

Sales Performance: Growing Your Parts Business 2



Freightliner LLC

The material within the *Sales Performance: Growing Your Parts Business 2* module is for Freightliner LLC instructional purposes only.

Reference to an “authorized” dealer signifies a dealer under contract with Freightliner LLC via signed dealer agreement.

Introduction

This is the second of two modules developed to make your dealership more competitive, more profitable, and more successful in parts sales. The first module presented ways to gather information and make a sound, market-based analysis that improves sales performance. This module shows how to devise a strategy and apply action plans that truly increase parts sales.

How This Module Can Help You

This module will help you understand how to:

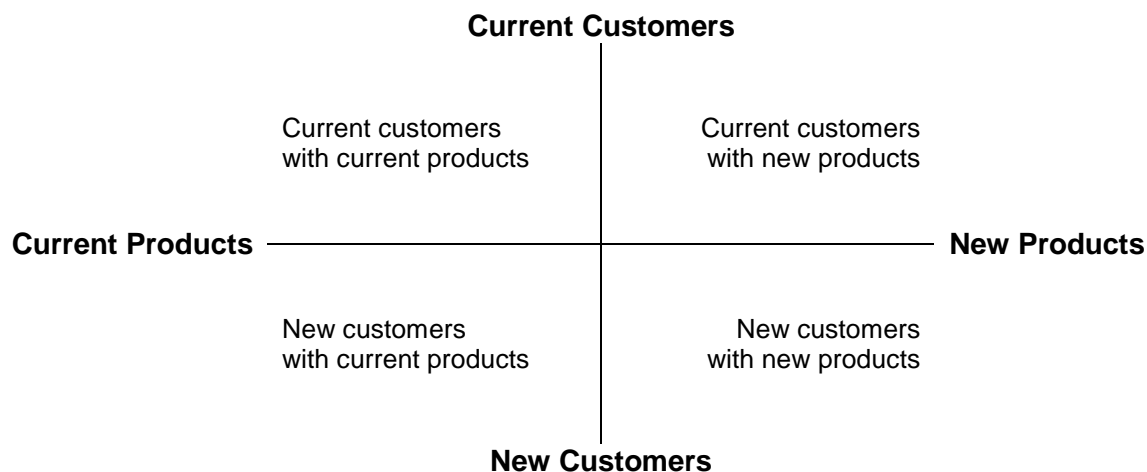
- Apply the information assembled from the first module and put it to work.
- Determine a useful, compelling strategy for approaching each fleet customer.
- Translate that strategy into results-oriented tactics.
- Turn market potential into sales success.

The answers to all of the certification questions at the end of this module are readily found within its contents.

The material in this module is directed to Parts Managers and Outside Parts Sales (OPS) personnel, with special “tips” for Outside Parts Salespeople noted.

Identify Your Opportunities

Any business—all business—is based on connecting products with customers. These are the two necessary ingredients. In simple terms, parts sales potential can be divided into four types that are based on customers and products. The grid below shows their relationships.



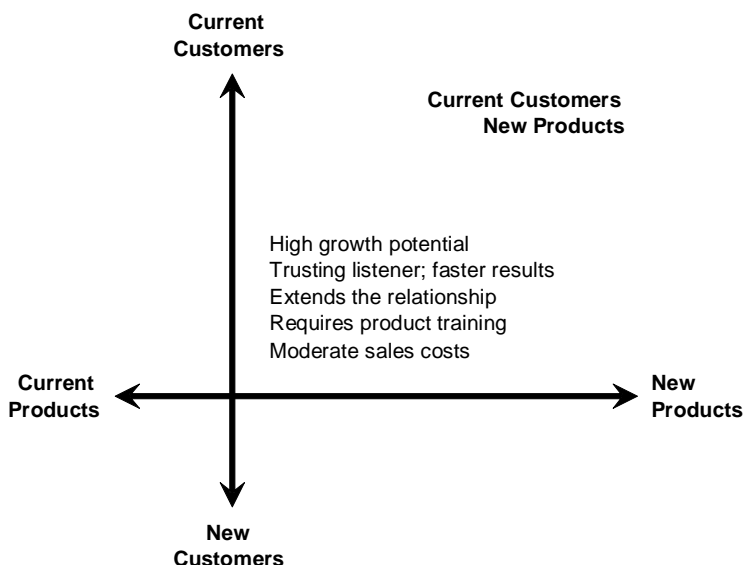
You can sell...

- New products to current customers.
- Current products to current customers.
- Current products to new customers.
- New products to new customers.

To increase parts business, think in terms of these four quadrants. Each offers its own opportunities and challenges, however the best place for immediate sales is with current customers (the two quadrants on the top).

Current Customers/Current Products	Current Customers/New Products
<ul style="list-style-type: none">• Moderate growth but immediate results• Requires looking for missed opportunities• Lower sales costs• Little product training required• Builds the relationship• Demonstrates interest in customer needs	<ul style="list-style-type: none">• High-growth potential• Trusting listener; faster results• Extends the relationship• Requires product training• Moderate sales costs
<ul style="list-style-type: none">• High-growth potential• Requires persistence and patience• Higher sales costs• Creates a new relationship• Little product training required	<ul style="list-style-type: none">• Very high-growth potential• Diversifies and strengthens parts sales• Highest sales costs• Requires product training• Goes directly against competitors
New Customers/Current Products	New Customers/New Products

Sell Current Customers New Products



Current customers are your best source for additional business. They know you. They trust you. You understand their goals and needs. This is where your greatest opportunity lies. It's a great way to stimulate quick growth at a moderate sales cost.

