

Departmental Action Plan

Dealership **Eastchester Chrysler Jeep Dodge Ram**

Academy Week **Fixed Ops 1 - Parts**

Cl.

Current Situation

Obsolescence is creeping up month over month

EOM July 2017 we stood at an obso position of 21% and by EOM September we 1 for the 2 months I found we ended with about \$22,000 less inventory in Septembe increase in obso. It turns out we had a couple of wholesale customers stop doing l some time to adjust our ordering process leaving us with a stockpile of parts.

Overall Objective:

Objective 1: Evaluate ordering precess for wholesale parts business and implem
Objective 2: Evaluate and make changes to how we communicate with our whole competitors
Objective 3: Reduce our obso inventory

Proposed Timeline

Step 1: Review ordering process for wholesale parts stock and recommend chang
Step 2: Implement changes to reduce exposure to negative changes in sales
Step 3: Train wholesale staff in customer communication process
Step 4: Set up and monitor an ebay page to sell our obso inventory that we cannot
to the manufacturer

*****steps 3 and 4 will be ongoing**

Action Plan

Describe necessary actions to reach desired result:

Action 1: Evaluate order procedures for wholesale business. We've discovered or changed it was just not done in a timely manner. Our parts manager will take the l

adjust his orders accordingly

Action 2: Customer service / sales training for parts counter staff. We agreed not to do customer service but the rest of our counter staff could also benefit from this training with complementary parts, prospecting for new customers and customer retention

Action 3: Review our return procedures. It turned out our parts manager thought that our parts manager will be the point person for returns moving forward and will be in that manner.

Action 4: eBay page. Once we get a hold on what can be returned we will set up a page that we cannot return but quickly adding all inventory in stock for more than 60 days. Judging by the many fees eBay has we are going to want to limit this action to the future then only as a last resort

Action 5: Continue to review results and adjust if/when necessary. The DMS score is working to reduce our obso position.

Meeting with Dealer:

- 1. Action Proposed:** proposed actions listed above to majority partner and GM

Meeting with stakeholder(s) (dealership personnel):

Describe what is in place to support desired goal:

Training - I currently conduct sales training for our sales staff every Monday and F

Coaching - since this is going to be a new procedure for our parts department we continue his staff in expanding their customer service skills. All involved will also be changes and the benefits that will come from them

2. **±Consequences related to results** - positive consequences include reduction in possible increase in revenue from proper eBay page management and product management staff. Negative consequences include losing staff who do not want to increase their where we leave ourselves short

Pain & Gain - it's never easy implementing a new process, especially one in a department that is streamlined in their sales and inventory process. They will actually pushback from staff who believe they are doing good based on sales/net but who

Accountability: Monitoring progress:

Who: Parts manager, counter people, eBay site manager, GSM

What: Parts Manager will tweak stock orders

counter people will initially be held accountable for maintaining customer base increase involvement in generating new business.

3. GSM will be accountable for parts staff progress regarding sales progress
eBay site manager will be point person for everything eBay related working online as well as monitoring payments from purchasers.

By When: ongoing. Training to start immediately and results should be seen within through returns and eBay sales

How:

Describe checkpoints that have been established to measure progress:

Daily / Weekly / Bi-weekly / Monthly /

Weekly review of parts received - why did we get them and what is the last 45 day

Weekly review of parts staff customer service / sales training progress

4. Bi-weekly review of customer orders - internal, wholesale, and walk-ups

Bi-weekly review of eBay progress

Monthly review of obso position

5. **Estimated cost for implementation:** other than time, the training is not going to costs will come from eBay auctions and their breakdown is below

eBay Auction Listing Fees

| Opening Bid or Reserve Price | Insertion Fee | Basic Store Subscribe |
|------------------------------|---------------|-----------------------|
| \$0.01 to \$0.99 | Free* | \$0.10 |
| \$1.00 to \$9.99 | \$0.25 | \$0.25 |
| \$10.00 to \$24.99 | \$0.50 | \$0.50 |
| \$25.00 to \$49.99 | \$0.75 | \$0.75 |
| \$50.00 to \$199.99 | \$1.00 | \$1.00 |
| \$200.00 or more | \$2.00 | \$2.00 |

* If you do not have an eBay Store, you may list up to 100 auction listings in a month for an opening bid of \$0.01 and \$0.99, and you have no reserve price. If you exceed 100 listings with the fee per listing.

