

## ACTION PLAN 1

**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?

Reduce parts inventory from over 1.1 million dollars to below \$900,000 by July 1, 2021

### BOTTOM LINE: Benefits of Achieving Your Goal

BBpaThis will free up some much needed space and lower our inventory burden moving forward. This will allow us to organize our department and ultimately allow us to be more profitable and free up space for other profit generating activities.

### Consequences of Not Achieving Your Goal

The current disorganization will be maintained and we will continue to operate with obsolescence figures above \$100,000. This will continue to lead to write-offs and lost profit opportunities

When will you start? We will start on 12/15/2020

How will you gauge your progress? When? Using which metrics?

We will use the financial statement as well as the Parts Management Report to track inventory levels on a monthly basis. We will tie this in to total sales and seek to maintain an inventory level at approximately 1.5 x monthly sales and keep obsolescence below 2%.

What specific actions will you take to achieve your goal? Who can help you?

We will begin by meeting with Parts team to kick off project and instruct team to monitor factory suggested orders and remove less time sensitive inventory such as wholesale body shop parts. We will then identify all inventory that is aged 12 months or greater. For accessories we will begin to look for used cars that can be upfit and install the accessories to those units. For other parts, we will place them for sale on eBay and dealer to dealer parts selling websites. This will bring our inventory to approximately \$1 million. We will then implement an SOP process with constant engagement from all advisors to dramatically reduce the time that parts spend in our SOP section. After our inventory, performed by an outside company, we will reorganize our department and implement a perpetual inventory so that inventory accuracy is maintained and we stop ordering parts that we do not need.

#### Potential Challenges?

Bad habits of personnel  
Customers may have to wait on parts more frequently  
Negative gross for old aged parts  
May miss factory ordering incentive

#### Potential Solutions?

Restructure pay plans to incentivize inventory control  
Correct personnel issues as early as possible and train management to do so  
Temporary adjustment to pay plans to not be penalized for negative gross on obsolete parts  
Work with factory rep for incentives that make sense to both parties