

Departmental Action Plan Template

Student Name: Mitch Wilbanks

Class & Student Number: N348-22

Academy Week (Var II): 11/4

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

Through September 2019, we are averaging 146 new retail units sold with an average per new vehicle cost of sales of \$43,241.00 giving us an average monthly new vehicle cost of sales value of \$6,313,186.00. Our total new inventory value of \$19,873,880.00 divided by our average months cost of sales of \$6,313,186.00 gives us a total new inventory dollar month's supply of 3.15. Our target new inventory dollars month's supply is 4.

Overall Objective and **Specific** Desired Results:

Our overall objective is to increase our new inventory dollar month's supply by .85 to a 4 month's supply while maintaining our current inventory dollar value. We can accomplish this by reducing our cost of sales as a result of managing our inventory stocking levels, stocking the right inventory with "in-demand inventory", and controlling the relationship between our average inventory cost per unit vs. our average cost per new vehicle retailed. This will give us the opportunity to have better inventory, increasing our turns and sell more new vehicles.

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

We will implement processes to control inventory acquisition from the mfg. during wholesale and allocations using the allocation template. We want to stock the right number of units as well as the right units. We will use VAuto Conquest to identify in-demand inventory, set up pricing rules to stay competitive while managing the age buckets to turn the aged and excess inventory. Our biggest area of improvement can be made in reducing our average months cost of inventory to be at or below our average months cost of sales. Currently our average retail cost per new vehicle retailed is \$41,840.00 which is \$1,401.00 below our average cost of inventory which is a clear indicator we are not stocking the right units. This could be a reason why 35% of our inventory is over 60 days old and our aged inventory value over 90 days is \$4,746,223(that's a lot!).

Our new car manager will use VAuto Conquest every day to manage our inventory and watch what the dealers in our market are doing and make any pricing changes necessary.

All variable managers will meet every day, Monday through Friday, for a "save and deal" meeting to go over our daily showroom control log and Opportunities to do business so we can increase sales volume.

The New car manager, GSM will meet every Monday to go over new car pricing to make sure we are competitive but not too competitive. We want to sell new cars but don't want to give up any gross we don't have to. During this meeting we will also cover aged and excess inventory to keep it from costing us gross.

The new car manager, GSM, and GM will meet once a month to go over manufacture wholesale and allocation to make sure we are keeping our stocking levels correct and not taking inventory we don't need or not selling. We will also discuss the inventory dollars and track where we are regarding inventory and dollar turn.

Timeline:

Describe specific short term and long term checkpoints to monitor progress

Short term check points will be weekly in the managers meetings to make sure we are headed in the right direction. We will discuss any issues or concerns and implement any other processes necessary.

Monthly, we will measure the results and make any necessary changes to stay on course

Long term we should never stop these processes and need to go over the results quarterly.

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, GSM, and GM
- b. **What:** buy-in, accountability, and attitude. This will all be needed to accomplish this goal.
- c. **By When:** March 31st, 2020
- d. **How:** it starts from the top down. Inspect what is expected. Keep the course and make sure that there is no breakdown in communication and be clear with the expectations.

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:
