

Departmental Action Plan Template

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Class & Student Number: N341

Academy Week (Var II): Week 5

Current situation or challenge you want to address: (must be quantifiable)

We currently have too much aged inventory and need to get it under control. With a holding cost of \$101 a day, it's more important than ever to not have aged inventory. Of the 129 vehicles in our new car inventory, 33% is considered old (between 61 and 120 days) and 8% is considered dead (121+ days) totaling 52 vehicles of the 129 (41% of our in stock units). The old and dead inventory consists of \$3,638,590 worth of inventory, which is 40% new inventory.

New Stock Analysis							
Days In Stock							
	0-30	31-45	46-60	61-90	90-120	121+	Total
# Of Units	50	21	6	12	30	10	129
Dollars	\$4,005,532	\$1,514,026	\$533,740	\$952,032	\$1,973,112	\$713,446	\$9,691,888
	Fresh	At Risk		Old		Dead	
	50	27	Units		42	10	
	\$4,005,532	\$2,047,766	Dollars		\$2,925,144	\$713,446	

Overall Objective and **Specific** Desired Results:

We want to have at least 60% of our inventory to be fresh (0-30 days), 30% or less at risk (31-60 days), 10% or less to be old (61-120 days), and 0% to be dead (121+ days).

New Stock Analysis						
Days In Stock						
0-30	31-45	46-60	61-90	91 - 120	121+	Total
50	21	6	12	30	10	119
4005532	1514026	533740	952032	1973112	713446	9691888
50	27	Units		42	10	129
\$4,005,532	\$2,047,766	Dollars		\$2,925,144	\$713,446	\$9,691,888
39%	21%	Percent of total in Units		33%	8%	
41%	21%	Percent of total in \$		30%	7%	
\$80,111	\$75,843	Average Cost per Unit		\$69,646	\$71,345	

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

We will no longer be dealer trading vehicles that have been in our inventory for less than 30 days. If we need to trade something out of our inventory, it must be an older age unit unless there is no way around it (our trade). We will also be putting our oldest age units on the showroom floor as well as display areas outside the dealership so that they are the first vehicles our clients see when they arrive or drive past. Additionally, we need to pay more attention to how we are ordering our stock units. We can no longer order vehicles that are not in-demand, and wait for the "right buyer" to walk through our doors. Finally, to continue our success of selling our oldest vehicles, we will have the Sales Guides bonuses structured to pay more for older units compared to ones that just recently arrived. Sales Managers will be penalized for vehicles aging past 60 days.

Timeline:

Describe specific short term and long term checkpoints to monitor progress

Currently we are updating the graphs with true and accurate values regularly throughout the month. We are making our old and dead inventory more accessible by rotating them onto the showroom floor as well as our display areas in the front of the dealership. By doing this, these vehicles become the first our clients see when they drive past or enter the building. Once one of these vehicles is sold, we replace it with another dead or old vehicle. We are currently incentivizing our sales team to sell old age/dead units by offering a larger commission compared to a fresh unit. Our goal is to have inventory cleaned up to reflect no dead vehicles within the next 120 days. Additionally, we will be more proactive with monitoring aged inventory as well as ordering vehicles that are in demand rather than a niche.

Meeting with Stakeholders (dealership personnel)

Describe what behavior change is needed to support desired goal. Address required coaching, training and/or consequences (PINO, Gain, Pain). Include timelines / Accountability / Monitoring process

- a. **Who:** Everyone in our Sales Department / GM to lot personnel
- b. **What:** We are regularly updating our graphs to display old age units. We will be using this graph to coach our team and make them aware of vehicles that need to be sold as soon as possible. By letting the staff know these vehicles are a priority, we expect that they will be presenting them over other vehicles when given the chance.
- c. **By When:** We plan to begin implementing right away. Some things we have already been doing.
- d. **How:** Presenting the graphs that are regularly being updated to support and explain how many vehicles need to be sold right away and help guide the conversation.

Dealer agreement:

If you need your sponsors support or approval to implement your plan, have it signed off before you start. If you can proceed on your own, present this action plan to your sponsor before next class. Describe the meeting:
