Departmental Action Plan Template

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Academy Week (Var II): 5 New Car Sales

Current situation or challenge you want to address:

Our dealership is currently facing a dangerous risk of holding a high percentage of aged inventory. After reviewing the "New Stock Analysis" spreadsheet in week five of NADA Academy, it is clear that we need to take action and implement some procedures to help alleviate the burden of old age units on our store. As of September 7, 2018, our inventory analysis shows that fifty-seven percent of our new car inventory is either "Old" or "Dead". There are serious bottom line implications from the floorplan interest expense and risk of lost incentive money on these units alone!

New Stock Analysis

Days In Stock

	0-30	31-45	46-60	61-90	90-120	121+	Total
# Of Units	42	29	31	26	18	93	239
Dollars	$1,158,407	$780,626	$827,125	$673,887	$470,944	$2,763,617	$6,674,606
	Fresh	At Risk			Old	Dead	
Units	42	60	Units		44	93	
Dollars	$1,158,407	$1,607,751	Dollars		$1,144,831	$2,763,617	

Overall Objective and Specific Desired Results:

My primary objective within this action plan is to reduce the overall amount of aged inventory at our dealership. This action plan is designed to address the two oldest categories of aged inventory. Our first specific desired goal is to reduce the percentage of "Dead" inventory units by twenty-five percent within the next six months. The second specific desired goal is to reduce the percentage of "Old" inventory units by ten percent by the end of 2018.

Describe your action plan in detail (be specific and include before and after measurements)

Action Plan: Increase Awareness

Step One: Create a Team Competition Challenge

To begin, I think that we need to hold a meeting with every departmental manager and discuss each department's current inventory age. We know that the longer that we hold inventory, the less gross profit we make and the more likely the unit will be harder to sell. We all tend to forget how important this principal is because it requires a high attention to detail and must be monitored on a constant basis.

The plan moving forward is to print out an updated list of stock numbers and organize them by age in the "Old" and "Dead" buckets. These lists should be reviewed by the General Sales Managers on a daily basis. Teams of sales people will be assigned a specific group of stock units and be challenged to sell more old age units than their counterparts. Every month the team that sells the most old age units will be rewarded with an "old age unit" bonus pay (and bragging rights over the other teams of course).

Step Two: Sell Old Age Units First

This might sound very obvious, but there is always an opportunity to slowly chip away at our old age inventory. One way to help move some units is by making sure that we use oldest age cars are considered first for dealer trades. Additionally, we should also always be making sure that customers are shown a vehicle that is the oldest age unit first before we test drive a fresh unit.

We also might implement a new parking structure for our inventory that moves all of our oldest age units as close to the sales building as possible to encourage customers

to want to look at them first. Managers will be required to physically touch every "Dead" inventory unit once per week to see if any lot damage or dead battery issues are present. The oldest aged units would have large advertising lettering on them that shows an aggressive payment price or a manager's special sign on them.

Timeline:
Describe specific short term and long term checkpoints to monitor progress

Task	Person Responsible	Completion Date
Hold Department Manager Meeting	General Manager	Every Month – As Needed
Create "Old" & "Dead Buckets List	General Sales Managers	10/31/2018
Create Teams of Sales Consultants	General Sales Managers	10/31/2018
Change Challenge Rewards	General Sales Managers	Every Month – As Needed
Implement Dealer Trade Policy	General Manager	10/31/2018
Implement Old Age Test Drive Policy	General Manager	10/31/2018
Physical Inventory Walk-Around	General Sales Managers	Weekly
Old Age Special Pricing Ads	General Manager	11/30/2018