

FINANCIAL MANAGEMENT HOMEWORK – ACTION PLAN

S Specific
 M Measurable
 A Achievable
 R Relevant
 T Time bound

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?
 Example: "I will decrease my 5K run time from 30 minutes to 21 minutes by June 15, 2020."

S M T

My goal is to reduce our total inventory from 120 day supply down to a 90 day supply by 10/1/20. With our fiscal year ending at the end of June, we will be in a position to have an accurate count of our inventory and evaluate where we can reduce our overall count.

This can be measured in several ways: 1) our monthly corporate parts report card 2) inventory dollar value on our balance sheet 3) DMS generated report showing obsolescent inventory that is low hanging fruit.

How does this goal align with or support your dealer's vision?

What are the BENEFITS of achieving your goal? What are the CONSEQUENCES if you don't?

Why is this goal important to you?

R

Our goal as a dealer group is for each location to have a healthy supply of inventory. One of the metrics we use is 6% or less of inventory that is 12 months or older. While our location falls under this threshold, we still have an abundance of items that do not turn quickly or at all. By purging specialized inventory, we will further maintain a healthy balance of inventory while also freeing up frozen capital.

By achieving this goal, this will help the financial position of the dealership and contribute to the overall position of the dealer group. With frozen capital being freed up, this cash can be used for potential projects or equipment that is needed.

If this goal is not focused on, this can hinder our financial position and can create a ripple effect within the dealership. For example, due to the glut of inventory, we may not have items in stock to help with quick turnaround in the service department. This can also be a negative when trying to package rigging into new or used trucks. This can slow the process which can cause deals to fall apart.

The biggest reason this goal is important to me is its a key marker in identifying the overall health of the dealership. By focusing on this plan, it can have a wide reach of positivity within the dealership. It's also a goal that will require diligence but not such a broad and lofty goal that it's difficult to determine how to progress towards successful completion.

What specific actions or steps will you take to accomplish your goal? What will you do differently or improve? For each, be sure to include necessary resources, who is accountable, the measurable result, and dates.



SPECIFIC ACTION/ STEP	NECESSARY RESOURCES?	WHO IS ACCOUNTABLE?	EXPECTED RESULT?	EXPECTED COMPLETION DATE?	ACTUAL COMPLETION DATE?	CHECK OFF
Physical Inventory Count	CDK, PM, GM	PM	Minimal Variance	6/30/20		☐
Reconcile items currently on return	CDK, PM	PM	Approval of several large returns; Reducing	7/30/20		☐
Review and update ordering policy	CDK, PM, Parts Clerk	PM	Determine how specialized items are	7/30/20		☐
Coordinate eligible items deemed	CDK, PM, GM	PM	Return items allowed by manufacturer	9/1/20		☐
Utilize monthly write off account on specialized	CDK, PM, GM, CPM	PM	Reduce non-returnable items in small	12/30/20		☐
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How will you track your progress? Where will you find the information? How often will you check in?



I will work with our corporate parts manager monthly to review data. This can be reviewed through our proposed write off list 12/20 that is in our DMS system. Our 117 schedule shows all outstanding returns. I review these weekly already with the PM to determine if there are any items we could potentially not be credited for. Lastly, our report card that is issued from corporate monthly will show how we are trending and if progress is being made.

Potential Obstacles?



Buy in on modifying how we order non fast moving items.

Return allocated dollars could be exceeded causing parts dept to incur a penalty.

Risk of not having items customers, (internal and external) want or need.

Potential Solutions?



Look for alternatives we keep in stock (if possible). Order allotment that is smaller quantities. Potentially share order with another location (s) to ease burden.

Identify other locations with larger return dollars and pull from their bank to avoid penalties.

Offer similar items when possible that have quick turns. Sell what we have first...

BOTTOM LINE! What is the financial impact (expressed in dollars) of achieving your goal?



By reviewing current inventory value along with what we have proposed to write off at the end of 2020, I estimate our financial impact by achieving this goal to be approximately \$425,000.00.

CONGRATULATIONS! You've accomplished your goal! You added or adjusted policies, procedures, and behaviors. Now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

