

Verification Form Regarding the Departmental Action Plan

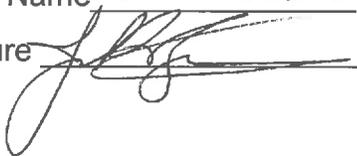
Fixed Operations 1 Week Post- Class Homework Assignment

Dear Academy sponsor,

One of the post-class homework assignments given to your manager at the conclusion of week two at the Academy is the Departmental Action Plan form. The student's assignment is to show you the format of the assignment, explaining to you the purpose of crafting a departmental action plan after week 2 of the Academy. This assignment will be completed four separate times, (classes 2-5) after the student has attended the fixed operations 1 parts week, the fixed operations 2 service week, the variable operations 1 class week and the variable operations 2 class week. The progress of the student's departmental action plans will be assessed by each of the Academy instructors in weeks 2 through 5 of the Academy. Please sign this form below which indicates that the student has reviewed the departmental action with you, and have your student bring the form with them, when they return for their fixed operations 2 parts class. We will collect these forms at that time from the students. The student will receive a pass/fail grade, based upon whether they submit this form signed by you. This is being done in order to verify that each student has shared the Departmental Action Plan with their sponsor.

Thank you for your cooperation.

Sponsor's Printed Name JOHN BARRINGTON

Sponsor's Signature 

Date 1/9/2019

Very truly yours,

Departmental Action Plan

Dealership: Canyon State Bus Sales

Student Name: Michael McGrath

Academy Week: Week 02 - Fixed Operations 1 Parts

Class & Student Number: 040-24

Current Situation

Our parts department overall operates efficiently with high margins relative to the NADA guide numbers. We currently do not track lost sales and do not address our obsolete inventory like NADA suggests. Our parts turns (around 4.5) are also lower than the NADA guide of 6. As a result, we are not stocking parts that we should and likely need to expedite more orders as a result. By stocking these parts, we would reduce expedited shipping costs and down time for technician work. By better managing our obsolete inventory, we will be able to hopefully return these non-selling items to the manufacturer, stock more of what we sell, and

Overall Objective:

Our overall objective is to stock more of what we sell, reduce the number of parts we don't, and increase our parts turns. This will help grow revenue in the parts department.

Proposed Timeline

We are going to implement these changes by the end of January 2019. We believe we will start seeing changes within 3 months. All of these changes are added processes in the department, so they will be something we continually monitor and address.

Action Plan

Describe necessary actions to reach desired result: We are currently coming up with a universal lost sales definition for our parts department. We will communicate this to our parts counter and back parts counter, in addition to the process for inputting lost sales. We also just modified our stocking criteria. We changed the "Number of Months to Review" from 24 to 12 months. We also changed the Best Stocking Level from 80 days to 70 days. We left the Best Reorder Point at 30 days. Today, we have \$114,417 in parts inventory that is over 2 years old. We are going through this inventory to see what needs to be cleared out. We are going to use a variety of channels to try to move this old inventory including discounts, online sellers, and local wholesalers.

Requirements

Meeting with Dealer: Dealer principals (including self) is on board with action plan.

- 1. Action Proposed: Proceed with action plan above.

Meeting with stakeholder(s) (dealership personnel): Parts manager, parts counter personnel, and back counter personnel.

- 2. Describe what is in place to support desired goal: We will train our employees how to input lost sales. We will monitor their participation through bi-weekly reports. At this time we are not providing any incentive pay for tracking lost sales.

Accountability: Monitoring progress:

- 3. Who: Chris Fernandez (Parts Manager)/Michael McGrath
What: Implementing changes and following up to make sure they are being followed and addressed by staff
By When: Implement changes by 1/31/2019
How: We will pull lost sales reports to ensure they are being logged. We will also continue to monitor obsolete inventory numbers as we start to get rid of it.

Describe checkpoints that have been established to measure progress:

- 4. Daily / Weekly / Bi-weekly / Monthly / We will pull these reports bi-weekly for the first 3 months. After that we will re-evaluate the frequency needed. Date(s) for review: 2/14/19, 2/28/19, 3/14/19, 3/28/19, 4/11/19, 4/25/19

- 5. Estimated cost for implementation: The only direct cost in implementing these changes is a potential increase in inventory from tracking lost sales. However, this should be offset by us revising our stocking criteria. The other cost associated would be getting rid of obsolete inventory, but since these items have already been paid for they will be written off if we cannot move them online or to a wholesaler.

Projected Date of Completion: 1/31/2019

Sponsor Signature:

Evaluation of Results: Include measured results.

(± Metrics)

Impact Areas:

Sales / Gross / Expenses / Net Profit / CSI /