Revisit your AOR Parts Potential Report to reveal gaps or weaknesses in the products you offer. The steps outlined below are incorporated into a work sheet shown on the next page.

Step 1:

Look for weak sales in specific, high-potential product areas.

Step 2:

Select two or three product lines and start looking into suppliers. Study a supplier's program; become familiar with pricing, part numbers, product features and benefits. Develop training, if necessary.

Step 3:

Explore possibilities with current customers. Talk about products they are using now and what it would take to win them over.

Step 4:

Prepare a plan that matches target products to target customers. Make value-based decisions that put the customer's goals first.

Step 5:

Determine pricing, inventory, and a communications approach. Set a schedule for implementation.

Approach to Target Product Lines

Action Steps	Product A	Product B	Product C
Reason for potential:			
Pricing (any pricing advantage?):			
Supplier program(s) available:			
Product features and benefits:			
Customer reaction (what they require to switch to target product):			
Value-based proposition (how target product meets the customer's goals):			
Inventory requirements:			
Communications (marketing) approach:			
Implementation schedule Who: What: When: How: Costs:			

Process ✓

FleetConnect™ is ideal parts and service support for current customers. It connects them to your inventory so they always have the right parts in stock and keep their trucks productive and on the job.

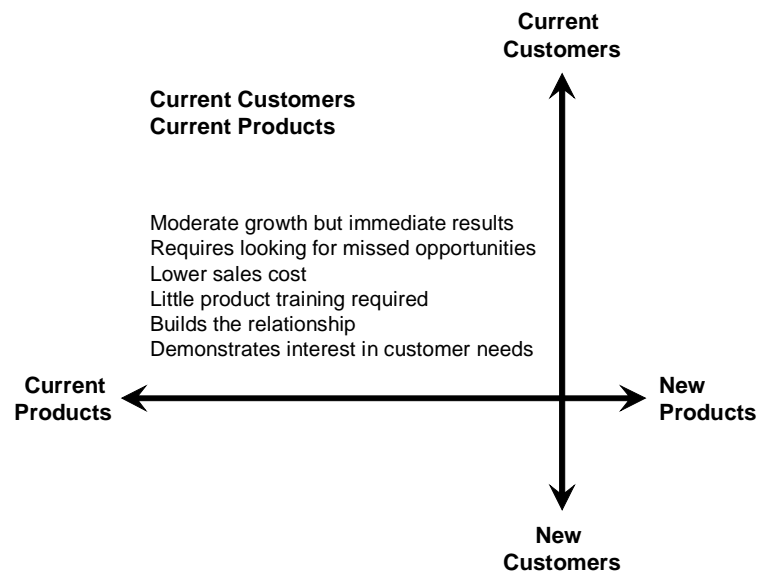
The system not only manages parts inventory more efficiently, it builds the relationship.

It will also help you sell new products to current customers.

Tip for the Outside Parts Salesperson

Gather information from current customers to see what new products they might be interested in or what current products you could replace. Match specific new products to individual current customers based on value to the customer. Present your findings to help the Parts Manager make decisions about new suppliers.

Sell Current Customers Current Products



Could you possibly have products that your customer doesn't know about? Or do you know why a current customer prefers a competitive product instead of yours? There may be potential here for an immediate increase in parts sales with modest added cost.

Step 1:

Pull a "Parts Sales Recap by Customer Report" from your "internal business system" (IBS). This can be an eye-opening document so it's worth the time it takes to set up the report.

Step 2:

Select your top customers or any that are assigned to an Outside Parts Salesperson. Compare what they are buying with the total results by product line. Look for gaps or missed opportunities with each customer. Discuss what's going on with the Outside Parts Salesperson.

Step 3:

Concentrate on those lines that provide value to each individual customer. Develop a value-based strategy for each line and customer that is competitively priced and presents compelling benefits. Focus on what's good for that particular fleet customer and you will make progress. This may be one place to be aggressively priced in order to expand business and build the relationship.

Tip for the Outside Parts Salesperson

Gather information from current customers to find gaps where your products could replace a competitive product they are now buying.

Search for value-based solutions that promote the customer's business goals by reducing cost, downtime, maintenance expenses, worries, hassles, effort, duplication ... or anything else you can think of.

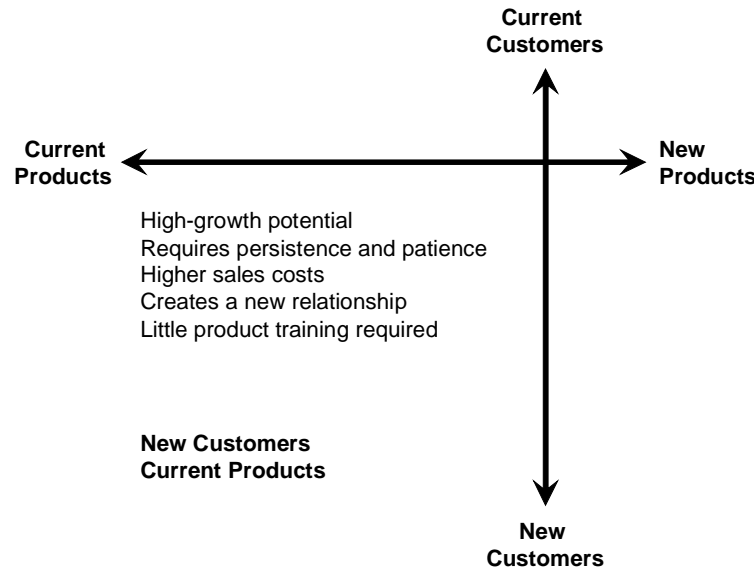
Attitude ✓

A value-based attitude means that you invest attention in your customer's goals.

