

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 Gilbert Gortarez Sponsor's Signature

Date 6/12/19



Very truly yours,

Departmental Action Plan

Dealership Round Rock Honda

Student Name Kyle Click

Academy Week Week 2 - Fixed Operations 1 - Parts Week - #BestWeekEver

Class & Student Number 014PAG

Current Situation Lost Sales Tracking and Reporting: Our parts department is struggling tracking lost sales accurately. When we presented the "Lost Sales Quiz" to the parts personnel, all of them answered the questions differently and incorrectly for the most part, including the parts manager. Our inventory level is far below NADA guide at a 27 days supply, and 22% of our stock is being manually ordered. If we tracked our lost sales more closely, we would be able to phase in more stock inventory and our First Time Fill Rate would improve. There would be less need for manual orders and the manager would have more time to handle other departmental needs.

Overall Objective: Objective 1: Determine what we want to count as "lost sales" and educate the entire parts staff of the policy. Objective 2: Train countermen to input the lost sales into the system for accurate tracking and inform them of the importance of lost sale tracking. Objective 3: Phase in any parts that meet our requirements based on our new lost sales process. Increase inventory stock level. Objective 4: Manage new "Lost Sales" process and staff

Proposed Timeline Step 1: Review current lost sales process and write new guidelines. Due: June 28, 2019 Step 2: Instruct parts personnel on changes and the importance of the new policy. Due: June 28, 2019 Step 3: Begin tracking lost sales and determining what parts need to be phased in. Due: August 30, 2019 and ongoing Step 4: Implement new system requirements for stock order to reduce manual order input. Due: August 30, 2019 and ongoing Step 5: Phase in new parts based on tracking, increase breadth of inventory and days supply. Due: August 30, 2019 and ongoing Step 6: Manage results. Due: Ongoing

Action Plan Step 1: Amend current lost sales process to be more effective and efficient. Step 2: Create awareness of new guidelines. Step 3: Educate the team on the importance of the new lost sales tracking process. Launch amended program and implement checkpoints for accountability. Training and clear expectations laid out for lost sales. Explain how and why it will be beneficial for everyone in parts and the service department. Step 4: Have parts manager inspect reports daily for lost sales. Have end of day meetings with all sales employees to discuss findings. Step 5: Manage results utilizing reports from the DMS. Weekly meetings with staff to enforce policy changes and discuss individual troubles or any breakdown in the process. Document and forward to GM.

- Requirements**
- Meeting with Dealer:**
Action Proposed: Present action plan to General Manager for review and approval.
 - Meeting with stakeholder(s) (dealership personnel):**
Describe what is in place to support desired goal:
Training / Coaching / Accountability / Commitment Training parts personnel for accurate tracking information. Coaching for clear communication and expectations. Accountability from DMS reports and inventory levels. Commitment for continued support
 - Accountability: Monitoring progress:**
Who: Parts countermen, parts manager and general manager
What: Accurately tracking lost sales and phasing in new parts for inventory breadth
By When: August 30, 2019 we should be fully launched and able to track results
How: Parts manager will print and review lost sales reporting daily. Individual meetings to review daily activities. Weekly department meeting with DMS reports. GM meeting monthly for accountability.
 - Describe checkpoints that have been established to measure progress:**
Daily Lost sales reports managed and reviewed by parts manager with individual countermen. Weekly
Department meetings to share successes and best practices. Bi-weekly
Department meeting with bi-weekly results. Monthly Final
meeting with department and monthly overview with General Manager /
Date(s) for review: Review of new process and training by June 28, 2019. Weekly meetings beginning July 1, 2019. Full review August 30, 2019 and ongoing
 - Estimated cost for implementation:** No cost should be incurred for the implementation of new policy. Only associated cost will be inventory stock levels

Projected Date of Completion: August 30, 2019

Sponsor Signature: 

Evaluation of Results: Include measured results. (± Metrics)

Impact Areas:
Sales Based on current stock levels and day supply, sales should see a marginal increase. With a greater day supply and larger breadth of inventory, lost sales will decrease. / **Gross** Expect to see more gross profit from increase in sales. Because we won't be losing sales regularly, we should see a decrease in emergency purchases which will raise margins. **Expenses** Possible increase in expenses from carrying a higher level of inventory. The investment will be greater due to the larger inventory. / **Net Profit** Forecasting a slight increase in Net Profit with the increased sales and declining emergency purchases and shipping charges, but carrying costs and investment increasing. CSI Should expect a higher CSI from the availability of more parts. Less loaner car expense for service and higher First Time Fill Rate.