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Sent via Dealer Daily email

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To: **Cincinnati Region Toyota Dealer Principals & General Managers**

Subject: **TLE/TLEe Dealership Performance Standard**

This communication serves to inform you of the following updated performance criteria that will be used to evaluate Toyota Dealership Market Representation actions. These actions include, but are not limited to, dealer agreement renewals, General Manager evaluations, multiple ownership acquisitions and nominations of successor.

As outlined in the chart below, effective July 1, 2021, Toyota Loyalty & Engagement Efficiency (TLEe) will be utilized as a new Customer Retention performance metric, replacing the previously used survey-based Customer Satisfaction metric and Service Customer Retention metric. As you know, TLE is a holistic customer satisfaction and retention metric that measures both sales and service customer loyalty. Your dealership TLEe will be calculated by taking your TLE metric and dividing it by the Region Metro or Single Point TLE average.

$$\text{* TLEe} = \frac{\text{Dealership TLE metric}}{\text{Region Metro or Single Point TLE average}}$$

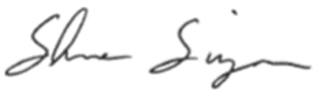
For New Vehicle Sales Efficiency and Customer Retention (TLEe), both will be calculated using the most recent rolling 12-months. Financial performance will continue to be evaluated using calendar year-to-date data. In the first calendar quarter, however, Toyota will consider a dealership's financial performance for the previous calendar year-end, as well as its current year-to-date performance. Contiguous Ownership proposals and Market Representation actions involving contiguous dealerships will be evaluated using the same measurements listed below; however, the performance criteria for Sales Efficiency and Customer Retention will be not less than 110% and 100%, respectively.

Additionally, awards and recognition programs may utilize such performance measurements, including TLE or TLEe in their respective programs, subject to the criteria established for any such programs, noting that such criteria may likely be different than for market representation actions.

Measurement	Performance Criteria	New/Unchanged
Sales- Sales Efficiency	Not less than 90% on a rolling 12-month basis	Unchanged
*Customer Retention- Toyota Loyalty & Engagement Efficiency (TLEe)	Not in the bottom 10% in the Region	New
Capitalization - Net Working Capital - Debt to Equity - Investment - Financial Performance	 - Meet Net Working Capital Requirement - Not greater than 1:1 - Net worth must meet or exceed the capitalization guide of the dealership - Profitable	Unchanged
Facility and Identification	Must meet Image USA II facility and identification standards	Unchanged
Management	Qualified and approved General Manager with full operational responsibility and authority	Unchanged

Please contact your District Manager or your Market Representation Managers should you have any questions.

Sincerely,



Shane Sizemore

CC: Region Management and Region Field Travelers