Keeping the customer's needs first will make your business thrive.

Sell New Customers Current Products

Of all the four quadrants, this one offers the highest growth opportunity. But it takes patience and time to accomplish.



Step 1:

Gather information to find potential customers who are not doing business with you. They may be suitable prospects for many different reasons:

- **Proximity** – The dealership offers a location advantage for “just in time” (JIT) parts delivery or rapid emergency service.
- **Compatibility** – The dealership’s capabilities nicely fit the customer’s needs (size, parts selection, capabilities).
- **Loyalty** – They are running Freightliner LLC trucks or have consolidated to include Freightliner LLC equipment.
- **Trustworthiness** – The organization is well-run and pays their bills promptly.

Step 2:

Review your Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis and Polk Trucking Industry Profile (TIP®) Access, Vehicles In Operation (VIO) data. Page through every telephone directory you can find. Look for specific possibilities that suggest a fit such as:

- **Vocation** – Truck classes (6, 7, and 8) or uses that match up with your parts inventory or are a good fit for any of your unique or special capabilities.
- **Size** – Significant parts and service volume or all-makes potential.
- **Known value** – The prospective customer is an established business. It might even be a fleet that is in transition or having parts, service, or support difficulties that you could solve!
- **Product opportunity** – Your dealership has a solution that fulfills a customer's need.

Step 3:

Prepare a list and talk with Outside Parts Salespeople and Inside Counterpeople to determine the best matches and to see if any candidates have been overlooked. Don't be deterred because a potential customer is buying from a competitor. Every fleet needs sources for parts. All-makes parts level the playing field. Why can't your dealership serve that customer?

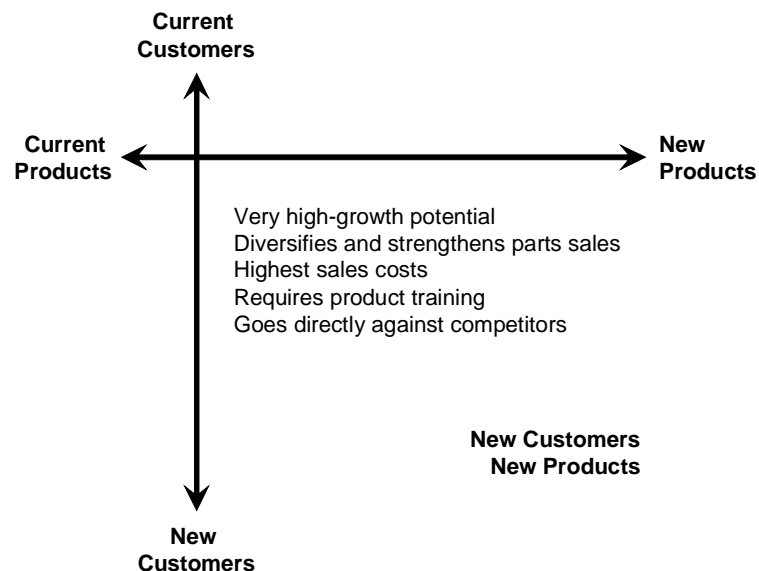
Step 4:

Match your strongest capabilities against what appears to be each customer's needs. Look at all of the options—products, service, pricing, expertise, delivery, technical support, and warranty coverage.

Step 5:

Develop a value-based strategy that aligns your strengths with the prospect's needs.

Sell New Customers New Products



Offering a new product to a new customer grows both your customer base and your product line. This can be an expensive and time-consuming quadrant for building business. However, once accomplished, this type of transaction multiplies sales possibilities because you can offer your current products to your newly acquired customer.

Tip for the Outside Parts Salesperson

Your best, short-term prospects for success come from offering new products to current customers and current products to new customers.

Focus on what you have that a specific customer would highly value or find unique. It could be a product, a service ... even a truly customer-centered attitude.

Look for examples where your products or services could save the customer downtime, maintenance costs, or inventory expenses.

Identify specific ways your parts department can really support the fleet's business objectives. Think in terms of value to the customer. Determine first what the customer needs, wants, or is striving for. Then match your strengths to a solution you can offer that helps your customer reach their goal.

✓ **Your Department**

A. Are you building the best possible prospect list?

Do you ...

YES NO

- | | | |
|--|--------------------------|--------------------------|
| • Regularly and methodically build and sharpen your list of prospects? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Seriously explore possibilities for new product sales to current customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Look for weak sales in specific, high-potential product areas? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Match new products to customer needs, not the other way around? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Review current parts sales to current customers to find gaps? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Use a value-based strategy to present compelling benefits? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Talk to current customers and potential customers about their goals? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Use SWOT Analyses and Polk TIP® Access to build new customer lists? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Look for the best match between your capabilities and customer needs? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Look for ways your products or services can cut customer downtime, maintenance costs, or inventory expenses? | <input type="checkbox"/> | <input type="checkbox"/> |

Every “Yes” answer is a step in the right direction. Add up your “Yes” answers and record the total in the first Column of the Performance Chart on page 28 of this module.

