

## 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?

We would like to eliminate Parts and Accessories frozen capital. We are currently a 2.1 months supply. We would like to be at 1.5 months supply of Parts which would be a zero frozen capital value. We would like to be there by December 31st, 2021.

**BOTTOM LINE: Benefits of Achieving Your Goal**

**Consequences of Not Achieving Your Goal**

Stocking higher demand parts for a faster turn resulting in higher GROI.

Obsolete Parts that will be unreturnable.

Achieving a higher level of service by having the right parts at the right time.

Parts that will be scrapped or sold for pennies on the dollar (if we can find a buyer).

Freeing up dollars to invest in parts or other areas of the dealership to achieve a higher GROI.

Less room on the shelves for fast moving inventory.

Not having to spend resources (people) on a large monthly obsolescence return.

Not being able to stock the right parts thus lowering our level of service.

We have started on January 25th, 2021

When will you start?

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

We will gauge our progress by utilizing NADA template for Frozen Capital P & A Inventory on a monthly basis. The metric used will be the NADA 45 day supply metric. The success of obtaining our goal can be achieved by monthly returns to the MBUSA and by increasing our sales and careful consideration from the parts team when ordering any and all parts.

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

I will meet with the Parts Manager weekly to discuss metrics of ordering, lost sales, return plan for the month and stockpro level of achievement. Parts manager will complete Frozen Capital template on the 1st and 15th of the month to keep a constant track of our progress. An integral part of this will be the utilization of lost sale tracking to ensure we build up our percentage of guaranteed inventory to prevent obsolete parts fom accumulating and having an adverse effect on our frozen capital.

Parts Manager will be the point person in this by controlling all ordering all parts and ensuring all special orders are paid for in advance and then notifies the service department or customer as necessary.

#### Potential Challenges?

Technicians want to order "try me" parts.

Old school thinking of needing more on the shelf than 1.5 months supply.

Service Manager wanting to skirt the order process of pre-paying and just order it.

Technician or parts counterperson ordering wrong part that is expensive or un-returnable.

Team thinking we will not have enough parts on hand for our repairs/customers.

#### Potential Solutions?

Have Service Manager be involved in unusual or high price parts that techs want to try to ensure we truly need part.

Making everyone part of the solution including service staff and let them know what the goals and benefits are.

Have Parts Team double check themselves when ordering parts to ensure we are correct thus increasing customer and employee satisfaction.