrics)

Impact Areas:

Sales / Gross / Expenses / Net Profit /

The key will be to combine these traditional retail network strengths (e.g. best sales locations and original parts) with an innovative distribution strategy that unlocks higher margins. This requires a change in mindset in order to cross industry boundaries and launch a mutually beneficial collaboration model which results in better service for customers.

Sales: Sales will increase by having the team effectively trained and by managing the daily activity. By adjusting pay plans to drive more commission based business that is directly related to wholesale parts.

Gross: Gross will improve by having a manager control and sign off on the discount. The gross will also improve because of the preset margins and guidelines that will be set in the new strategy.

Expenses: We should not experience any additional expenses except the training fees which are accrued during the year.

Net Profit: There should be a bump in Net Profit due to the extra business which is really going to be like free business to the dealership. We will also market any additional obsolescence out of the department by upselling any part that might be useful and a deal for participating dealerships or privately owned shops.

Net Profit: This starts with a pricing strategy and making sure you have your Margin Pricing set up and activated in your software. This automatically calculates the amount of profit in your inventory on every part, the dealer should adjust the Margin Pricing tool so there is profit in every part sold. The best part about this pricing strategies is that it doesn't negatively impact the customer's wallet because the amounts are small and bundled into ROs.

Down the Road

Once you've established your wholesale plan of action and put it to work you should periodically analyze each wholesale account. Never look at sales of each individual account. Instead, look at what each individual account is doing for the profitability of the Parts Department. How much gross profit is each account generating? What's their return rate? Do they return a lot of unwanted parts? Look at their receivables. Are they a credit risk? You may decide that certain wholesale accounts do not in fact add to the profitability of the department and adjustments in pricing, returns or credit terms may be necessary.