Develop the Overall Plan

The search for parts sales opportunities need not be complicated or difficult. Narrow your efforts to a dozen targeted new products and/or new customers. Any more will dissipate your energy and resources, and probably work against you.

Focus on bringing new products to current customers and reaching out to new customers with current products. A variety of information is at your disposal for making a sound decision about which fleets to target with what products.

- The AOR Parts Potential Report provides a snapshot, by product categories, of market potential for parts replacement (consumption). The estimates are matched to the vehicle population in your “area of responsibility” (AOR) and product sales compared to general potential.
- The Polk TIP® Access System helps you identify registered vehicles located right in your area of responsibility. Even though some fleets register vehicles to one AOR, yet domicile some of them in others, this remains an excellent source for a good prospect list.

Review your own SWOT Analysis. Match internal strengths to external opportunities. (Use the SWOT Analysis you developed in the first module of this two-module set.)

Drive your analysis to the finest level of detail possible:

- Consider individual fleets; choose potential customers who are the best fit.
- Review possibilities by product category to find the best value for the individual fleet.
- Find any gaps where products are not selling to expectations, or where new products or approaches could be introduced to enhance the fleet’s business.
- Determine if the opportunity provides the best potential for greater results.

Carefully consider single product lines as well as private label Alliance™ brand products. A value-priced, high-quality alternative is an important competitive offering.

Think more broadly than just supporting the vehicle population that comes from your own truck sales. Develop an all-makes orientation. You can penetrate markets populated by Original Equipment (OE) competitors, other brands and weight classes in which you don’t normally compete. These new markets provide huge potential for incremental business. Your all-makes offering can deliver better service to the customer and greater variety from a single source—your parts department.

✓ **Your Department**

B. Do you have a strategic, practical, and powerful plan?

Do you ...

YES NO

- | | | |
|--|--------------------------|--------------------------|
| • Focus on bringing new products to current customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Regularly reach out to new customers with current products? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Review AOR Parts Potential data to focus your planning? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Review VIO data for potential fleet customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Review your SWOT Analysis to match strengths with opportunities? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Define and search for the potential customers who are the best fit? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Look, first, for the greatest value to an individual customer? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Find gaps where sales are below expectations and look for solutions? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Consider all makes and all vocations in your AOR? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Have a working program in your IBS to check your own data? | <input type="checkbox"/> | <input type="checkbox"/> |

Every “Yes” answer is a step in the right direction. Add up your “Yes” answers and record the total in the second column of the Performance Chart on page 28 of this module.

Develop Specific Tactics

Tactics are the actions you take to bring the strategy to life. If strategy is the menu, then tactics are the meat and potatoes. Strategy and tactics compare this way:

- A strategy by itself usually costs almost nothing. Strategy selects the ideal customer, and matches the dealership's products and capabilities to benefit that customer.
- Tactics, on the other hand, almost always produce costs. Tactics are action plans that require investment to acquire equipment, pay salespeople, develop merchandising and promotions, learn about new products, call on individual fleet customers, and enhance or change services to reflect customer needs.

Strategy must be translated into action plans that are realistic, compelling, sustainable, and affordable. You are making decisions on everything from what's possible to what will be required to realize success. These are the key considerations:

- Set sales objectives
- Review gross margins
- Plan inventory
- Justify personnel
- Prepare equipment
- Determine merchandising and promotions

The next few pages show you how to organize your thinking. This wide perspective helps you find ways to more successfully grow your parts business.

Address Key Objectives

Many things must align so that sales performance can improve. It is not simply a “sales” effort, but a total dealership commitment to review, measure, and support sales. The table below brings many of the elements together—sales, inventory, personnel, facilities, and equipment.

Answer the questions in the table by putting down real information on a notepad: a specific name (customer, product, source) or a specific number (estimate, calculation, cost, etc.). These questions help you determine how the infrastructure can support sales objectives. You will probably add questions of your own. Once all the questions are answered, you will have a good picture of what the expectations are, what needs to be done, and what the costs will be.

Key Objectives

Sales	Infrastructure		
	Inventory	Personnel	Facilities & Equipment
<ul style="list-style-type: none"> • What is your current year sales projection? • What growth do you expect from Current Customers/Current Products? • What growth do you expect from Current Customers/New Products? • What growth do you expect from New Customers/Current Products? • What other growth do you anticipate? (List prospects and \$.) • What is your total sales projection for next year? • When you adjust for inflation (X%), what is your actual anticipated growth? 	<ul style="list-style-type: none"> • Do you currently have sufficient quantities of the right parts? • Is any increase in current inventory needed to support growth? • What new products are available that will have an impact and should be added? • Any changes or additions in sourcing required? • Does inventory planning anticipate space for new or more products? • Does inventory turn or fill rate need improvement? • Is inventory current (not obsolete) for profitable storage? 	<ul style="list-style-type: none"> • Is total current staff adequate? (Include part-timers as fractions.) • Any major shift in volume or need to expand delivery service? • Can technical support maintain its level of experience and availability? • Will OPS be able to cover this without adding personnel? • Should telemarketing be considered or built up? • What's the projected staff required for next year? • What are the anticipated sales per individual (and how does that compare with current figure)? 	<ul style="list-style-type: none"> • Is inventory storage adequate and properly utilized? • Any new or additional delivery trucks needed? • Any additional inventory handling equipment or capabilities needed? • Any new storage bins, shelves, or warehousing needed? • Any shipping improvements needed? • Any additional fixed or office equipment? • Should you incorporate PartsPro® or other computer equipment to support inventory availability and management? • What are the costs associated with these changes? • Total expected capital expenditures?

