

Departmental Action Plan Template

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Class & Student Number: N352-15

Academy Week (Var II):

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

1. Inventory Management/Turn Rate

A). Current Turn Rate: 3.3

Overall Objective and **Specific** Desired Results:

Minimum turn of 6 but ultimate goal is 10. I would like to see my desired minimum goal met by month end of September 2020.

Ultimate goal of 10 to be by the end of 2nd quarter of 2021. In the month of our December our holding cost was \$118 a day. Our days to breakeven were 28. By increasing our turn rate we should be able to lower our holding cost, lower our floorplan expense, and increase GROI.

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

- 1. Have a monthly meeting to include Inventory Manager and Sales Managers. Data to be analyzed will include**

reports in Vauto(Conquest), DealerConnect (FMV Analysis), and a newly created Dealer Trade Log.

- 2. Have monthly inventory walks. Put hands on all inventory.**
- 3. I've already have started this, but will continue for the foreseeable future. I have been meeting with my oem rep twice a month to analyze inventory and forecast our orders for the upcoming months.**
- 4. In the sales meetings each week, get feedback from the sales team on which vehicles they feel we need to stock. Utilize their feedback on what they feel is moving fast of our lot.**
- 5. Implement new pricing strategy on older units. Put bigger spiffs on units sooner. Price aggressively with market. Do not allow new units to hit 180 days old.**
- 6. Create a pricing strategy for all units over 200 days old. Price 2% below market.**
- 7. Extensive training with sales managers and the sales team. Sending managers to NADA training.**
- 8. We currently turn our inventory 3.3 times a year. Our oldest vehicle in stock is 652 days old.**
- 9. As of December, our holding cost was \$118 a day. We have 28.15 days in stock to break even.**

10. Our GROI is 7% as of December. Only 15% with below the line money.

Timeline:

Describe specific short term and long term checkpoints to monitor progress

1. In my opinion, this action plan is going to be a total team effort. It will need to start from the top and work all the way down. Completely change the way that we have operated in the past.

2. Short term checkpoints:
 - A) Peel the “band-aid” so to speak. Aggressively target all units over 200 days old. Increase sales team mini’s to \$1000. Currently 28 units over 200. Move our 5 oldest each month. To be completed by July 2020.
 - B) Currently dealer trades make up 50% of our monthly sales. Implement new policy that no vehicle is to be traded that is newer than 30 days. Trade oldest units first.
 - C) Decrease dealer trades by 25% a month.
 - D) Increase sales volume by 5% each month.

3. Long term checkpoints:
 - A) Carry a 2-2.5 month supply of inventory. Currently have 6 months supply. Goal is end of 1st qtr. 2021
 - B) Turn our floor plan expense into a credit by end of 2020.
 - C) Increase GROI to a minimum of 40% by end of 2020
 - D) Increase sales volume year over year

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: Sales Manager and Inventory Manager
- b. What: How we order inventory and how we price it.
- c. By When: Immediately
- d. How: Nada Training, monthly in store training.
Constant follow up. Train them on the importance of inventory turn and GROI. Gross doesn't always lead to a profit. Teach them about holding cost, floor plan expense, ordering units that are the fastest moving in our market.
- e. Show them what the cost is every month involved in our dealer trades. The goal is to turn that expense into a profit.
- f. Implement into both pay plans a spiff for units under 180 days and penalize a percentage for units over.
- g. Will implement monthly review process to access that previous month's performance. Will make adjustments accordingly.

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:

I have my uncle's full support. He understands that this is an issue that need to be addressed immediately. Together we understand the importance of this action plan and the urgency of implementing it.
