

CDK Stocking Status		Inventory	% of Inventory	Guide
INVESTMENT		Value		
Normal or Active Stock		\$163,815	63.98%	over 70%
Automatic Phase Out		\$14,841	5.80%	Less than 35%
Dealer Phase Out		\$383	0.15%	Less than 1%
Manual Order		\$49,919	19.50%	Less than 3%
Non Stock Part \$'s		\$24,330	9.50%	Less than 5%
Non Stock Part #'s*		\$47,860	74.00%	Greater than 70% of PN's
Clean Core		\$2,743	1.07%	p/n pieces
Dirty Core			0.00%	
Total Inventory		\$256,031	100.00%	

Activity	Value \$	%	Notes & Guides
0-3 Months	\$189,056	74.64%	ACTIVE INVENTORY at 75%
4-6 Months	\$21,176	8.36%	ACTIVE INVENTORY at 23%
7-12 Months	\$23,037	9.10%	75% will likely become Obso 2%
Over 12 Months	\$14,335	5.66%	Technical Obsolescence 2% is g
New parts no sales	\$5,685	2.24%	Minimal Amount
Total Inventory	\$253,289	100.00%	

COLOR SCORING

GOOD

WARNING

DANGER

GREAT

Seldom used

OK...BUT..

OUCH !!!!!

ouch!!!

OBSO POSITION

is guide	.75 TIMES	\$		\$17,277.75
uide	PLUS			\$14,335.00
	PLUS			\$5,685.00
	EQUALS		15%	\$37,297.75

Departmental Action Plan

Dealership **Metro Toyota**

Student Name **Will Krueger**

Academy Week **Week 1 - Fixed Operations - Parts**

Class & Student Number **N333-05**

Current Situation

Our current follow-up procedure for SOP's is lax, which has an opportunity cost for both parts and service. We rely too heavily on Toyota's return policy for SOP's. If an SOP is returned within 90 days, Toyota will give us a full refund. Since there is limited downside in ordering SOP's under Toyota's policy, our follow-up process is not as structured as it should be.

Overall Objective:

Our objective is to create a structured follow-up process for SOP's. The process will be developed in a way that is replicable for every SOP. Both parts and service team members will be expected to follow the new process for each and every SOP. This will result in increased gross for both departments.

Proposed Timeline

Step 1: Create a report to track returned SOP's to Toyota. Due: 02/28/2018
Step 2: Meet with the parts and service managers to develop a structured/replicable follow-up process for SOP's. Due: 03/14/2018
Step 3: Have our CDK CRM admin create the follow-up process and tasks in the CDK CRM. Due: 03/21/2018
Step 4: Train team members responsible for following up with SOP customers. Due: 03/30/2018
Step 5: Activate the SOP follow-up process in the CDK CRM. Due: 03/30/2018
Step 6: Use DMS Report to track SOP returns and Communications Report to measure team member follow-up. Due: Ongoing

Action Plan

Describe necessary actions to reach desired result:
Step 1: Meet with the parts and service managers to develop an agreed-upon replicable follow-up process for SOP.
Step 2: Transpose the follow-up timeline and tasks into the CDK CRM, so each team member will be prompted with a follow-up task at the proper time.
Step 3: Train all involved team members responsible for SOP follow-up (parts check-in team member, counter staff, service advisors, BDC, parts manager, assistant parts manager, and service manager). Get everyone together for the training to enforce that it is a team effort.
Step 4: Once training has been completed for all involved, contact CDK CRM admin to activate the follow-up process in the CRM.
Step 5: As part of checking in parts off the truck, receivables personnel will be required to initiate the follow-up process in the CRM as well as physically handing the fulfilled order form to either the counter staff or service advisor (whomever is responsible for that specific SOP sale).
Step 6: The parts manager, assistant parts manager, and service manager will be responsible for daily and weekly accountability of team members (receivables staff, counter staff, BDC, and service advisors) completing their scheduled SOP follow-up by monitoring CRM outbound calls, emails, and text messages sent in the Communications Report.
Step 7: The General Manager will meet monthly with the parts and service managers to review the SOP return report.

Requirements

Meeting with Dealer: 02/21/2018

1. **Action Proposed:** The dealer principal agreed that while we do not have an SOP problem due to Toyota's return policy, we are more than likely missing sales. He agreed that a structured and monitored follow-up process would benefit both the parts and service departments.