Troubleshooting

The table on the next few pages will help you determine possible causes and solutions for typical problems in parts departments. Use it to help create a plan that answers questions revealed when you look at key objectives.

Condition	Possible Cause	Possible Solution
Sales volume declining	Prices not competitive with local market	Conduct regular, frequent pricing surveys to make sure prices are competitive. Leverage promotional specials and pass along the discounts to your retail customers; launch other merchandising activities.
	Insufficient inventory	Evaluate inventory stocking. Be diligent in recording lost sales. Reexamine inventory phase-in and phase-out rules.
	Noncompetitive services	Verify competitiveness of delivery service, hours of operation, equipment capabilities. Review credit policy.
	Insufficient outside sales	Evaluate competitors—Original Equipment Manufacturers (OEMs) and Warehouse Distributor (WD). Project sales, break-even point, and profit results potential that may be possible by adding OPS representatives.
	Insufficient advertising or promotion	Review marketing policies. Take advantage of Freightliner LLC quarterly specials and mailers.
	Sales efforts focused on too few accounts	Develop more extensive customer list; expand contacts with new customers. Plan sales efforts (phone, mail, personal contact) to maintain relationship (calling at least monthly).
	No telemarketing	Discuss telemarketing programs with dealers who have them. Prepare and execute a plan for staffing, training, and equipping a telemarketer.
	Inadequate product displays	Position display areas at service desk, in waiting room, at parts counter. Make sure displays are clean, current, and stocked.
	Material cost increases	Verify that prices reflect cost increases; conduct pricing surveys to stay competitive in local market.
Sales per employee too low	Overstaffed?	Review staff allocation. Could reassign into revenue-generating roles (OPS, telemarketing).

Condition	Possible Cause	Possible Solution
Gross margin below average or declining	Parts priced too low	Segment product lines into several different stock classes and increase margins on the less price-sensitive items. (For example, increase gross margin on parts selling under \$2.00 because they don't cause much customer resistance.) Increase markup to adequately recover handling and inventory storage costs.
	Sales efforts focused on competitive, lower-margin product lines	Review product category sales; expand efforts into less competitive lines. Look for new products that offer higher value in the customer's eyes.
	Higher proportion of emergency orders placed with Parts Distribution Centers	Review inventory stocking practices (ordering rules, purchasing policies, supply quantities) to ensure adequate on-hand stocks.
	Local sourcing of higher cost material	Review sourcing decisions; research for alternative sources or negotiate with current suppliers.
	Freight costs too high	Take advantage of prepaid freight order minimums to reduce landed cost.
	Not using available programs to reduce cost on volume purchases	Buy on specials when available (and quantity is reasonable compared to holding expenses). Participate in Freightliner LLC annual commitment and bulk buy programs.
	Remanufactured product margins vary substantially	Audit core bank and reconcile immediately. Revise or establish a core management system; develop a disciplined administrative approach to control cores and recover credits owed.
Turn rate is below average	Inventory surplus	Review inventory control procedures relative to order size, size of safety stock, level of obsolete parts.
	Supplier lead time	Review current sources and compare to lead time of potential sources; negotiate faster service.
Level of service is too low	Inadequate inventory	Improve accuracy of inventory records. Review stocking rules for new items. Determine if order quantities and safety stocks are adequate.

✓ Your Department

C. Have you considered all the strategic and tactical elements?

Do you ...	YES	NO
• Carefully develop a realistic strategy?	<input type="checkbox"/>	<input type="checkbox"/>
• Select suitable customers and serve their best interests?	<input type="checkbox"/>	<input type="checkbox"/>
• Determine strategy before considering tactics or action plans?	<input type="checkbox"/>	<input type="checkbox"/>
• Calculate reasonable, accurate sales objectives?	<input type="checkbox"/>	<input type="checkbox"/>
• Review and refine inventory plans and personnel numbers?	<input type="checkbox"/>	<input type="checkbox"/>
• Review and refine equipment needs and merchandising plans?	<input type="checkbox"/>	<input type="checkbox"/>
• Address key objectives and how action plans will help achieve them?	<input type="checkbox"/>	<input type="checkbox"/>
• Develop a dealership commitment to support parts sales?	<input type="checkbox"/>	<input type="checkbox"/>
• Have a true and measurable picture of how to achieve sales objectives?	<input type="checkbox"/>	<input type="checkbox"/>
• Have a true and measurable picture of what it will cost?	<input type="checkbox"/>	<input type="checkbox"/>

Every “Yes” answer is a step in the right direction. Add up your “Yes” answers and record the total in the third column of the Performance Chart on page 28 of this module.

Determine Merchandising and Promotions

Products must be promoted; they cannot sell themselves. The merchandising strategy is a critical consideration not only because it costs money, but also because it represents the single greatest support for salespeople—particularly for introducing new product lines or emphasizing competitiveness on parts.

The choices for merchandising programs are virtually infinite. Plan ahead, be clear about what programs to use and why, and then execute. The strategy is only realized with clear action plans that become actual merchandising and promotions activities.

Consider all the possible programs available from Freightliner LLC; contact your Region Parts Manager (RPM) for details. Select those that move your strategy forward.

