

Parts Action Plan

NADA 424 Week 1 – Session 2

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- ❖ I will increase parts gross as a % of sales from 33.45% to 38% by Dec. 31st, 2023.

Benefits of Achieving Goal:

- Increase parts department profit with same amount of parts sales.
- Increase of parts employee's morale and income.
- Increase total dealership profit.
- Increased fixed absorption.

Consequences of Not Achieving Goal:

- Lower return on parts inventory.
- Need more parts sales to make up for less margin.
- More dependent on vehicle sales to cover dealership expenses.
- Low gross per employee might lead to need for turnover.

Obstacles:

- Customer complaints of parts price.
- Internal complaints of conditioning costs.
- Service department selling work complaining about parts pricing.

To overcome these obstacles, it is imperative that we communicate with each department why we need to make a higher percent on the parts we sale. Educate each employee on the “why” part of our business, and the customer benefit of doing business with us.

First Steps:

- Tweak our matrix pricing a bit to increase the percent we need.
- Hold manager accountable by looking at saved quotes and run deviance report to see if anyone is discounting pricing.
- Phone train counter people.