

ACTION PLAN

What will you do differently as a result of what you learned in this section?

Review days' supply of inventory and model mix to find ways of reducing from current 78 days.

What will be the benefits of making these changes? What will be the consequences if you don't do anything differently?

Our analysis in class showed that it costs us \$203/day to hold a new car. My breakeven is 33 days. I can reduce my departmental expenses by reducing my days' supply.

What obstacles might you encounter and how can you overcome them?

Mercedes Benz is still struggling with inventory supply of popular models. We are having to take slower moving models to have inventory. Our managers are old school and feel that "you have to have cars to sell cars" meaning they like a large inventory. May need to look at pay plans to overcome that view.

Identify your first few steps and the people who can help you with them.

Sit down with GM and review the Holding Cost + Breakeven analysis. Show him the savings potential (He is bonused on Net) Review inventory cost analysis with him. Discuss possible changes to inventory ordering process.

Start Date: 12/15

Completion Date: 12/18