As a minimum, make sure you are participating in programs that:

- Reach key customer segments (e.g., Pinnacle or Compass fleet programs).
- “Pull” parts sales into the dealership from current and potential customers (e.g., AdDirect, Frequent Flier or Star Flier direct mail programs).
- Equip your salespeople with information on your products and capabilities (e.g., product literature or PartsCaps).
- “Push” sales out the door by successfully presenting your parts department (e.g., point-of-purchase signage and display or Retail Parts Centers).
- Position your dealership to compete for “post warranty” parts and service business (e.g., Alliance™ parts).
- Use computer technology to maximize sales and build customer relationships (e.g., FleetConnect).

There are many parts merchandising and promotional programs available to meet your needs. Your Region Parts Manager is available to advise you in more depth.

✓ Your Department

D. Are promotions and merchandising plans complete and aligned?

Do you ...

YES NO

- | | | |
|--|--------------------------|--------------------------|
| • Clearly understand each program available from Freightliner LLC? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Regularly discuss programs with your RPM to stay current and informed? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Clearly and regularly present the customer benefits for each program? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Use merchandising and promotions as key tactics to support strategy? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Take advantage of many programs instead of just one or two “favorites”? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Plan ahead so that programs are timely and have impact? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Regularly and frequently review programs with salespeople and customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Match programs to your resources for the best fit? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Align programs with strategy so that activities have greater power? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Use programs in combination to multiply impact? | <input type="checkbox"/> | <input type="checkbox"/> |

Every “Yes” answer is a step in the right direction. Add up your “Yes” answers and record the total in the fourth column of the Performance Chart on page 28 of this module.

Summarize the Strategic Approach

Bring all the work together to show what needs to be accomplished and how resources will be focused to make it happen. This sheet represents the master plan. All the other forms detail your thinking and show how tactics are applied to stimulate sales performance.

SUMMARY OF OBJECTIVES

For Calendar Year

Financial Objectives

Sales Plan

Gross Margin

Inventory Turns

Capital Expenditures

Marketing and Sales Objectives

Target Products

Prospective Customers

Personnel Objectives

Target Deadlines

Operations Objectives

Target Deadlines

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Assign Territory Activities

A powerful sales performance plan should include some or all of these requirements:

- Specific new customers to call on
- New and/or reassigned outside sales personnel
- New products
- Realigned or adjusted services
- All-makes perspective
- Class 6, 7, and 8 approach
- Vocational considerations

Territory management should also reflect all planned sales performance requirements. Use any information at hand to make time and territory management decisions, especially those that will mean a new or changing relationship between a specific customer and their salesperson. Much of this is just common sense and we provide it as a reference to make the planning easier.

- Link AOR Parts Potential data (listed by class and county) with customers the dealership calls on or has determined as new target fleet prospects.
- Use Polk TIP® Access and vehicle population densities (by county) to review and align the travel plans for Outside Parts Salespeople.
- Concentrate territory management on areas with the most concentrated fleet populations and truck classes.
- Target efforts according to your organization's strengths and capabilities.

✓ **Your Department**

E. Are operational plans complete and aligned?

Did you ...	YES	NO
• Identify key fleet customer prospects and the value you offer?	<input type="checkbox"/>	<input type="checkbox"/>
• Identify personnel shifts or additions to meet strategic needs?	<input type="checkbox"/>	<input type="checkbox"/>
• Match individual salespeople to specific customers wherever possible?	<input type="checkbox"/>	<input type="checkbox"/>
• Incorporate new products to bring value to your sales strategy?	<input type="checkbox"/>	<input type="checkbox"/>
• Realign or adjust services to better meet customer needs?	<input type="checkbox"/>	<input type="checkbox"/>
• Use AOR Parts Potential Reports to find new customers through specific product offerings?	<input type="checkbox"/>	<input type="checkbox"/>
• Use Polk TIP® Access and other data to make OPS travel more productive?	<input type="checkbox"/>	<input type="checkbox"/>
• Concentrate territory management where the most fleet operations are?	<input type="checkbox"/>	<input type="checkbox"/>
• Leverage your organization's strengths to meet customer needs?	<input type="checkbox"/>	<input type="checkbox"/>
• Include all medium- and heavy-duty classes and vocations in your plans?	<input type="checkbox"/>	<input type="checkbox"/>

Every "Yes" answer is a step in the right direction. Add up your "Yes" answers and record the total in the fifth column of the Performance Chart on page 28 of this module.

Present the Plan

Strategic thinking and its tactical support programs combine to become a complete sales performance plan. This plan is launched first as a “proposal” to the dealership. The proposal briefly describes what needs to be done and presents the case for why it should be done in a particular way. The proposal doesn’t need to be long or involved so that people get lost in the details.

The exercise below describes what to consider and include. The result should be a clear summary of no more than five pages that shows the thinking process and the conclusions reached, not all the detail. It is your case for why this is a good plan.

Exercise

Prepare a strong, logical “defense” for the sales performance plan.

1. State the key strategy of the performance plan in less than 25 words.
2. Link the dealership’s and the department’s mission statements to the plan; show how the plan reinforces the mission.
3. Briefly identify and describe where the department excels (especially unique or highly superior competencies) and explain the findings of the SWOT Analysis.
4. Outline general results of Polk TIP® Access data as well as comparative AOR Parts Potential numbers to justify your operation’s sales potential.
5. List selected fleet prospects and provide clear reasons for each one; focus on developing new products for current customers and new customers for current products.
6. Briefly describe how the value-driven approach will attract the attention of customers, and what expectations this creates for preparing the dealership.
7. Summarize key objectives that prepare the dealership for sales growth and support the sales plan. Specifically (but briefly), describe how changes allow the dealership to better respond through:
 - Inventory mix (additions, quantity increases, ordering changes)
 - Personnel redistribution, new hires
 - Sales territory shifts (area, sales personnel, customer relationships)
 - Equipment needs (including types and estimated costs)
 - Merchandising and promotions that support your goals.
8. Review the approach using the Summary of Objectives to restate the key considerations.
9. Allow time for questions and input from dealership personnel to help them understand the plan and to encourage their support.

