

Departmental Action Plan

Dealership **MY Jeep Chrysler Dodge Ram**

Student Name **Sean Ford**

Academy Week **Week 2 - Fixed Operation - Parts**

Class & Student Number **N342**

Current Situation

Upon return from the Academy, I discovered that our Parts department has not performed a true physical inventory in 3 years. Although it is profitable, and has approximately the same amount of factory credits available as obsolete inventory on hand, the last time a physical was performed, there were approximately \$25k more parts on hand than the system showed in stock. Our obsolescence level has crept up over the past few years, and there are physical space limitations in the department - in order to have a clean start and fair chance of successful implementation of NADA standards, running a current physical inventory will allow us to look at our SOP process and improve first time fill rate by carrying a more efficient stock of parts.

Overall Objective:

Objective 1: Perform a thorough and accurate physical inventory in the department.
Objective 2: Review our SOP process and make sure department team members are aware of causes of obsolescence
Objective 3: Maximize the space usage of a physically restricted department space to increase breadth/depth of on hand parts.

Proposed Timeline

Proposed timeline:

Due: Dec 1st, 2018
and record results.

Step 1: Meet with Manager to agree upon a time to schedule the physical inventory.

Due date: Jan 5th, 2018

Step 2: Perform actual physical inventory inspection

Step 3: Review the SOP process with the parts and service team.

Due date: Jan 3rd, 2018

Action Plan

Describe necessary actions to reach desired result:

personnel and perform actual physical inventory. Utilize outside agency to assist in audit/count and minimize departmental closure time.

Meet to discuss any excess/missing parts identified by the process, and determine likely causes. Review Daily Audit process to verify Out of Stock vs Zero Stock and Negative on Hand are being performed daily.

Step 3: Identify Obsolete parts and aging SOP parts, and mark for return to inventory or return to OEM.

Step 4: Hold a departmental meeting with all parts/service members to review the improved SOP process, and have training on the specifics, with employees signing off on the steps.

Step 5: Re-implement the SOP process to the entire parts and service team.

Step 6: Schedule regular meetings with department manager to monitor progress, and re-utilization of freed up space in the department bins due to the elimination of obsolete/SOP parts.

Requirements

Meeting with Dealer:

1. **Action Proposed:** met with the Dealer to discuss action plan, and outline steps to complete the inventory and prevent future increases in obsolescence levels. Obtained approval for cost of outside agency assistance.

Meeting with department personnel:

Action Proposed: Meet with the Parts Manager to schedule the team in the parts department to perform a complete physical inventory. Include all employees who play a part in the SOP process, regardless of department. Establish a simple, clearcut process for SOP orders and have team members sign off on written steps.

- 2.

Accountability: Monitoring progress:

Who:

Parts Manager, Parts counter people, Service writers, and General Manager

What:

After actual inventory is counted and reconciled all parties are responsible for following proper SOP process, and communicating with customers to ensure parts are picked up. Regular review/spot checks to be performed to maintain accuracy. Have regular meetings with Parts Manager to verify processes are being followed daily.

By When:

Meetings have already taken place, and inventory date is scheduled.

3.

How:

All department personnel to perform bin by bin inventory count with the oversight of the Parts Manager. Outside agency to assist with count and audit. Results will be compared to parts on hand report and all discrepancies noted. Parts Manager to bring Reynolds Monthly Analysis Summary #2213 report to weekly management meeting for review.

Results and their effect on profitability and sales: Accurate reconciliation of inventory will give a valid starting point for future operations to base department progress upon. With refined inventory and increased depth/breadth, counter sales should improve, as well as first time fills. Enhanced parts availability should also reduce need for outside/emergency purchases. Labor effectiveness should speed up, due to reduced waiting time for parts, and internal sales will rise. Reducing the amount of obsolescent parts will also reduce loss, and free up space for core inventory. Once obso parts have been reduced, an analysis and adjustment of phase-in/phase-out will improve future availability of on hand mainstream parts to insure first time fills. Gross and net will have slight improvements, but customer CSI and employee morale will improve with the reduction of delays and increased part availability.

4.

Projected Date of Completion:

Jan 7th, 2018

Sponsor Signature:

DH

Evaluation of Results: Include measured results.

Copy of current SOP process is attached for review.

