

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

Eddie Rogers

Sponsor's Signature

Eddie Rogers

Date

8/1/19

Very truly yours,

Departmental Action Plan

Dealership **Edd Rogers Valley Ford**

Student Name **Shane Rogers**

Academy Week **July 15-19, 2019**

Class & Student Number **353-15**

Current Situation

Idle Capital better known as Obsolete Parts Inventory. Our greatest issue is parts department space due to obsolete inventory we have setting on the shelf. Most of it is Ford body parts that have no availability for return. We are currently at about 70% of our inventory being obsolete parts.

Overall Objective:

Our goal is to be able to bring that 70% number of obsolete parts inventory down to a more manageable level. I know with this large of obsolete inventory to get to zero would be to large of a task in one actionable plan. The goal is to get this level cut down to only having 25% of our inventory being obsolete parts during this new staged out process below. This will make more room to allow us to stock parts into inventory that has a faster turn rate and will allow for more true inventory turns per year as well as increase the sales volume by being able to have the right parts in stock when customers need them instead of having lost sales due to not being able to stock the part they need.

Proposed Timeline

This is a 12 month timeline to move obsolete inventory. Sept. 2019 hire a part time parts department inventory personnel to begin taking inventory of bins to separate in system the obsolete inventory vs the non obsolete inventory. This needs to be completed and finished by Nov. 2019 (3 mo. window). Then beginning in Dec. 2019 through August 2020 (9 mo. window) in which is my end goal period to remove the obsolete inventory out of parts inventory through several different channels outlined in my action plan below.

Action Plan

step 1: Complete obsolete inventory and isolated by bin locations in dms thru using either a bin number ending in either J for obsolete non body part not OEM available anymore, O for obsolete non body part, and B obsolete body part (first 3 mo. of process). During this process as we find incomplete inventory, damaged, or unmarketable inventory this will be scrapped for immediate creation of space. Step 2: get each of these part numbers that have bin locations ending in J,O, or B sent out to OEM Connection site for them to have posted for all Ford dealers to see your inventory available to sell that is obsolete and needs depleted at a under cost figure. Step 3: With the assistance of the new part time parts member we will get a generated parts lists the way the junk yard needs it for them to put into there ecommerce nationwide used parts inventory locator service (I have a junk yard owner that is going to assist me in getting this setup). Step 4: With the assistance of our new part time parts department staff member after taking obsolete parts inventory he will begin posting our obsolete inventory online on our ecommerce ebay motors parts inventory account (parts manager will prioritize the inventory that gets posted by older inventory first) Step 5: This will not take place until after steps 2 thru 4 have been actively running for 6 months. Contact different companies such as dealermine to see what type of bulk figure can be obtained on the wholesale market for the remaining obsolete inventory we have to make room for the faster moving parts. Step 5 will begin at around the 10 month mark of this process all depending on how well steps 2 thru 4 have performed during the middle 6 month period of this process.

Requirements

Meeting with Dealer:

1. Action Proposed: Action plan above to eliminate idle capital in obsolete parts inventory that has been generated by General Manager and Parts Manager is purposed to Dealer for approval for use.

Meeting with stakeholder(s) (dealership personnel)

Describe what is in place to support desired goal:

No training will be needed by the parts manager due to him handling this in the past with other stores. Parts mgr will train new parts employee on inventoring bins and getting to him to update DMS as well as how to get items posted onto the parts ecommerce ebay account. For accountability each week parts manager will give DMS written update to General Manager for progress that has been made and well as a monthly meeting with the GM and parts mgr to review the progress of this process. There should be min. increase in expense to dealership short of part time employee and freight expense as parts are being moved out but that is bringing into the store sales volume that will account for the off set the expense of the freight. This is not to increase gross during this 12 mo period but to minimize the loss of dollars already spent on this obsolete inventory. But more importantly to make space inside the department to be able to stock faster moving parts the we can sell and be able to increase gross after this action plan as been executed.

Accountability: Monitoring progress:

Who: Parts Manager, General Manager, and new parts department assistant

What: Parts mgr holds parts assistant accountable for getting him the bin checks inventory daily, GM holds parts mgr accountable for getting weekly process reports to him and holding montly meetings

3. By When: Completion of inventory in 3 mo., all ecommerce outlets for atleast 6 mo. maybe adjusted depending on progress, and final removal of needed inventory for space during the final 2 mo. thru bulk wholesale parts outlets
- How: Plan should be in operation by 9-1-19. To be accomplished by establishing relationships with obsolete parts dealers..(Dealermine..OE Connection) and provide inventory information to these vendors from our DMS.

Describe checkpoints that have been established to measure progress:

Daily / Weekly / Bi-weekly / Monthly /

Date(s) for review: Daily transaction reports between parts assistant and parts mgr, weekly DMS update reports showing process between parts mgr and GM, then monthly meeting between GM, parts mgr, and Dealer. Meeting with GM, Dealer, and parts mgr first of each month beginning 11-1-19 to discuss progress of plan and make any adjustments necessary. Parts Manager is responsible for reporting.

5. Estimated cost for implementation: Part time parts department employee estimated at 10000 over this 12 mo time period. The ecommerce accounts we will be using has a estimated cost of 3000 annually. Finally the freight will be a cost that will vary depending on how many parts gets shipped out during this process, but it will be accounting during the sell of that particular part.

Projected Date of Completion: 8-30-2020

Sponsor Signature:



Evaluation of Results: Include measured results.

(± Metrics)

Impact Areas: Sales / Gross / Net Profit / Expenses / Parts Department

Space

Sales: This will have a increase of sales volume in due to the fact of moving

inventory thru our ecommerce site. **Gross:** This is going to result in a neg. gross when moving out obsolete inventory that is going to continue to set here but will in time and with space allow for stocking parts that can regain the gross loss. It will be time to write off that loss of parts inventory sales.

Net Profit: This will create a lower net profit during this 12 mo. period but yet again after the 12 mo depletion period of inventory we can start to rebuild the net profit we have lost over this time. **Expenses:** There will be a added employee to the payroll and with the ramp up of the ecommerce we will be using this will add some expenses that we are not incurring at this time. **Parts Department Space:** This is the greatest items we are looking to gain during this process, due to us being totally out of space to put new parts coming in. Once we get depleted of our most aging parts inventory as well as the obsolete parts that are of zero value anymore we will be able to not only view reporting on this but more importantly have the physical eye to view our space we have gained to be able to replenish the shelves with new updated parts that are fast moving parts for use to sell off the shelf. This will decrease our lost sale rate and increase our first time fill rate as well as increasing our sales volume and net profit.