Present the plan so that its logic, practical ideas, and realistic approach are clear and evident. Work with Service and Truck Sales Managers to draw on their knowledge about specific customer prospects. Build a compelling story that shows how the parts department supports the fleet business and individual trucks. Be specific. Write the proposal down so that salespeople have a consistent, compelling story they can read and think about.

Advance the Plan

Set sales goals for Outside Parts Salespeople that reflect territory opportunities, the needs of specific fleet customers, and dealership capabilities.

The Parts Manager can gain a great deal by accompanying salespeople on some presentations. These visits demonstrate to both the Outside Parts Salesperson and the customer that the dealership cares about responding to fleet needs. They provide the Parts Manager with insight and understanding into specific fleets and their operations, personnel, objectives, and challenges. And these visits help indicate how effective the sales plan is and what improvements or refinements can make it even more successful.

Tip for the Outside Parts Salesperson

A sales plan represents your marching orders. Provide input so that it reflects the realities of your territory.

A sales plan is only as good as the tactics, persistence, and presentation of value to the customer. It should stretch you, but you must energize yourself.

Embrace the challenge. Set daily, weekly, and monthly goals to build on your successes.

✓ Your Department

F. Is your plan understood and accepted dealership wide?

Did you ...	YES	NO
• Sharpen your strategy into a concise, very brief statement?	<input type="checkbox"/>	<input type="checkbox"/>
• Build a solid “case” of five pages or fewer to present the strategy?	<input type="checkbox"/>	<input type="checkbox"/>
• Link the plan with the dealership’s and the department’s mission?	<input type="checkbox"/>	<input type="checkbox"/>
• List and discuss areas in which the department truly excels?	<input type="checkbox"/>	<input type="checkbox"/>
• Explain and justify strengths, weaknesses, opportunities, and threats?	<input type="checkbox"/>	<input type="checkbox"/>
• Summarize third-party data to estimate parts sales potential for your AOR?	<input type="checkbox"/>	<input type="checkbox"/>
• List selected customers and products and present a value-based approach?	<input type="checkbox"/>	<input type="checkbox"/>
• Tie in key objectives and how they will support the plan?	<input type="checkbox"/>	<input type="checkbox"/>
• Work to make the case for the plan compelling, logical, and clear?	<input type="checkbox"/>	<input type="checkbox"/>
• Present your written plan and solicit input to improve it so all buy in?	<input type="checkbox"/>	<input type="checkbox"/>

Every “Yes” answer is a step in the right direction. Add up your “Yes” answers and record the total in the sixth column of the Performance Chart on page 28 of this module.

Track Your Progress

Establish a Benchmark

Superior sales performance happens when the entire dealership is positioned as a sales organization. Every dealership and parts department is different; however, each one needs to know where they are currently. This becomes a baseline for measuring what changes to make and how to make them.

Take these four steps to examine your current level of readiness:

- 1. Complete each of the “✓ **Your Department**” overviews in this module. Each has ten questions. Don’t be easy on yourself; answer the questions openly. You aren’t going to share this with anyone.
- 2. Count the number of “Yes” answers for each overview in this module and mark that number in the column on the Performance Chart below.
- 3. Connect the numbers to create a kind of mountain range that shows peaks and valleys of performance.
- 4. The goal is to raise everything to 100%—able to truly answer “Yes” to all ten questions for each overview. To bring up a valley, go back to that overview and determine what you can do to turn every “No” into a “Yes.”

SALES PERFORMANCE PLANNING					
Number of “Yes” Answers	10				
	9				
	8				
	7				
	6				
	5				
	4				
	3				
	2				
	1				
A. Prospect List		B. Building Strategy	C. Strategy & Tactics	D. Marketing Approach	E. Operational Plans
		F. Presenting the Plan			

Develop an Eye for the Future

Improved sales performance is an ongoing process that requires long-term planning as well as short-term goal setting. The more you plan, the more you know how to plan. And the more you know how to plan, the more reliable the results will be.

Any plan is better than no planning at all. A practical, executed plan will likely put you head and shoulders above many competitors in your AOR. Set aside time to think about where your business could be (and should be) 5 years or even 10 years from now. Here are some questions to ponder as you make future plans.

Where Is the Market Going?

- Are shifts occurring in how truck specifications are developed or prepared?
- When will these shifts begin to have an impact on the parts and service business? How?
- What are the effects of longer lasting components?
- Will there be environmental changes (such as traffic congestion, pending construction, routes or roadways, etc.) that affect how you do business?
- Are there any pending legislative changes (EPA, weight caps, restricted routes, etc.)?
- Is there any pending or likely legislation in the heavy-duty or medium-duty area that the dealership or parts department should prepare for?
- How can you retain financial results with costs going up and gross margins going down?

What Is Changing Among Customers?

