

Parts Margin Momentum Optimization

Summary

The Parts Margin Momentum Optimization is a structured, data-driven engagement designed to help dealerships unlock meaningful margin growth through smarter pricing strategy, stronger competitive positioning, and disciplined matrix governance. By combining deep diagnostic insight, segmented pricing design, hands-on implementation support, and ongoing performance monitoring, the program drives improved price consistency, reduces overrides, strengthens counter confidence, and delivers measurable profit expansion. The result is a more strategic, sustainable parts operation that increases profitability while reinforcing long-term competitive advantage.

Program Objectives

- 2–3% gross margin lift in Parts
- Improved price consistency across locations
- Strategic positioning vs aftermarket competitors
- Cleaner matrix governance
- Better counterperson confidence
- Reduced price overrides

Engagement Structure & Deliverables

Phase 1 – Diagnostic & Opportunity Analysis (3–4 Weeks)

- Current matrix & pricing strategy review
- 12-month sales and margin analysis
- Override & exception analysis
- Competitive benchmark positioning
- Parts segmentation (OEM, aftermarket, fast movers, VOR, shop supplies, etc.)
- Opportunity sizing (profit lift model)

Client receives: Executive Findings Report, Margin Opportunity Model (Projected ROI), Risk Assessment.

Phase 2 – Pricing Strategy Design (3-4 Weeks)

- New pricing matrix structure
- Segmented pricing strategy by part category
- Competitive strategy framework
- Vendor Rebate Cost Review
- Shop vs retail strategy alignment
- Discount ladder review

Client receives: New Matrix Design, Implementation Playbook, Counter Talking Points Guide.

Phase 3 – Pilot Rollout, Training, & Dashboard Setup (6–8 Weeks)

- DMS configuration guidance
- Pilot location rollout
- A/B pricing test (if applicable)
- Staff training session (counter & management)
- Objection handling scripts
- KPI dashboard setup

Client receives: Go-Live Support, Training Materials, Executive Dashboard.

Phase 4 – 90-Day Optimization & Monitoring

- Margin tracking
- Volume impact analysis
- Competitive response adjustments
- Matrix fine-tuning
- Leadership review meeting

Core Engagement Duration

- 12-16 weeks
- Includes 90-Day Optimization and Monitoring

ROI/Financial Impact

Example:

\$15M annual parts revenue at 26% GPM (\$3.9M gross profit). Increasing sales to achieve a 28% GPM while holding costs constant results in approximately \$417,000 in additional annual gross profit.

Conservative performance outcomes typically generate 3–6x ROI.

Example:

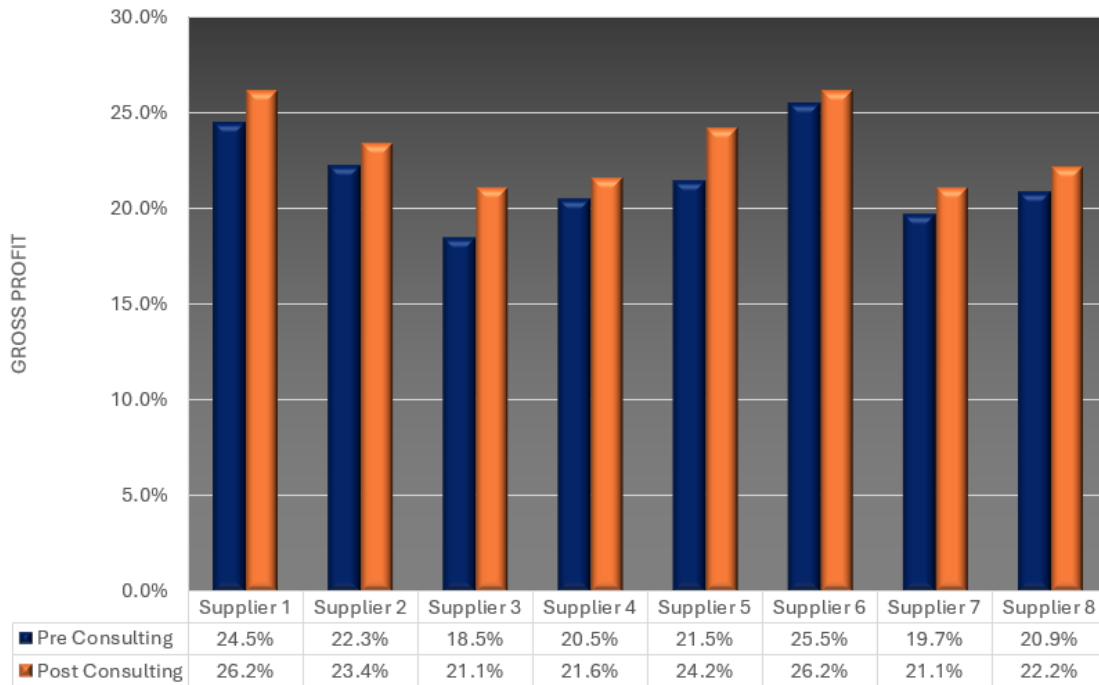
If the dealership averages 35 overrides/day, reducing overrides by 25% eliminates ~9 overrides/day. If each override averages \$25 margin leakage, that equals ~\$225/day recovered margin (~\$58K annually).

KPIs

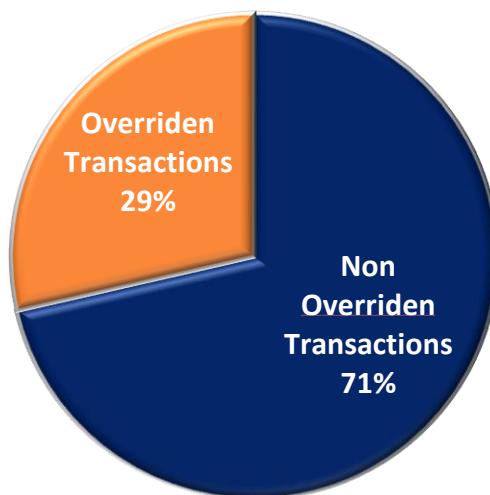
- KPI #1: Gross Profit Margin
 - Baseline: 26%
 - Target: 28%
 - Financial Impact: +\$417K annual GP on \$15M revenue

- KPI# 2: Price Override Rate
 - Baseline: X%
 - Target: <5% of line items
 - Expected Impact: Reduced leakage + improved counter productivity

PARTS PRICING RESTRUCTURE EVALUATION



Parts Pricing Restructure



Qualification Questions

- When was your parts pricing matrix last updated?
- What percent of your tickets get price overrides?
- Do you know your true margin by category?
- How do you price fast-moving vs slow-moving parts?
- How often do you adjust for competitor shifts?

Why it Matters

- Positions Professional Services as the customer-intelligence engine at Karmak
- Gives PS consultants a repeatable, data-backed engagement that proves ROI
- Creates a measurable link between Fusion usage and customer profitability