Action Plan 1: Parts Inventory

What will you do differently as a result of what you learned in this section?

Our DMS report shows a high volume of aged inventory in stock. I will help the parts department lower our obsolete inventory and help determine what we should continue to stock versus what should be a nonstock part.

What will be the benefits of making these changes? What will be the consequences if you don't do anything differently?

Benefits would be lowering our aged inventory on hand while also lowering our inventory expense. Also freeing up space for new parts that will sell and not sit for long periods of time. The consequence are some of these obsolete parts might be outdated and replaced with a new version leading to parts sitting on the shelves for even longer. Too much tied up capital in aged inventory.

What obstacles might you encounter and how can you overcome them?

Obstacles are lower profit margins, running out of shelf space, and parts being outdated. Overcome these obstacles with inventory management, offering discounts or incentives to sell aged parts, and invest in technology to assist with inventory forecasting.

Identify your first few steps and the people who can help you with them.

The first step is to meet with my parts manager and identify the obsolete inventory. We need to figure out why we have excess and a strategy to sell these parts. Then train and incentives our parts team to sell and reduce aged inventory on hand. Who can help: GM, parts manager, parts staff, service department, possibly vendors.

Start Date: January 2025

Completion Date: Ongoing action plan but lower obsolete inventory by Q1 of 2025