- Are any customers migrating in or going to a different area?
- Are any customers or prospects growing faster or showing more success than average?
- Are any customers showing weaknesses that you can help solve?
- How will emerging customer demands such as contract maintenance and guaranteed cost per mile change how you do business?
- How will direct sales to customers affect your business and what capabilities and services can you build to maintain sales?
- Where will you develop new prospects in order to reduce dependence on larger fleets as they move to buying direct from suppliers?
- Are there any changes in suppliers that will affect your business? How, and what can you do to counteract these changes?

Where Is the Dealership Going?

- If the labor force is shrinking in your AOR, how will you find qualified personnel?
- What kind of training program should you build to retain current stars in the dealership, support rising stars, and attract new ones?
- What tools will be available to help the staff be more productive?
- What equipment will be needed to make better use of space and support customers more effectively?

Summary

A sound, market-based analysis and strategy begins when you identify opportunities. Analyze parts sales potential among current customers and new customers, with current products and new products. Advances in any area can increase your business. Carefully consider new products and work to build the best possible prospect list into a strategic and powerful plan.

Develop specific tactics that are realistic, compelling, sustainable, and affordable. Align your infrastructure (inventory, personnel, facilities, and equipment) to support sales objectives. Uncover and resolve any anticipated problems. Support your efforts with advertising, merchandising, and promotional programs. Assign territory activities that maximize your sales effort.

When everything is ready, present and implement the plan. Continually measure performance against objectives, and modify as necessary in response to market changes. Improved parts sales performance will benefit you dealership as well as your ability to support your most important asset: your current and future customers.

Appendices

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Appendix 1: Approach to Target Product Lines

Revisit your AOR Parts Potential Report to reveal gaps or weaknesses in the products you offer. Record your findings below.

Action Steps	Product A	Product B	Product C
Reason for potential:			
Pricing (any pricing advantage?):			
Supplier program(s) available:			
Product features and benefits:			
Customer reaction (what they require to switch to target product):			
Value-based proposition (how target product meets the customer's goals):			
Inventory requirements:			
Communications (marketing) approach:			
Implementation schedule Who: What: When: How: Costs:			

Appendix 2: Summary of Objectives

Bring all the work together to show what needs to be accomplished and how resources will be focused to make it happen. This sheet represents the master plan.

SUMMARY OF OBJECTIVES

For Calendar Year

Financial Objectives

Sales Plan

Gross Margin

Inventory Turns

Capital Expenditures

Marketing and Sales Objectives

Target Products

Prospective Customers

Personnel Objectives

Target Deadlines

Operations Objectives

Target Deadlines

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Certification Questions

1. What resource should you use to reveal gaps among the products you offer to current customers?
 - a. R.L Polk & Company data
 - b. Inventory Parts Numbers Report
 - c. Special orders records
 - d. AOR Parts Potential Report

2. What is the key difference between a “strategy” and a “tactic”?
 - a. Strategies are actions; tactics are goals
 - b. Strategies cost money; tactics take time
 - c. Strategies focus on individual customers; tactics focus on products or markets
 - d. Strategies select and match products to customers; tactics are the action plans

3. Where is recommended as the BEST source to develop immediate sales?
 - a. New customers
 - b. New products
 - c. Current customers
 - d. All of the above

4. Generally, a sales performance should be launched first as _____.
 - a. A proposal to the dealership
 - b. A small, territorial test
 - c. An all-out merchandising and promotions campaign
 - d. A time-based trial

5. A clear merchandising strategy is critical because _____.
 - a. Merchandising and promotions costs money
 - b. Merchandising and promotions represent the single greatest support for Salespeople
 - c. Products must be promoted
 - d. All of the above

6. Which quadrant of opportunity is characterized by: immediate results, lower sales cost, little product training required, and relationship building?
- a. Current Customers / New Products
 - b. Current Customers / Current Products
 - c. New Customers / Current Products
 - d. New Customers / New Products
7. Selling current products to new customers offers the _____ opportunity.
- a. Highest growth
 - b. Fastest growth
 - c. Best margin
 - d. Lowest cost of sales
8. What should you consider when forming long-range (5–10 year) plans?
- a. How will shifts in truck specifications affect parts and service business?
 - b. Where will you develop new prospects?
 - c. Are there any pending legislative changes?
 - d. All of the above
9. Which of these requirements would you NOT find in a typical sales performance plan?
- An all-makes perspective
 - Regular margin increases
 - Specific new customers to call on
 - Vocational considerations
10. What resource should you use to determine missed opportunities in selling current products to current customers?
- a. R.L. Polk & Company data
 - b. Inventory Part Numbers Report
 - c. Parts Sales Recap by Customer Report
 - d. AOR Parts Potential Report
11. As stated in this module, improving parts sales performance is not just a “sales” effort, but a _____.
- a. Total dealership commitment
 - b. Parts and service partnership
 - c. Relationship-building experience
 - d. Major training campaign

12. Which of these is the BEST example of a program that uses computer technology to maximize sales and build relationships?
- a. Pinnacle
 - b. FleetConnect™
 - c. AdDirect
 - d. PartsCaps
13. Which of these are recommended to advance the sales performance plan?
- a. Present the plan logically, realistically, and clearly
 - b. Avoid preset sales goals for Outside Parts Salespeople
 - c. Have the Parts Manager make customer calls separate from Salespeople
 - d. All of the above
14. What is generally the most likely solution for declining sales volume caused by insufficient inventory?
- a. Position displays at high-traffic areas such as the service desk and parts counter
 - b. Develop a more extensive customer list and expand contacts with customers
 - c. Evaluate stocking rules and record lost sales
 - d. Conduct regular, frequent pricing surveys to ensure you are competitive