

Departmental Action Plan Template

Student Name:

Class & Student Number:

Academy Week (Var II):

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

We currently have a problem with saying no to the manufacturer when offered juicy incentives for taking on additional inventory. Another issue we currently have is in our Mitsubishi store, time to arrival on new cars makes it more difficult to plan ahead without making large orders.

Overall Objective and **Specific** Desired Results:

Moving Old Aged New Vehicle inventory quicker and improving on new car lease back end penetration. We want to improve our new car lease back end penetration by 25%. We want to slim down our new vehicle days' supply to NADA recommended 45-day supply for each store. As our inventory is reduced to desired levels, we plan to save approximately per year \$43,200 (24,000 per vehicle x 50 vehicles * 3.6% floorplan rate).

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

Current day supply on new vehicles is 75 days supply for Kia, and 120 days supply for Mitsubishi. As stated above, we would like to reduce this number to 45 days supply for each store. The solution is simple, prioritize a lower supply of

inventory while keeping the most desirable units in stock. We can determine which vehicles are most desirable by looking at previous sales history. This will enable us to decrease our inventory while maintain current demand.

Timeline:

Describe specific short term and long term checkpoints to monitor progress

We will hold sales managers meetings and compare historical benchmarks to current month. I.e. Days supply, sales units by model and volume. We will also monitor orders and review inventory. Lastly, we need to review floorplan interest each month to determine if the cost is being reduced and is in line with our plan. In theory it should decrease over time as our inventory declines.

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: New Car Manager, Sales Managers and General Manager
- b. What: Consequences include limitations on inventory. Sales personnel are not used to selling with less options. They will be challenged to sell what they see rather than see what they can sell. Additionally, we may place certain restrictions on dealer trades. If another dealer would like to buy a car, we may not want to take another vehicle in return.
- c. By When: 90 Days
- d. How: Slow down ordering process. Assess current inventory levels to determine what demand is.

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:

Our dealer is the one who helped create this action plan / is a student at the academy.

