

## Department Action Plan

Zach Brandt Capitol Ford Lincoln

Nada Class N335-27

Academy Week 5 New Vehicles

### Current Situation or challenge you want to address:

Upon the completion of week 5 and studying our New Vehicle Inventory I found an aging issue that needed to be addressed. At Capitol Ford Lincoln we have a strategy as to how we order our stock. We follow the fast turn reports that are provided by Ford as well as our average price of transaction. We try to build our desired stocking levels this way. We are for example going to take a high-volume unit to describe the concern and challenge we need to address. We are a fast mover of mid line escapes. We stock the vast majority of Escapes as the SE 200A 4x4 model with the sync 3 discount package. The problem we have is that some of these units begin to age. The reason for this is a lack of inventory management after the units have arrived. We may have 3 of the same models of escape in blue, however sometimes the ageing unit becomes parked in the back row and the one that is sold is the one is fresh off the truck.

### Overall Objective and Desired Results:

The objective is to identify these units up front and place a yellow dot and discounted price sheet on the front window. It is our goal to grab the clients' attention and for the client to inquire why that particular unit has the dot and discount versus the others sitting next to it. We want to create some excitement and urgency with these units. We will have the yellow dots and stickers scattered throughout our retail display and the oldest nine models showcased on the front row in front of the dealership. We also have assigned one spot on the showroom for the oldest unit in stock.

### Describe your action plan in detail:

Currently our inventory has 91 units over 100 days old in our inventory that need our immediate attention. We have identified the oldest units. Each one of these units is identified and marked with a yellow dot. Special Pricing has been assigned to each of these unit. These units will also be identified on a special tab on the website as well. The tab assigned to these units is called the clearance rack. We apply the same pricing strategy for the online advertisement as well as the window sticker we are putting on the unit. The goal of this action plan is to manage and know everything about each unit on the lot. We will also implement the age of our new inventory into our Sales Managers Pay Plan and into our job requirements and descriptions.

Timeline: Describe a specific short-term and long-term checkpoint to monitor progress.

Short-Term we have identified 42 units and our short-term goal is to have each of these units gone by the end of December of 2018. We implemented a sales bonus sheet to shift our sales associates' attention to these units as well.

Long-Term we are going establish a pricing structure in order to capture a faster turn on units that have been lost in the shuffle. We need to make sure that we always watch our aging inventory. These units will always be at the front line on display. The long-term goal is to make sure none of our new inventory elapses 100 days. Each unit over 100 days out lives the floor plan credits and just becomes another expense.

#### Meeting with Stakeholders (dealership personnel)

Describe what behavior change is needed to support desired goal. Address required coaching, training and or consequences. Include Timelines/Accountability/Monitoring Process

- A. Tim Mullen, Josh Gallegos and Gary Gonzales
  - a. Are responsible for running the inventory aging reports on a weekly basis.
  - b. The GM and Sales Management team has implemented this into policy as of 11/1/18.
  - c. So we have sold 5 aged fusions.
  - d. If a manager deviates from this program, the additional floor plan expenses generated will be deducted from the moth end total gross payable.
  - e. Monday mornings meetings between the, GM and GSM are in place as of 11/1/18.
  - f. The pricing structure is changed monthly to correlate with any incentive changes.
  - g. These tasks are going to be completed as a team effort and monitored by the team to ensure its success.

#### Dealer Agreement:

I am the Owner and General Manager. There is not meeting to present this action plan.