Meeting with stakeholder(s) (dealership personnel): Parts Manager, Assistant Parts Manager, Service Manager, Service Advisors, Parts Counter, Parts Receivables Staff, BDC

Describe what is in place to support desired goal:

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

Training: After the SOP follow-up process is mutually agreed upon between the parts and service managers, we will outline the new process with all personnel involved in handling the SOP. Each will receive a copy of the new process. They will be shown, in the CRM, where the follow-up tasks will appear and how they will be prompted. Any new hires will be trained on the entire process including how the functionality works in the CRM. The most crucial training will be in receivables, where they will be responsible for starting the entire process for SOP follow-up.

2. **Coaching:** Team members with overdue tasks and uncontacted SOP customers may require additional training and coaching about the process and why it is beneficial for them to follow.

Positive Consequences/Gain: The parts and service managers are aware of the potential increase in gross as a result of managing the SOP follow-up process correctly. They are both committed to its success. All of the team members involved in the SOP follow-up process are paid on their specific SOP sales. The potential for higher compensation is motivation enough to follow the new process.

Negative Consequences/Pain: The parts and service managers will review their SOP results with the GM monthly. Any deviation from the agreed-upon process by a manager and their team will be dealt with by the GM. All of the team members involved in the SOP follow-up process will meet with their manager if they show an inability to follow the process. If their deviation from the process continues then they will meet with both their manager and the GM.

Accountability: Monitoring progress: Using both the CRM-generated communication report, the parts manager and service manager will be able to see who is completing their communication. Additionally, the GM and other managers will be able to run the CDK SOP return report to see whether SOP returns to Toyota have decreased and sales increased.

Who: Parts Manager, Assistant Parts Manager, Service Manager, Shop Manager, General Manager

What: Run daily Communication report for follow-up accountability in CRM. Run the SOP Return Report in DMS to track how much SOP we are sending back and whether it is reduced.

3. **By When:** Communications report will be run daily by managers while the SOP Return Report will be run weekly (by managers) and monthly (by both managers and GM).

How: Morning huddle meetings occur in both parts and service departments. Either the parts manager or assistant parts manager will meet with counter and receivables staff to review SOP follow-up using the communication report. The service manager will meet with the service advisors and BDC to review SOP follow-up using the communications report. Lastly, the GM will meet with the department managers to review the SOP Return Report monthly.

Describe checkpoints that have been established to measure progress:

Daily / Weekly / Bi-weekly / Monthly /

Weekly:

Personnel Involved: Parts Manager, Assistant Parts Manager, Counter Staff, Receivables Staff, BDC, Service Manager, Service Advisors

Exercise: Monday morning huddles occur currently and this will give each department manager the opportunity to review current SOP inventory and the communication follow-up report (acknowledging successes and areas for improvement)

Starting: April 2, 2018

Monthly:

Personnel Involved: Parts manager, Service Manager, General Manager

4. Exercise: Parts manager, Service Manager, and General Manager will review SOP Return Report for the previous month to monitor progress and discuss areas for improvement.

Starting: April 2, 2018

Monthly:

Personnel Involved: Parts Manager, Assistant Parts Manager, Counter Staff, Receivables Staff, BDC, Service Manager, Service Advisors

Exercise: General Manager will join the Monday morning huddle meeting with each team once a month to stress the importance of SOP follow-up and recognize specific team members for their successes in front of the whole team.

Starting: April 2, 2018

Date(s) for review: 04/09/2018, 04/16/2018, 04/23/2018, 04/30/2018, 05/07/2018, 05/14/2018, 05/21/2018, 05/28/2018

5. **Estimated cost for implementation:** No cost for implementation.

Projected Date of Completion:

May 31, 2018

Sponsor Signature: _____

Evaluation of Results: Include measured results.

(± Metrics)

Impact Areas:

Sales / Gross / Expenses / Net Profit / CSI /

Sales: Part sales should increase as less SOP parts will be returned to Toyota and instead will be sold to the customer. Additionally, service sales will increase when the SOP's are installed on the customer's vehicle.

Gross Profit: As sales increase due to a well-defined follow-up process, the gross should increase as well for both parts and service departments.

Expenses: Expenses should decrease as we may have a customer in a loaner vehicle while waiting for the SOP to arrive. If the follow-up to this customer is improved, it may shorten the time they spend in our loaner vehicle and lower expense.

Net Profit: In both the parts and service departments, net profit will increase with higher SOP sales.

CSI: CSI should improve with better and more consistent communication with customers.