Listing Option Fees

| Option | Fee: Auction or Fixed Price 3, 5, 7, 10 days |
|----------------------------|--|
| Subtitle | \$0.50 |
| Bold | \$2.00 |
| Listing Designer | \$0.10 |
| Gallery Plus | \$0.35 |
| Scheduled listing | \$0.10 |
| List in two categories | Double fees |
| Additional pictures | \$0.15 |
| Picture Pack 1–6 pictures | \$0.75 |
| Picture Pack 7–12 pictures | \$1.00 |

If Your Item Sells for

| | |
|----------------------|---|
| Item not sold | No fee |
| \$0.99 – \$50.00 | 12% of the final sale price |
| \$50.01 – \$1,000.00 | 12% of the initial \$50.00, plus 6% |
| \$1000.01 or more | 12% of the initial \$50.00, plus 6% plus 2% of the remaining final sale price |

Projected Date of Completion:

1/31/18

Sponsor Signature: _____

Evaluation of Results: Include measured results.

(± Metrics)

Impact Areas:

Sales / Gross / Expenses / Net Profit / CSI /

Sales will increase from an increase in the quality of service our outside customers get as well as from the addition of additional wholesale customers. Sales should also increase internally with our counter people being able to work on with their sales training.

Gross will also increase from the increase in sales and proper parts mix.

Expenses - expense will be controlled by limiting the amount of eBay listings. Once the inventory issue is resolved, expenses will decrease.

Net Profit - when gross increases net will also increase since the only expense that will increase is base

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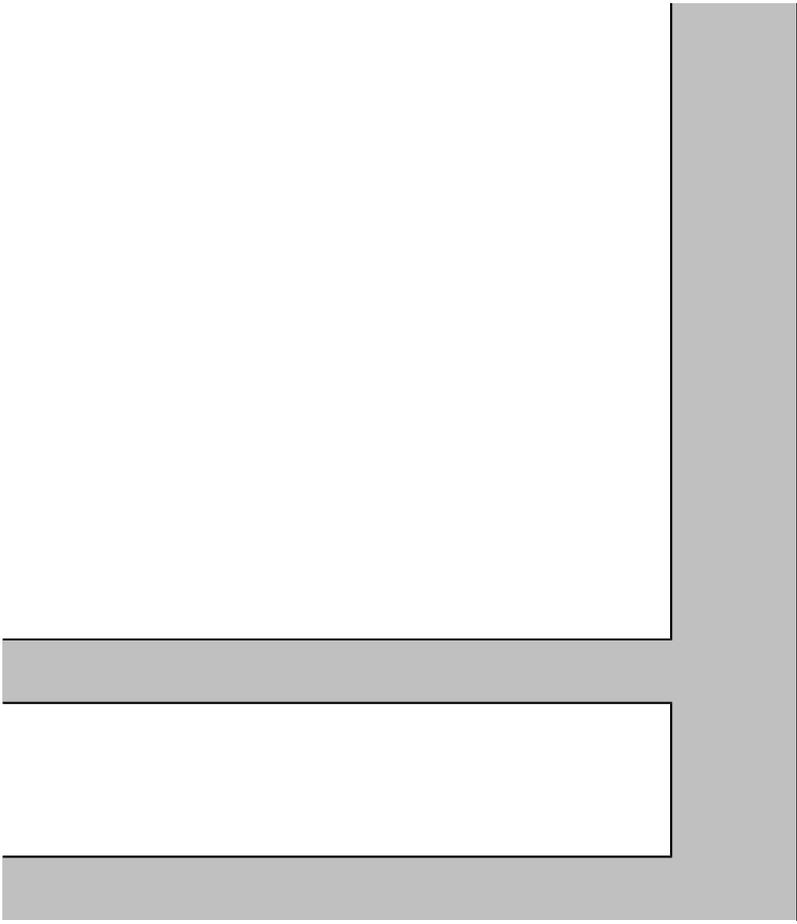
Class & Student Number **328-04**

found ourselves at 23%. Comparing our parts inventory
r than we had in EOM July but we still showed an
business with us in the 1st quarter of the year and it took

ment changes where necessary
sale customers to limit the loss of business to

jes Due: 11/3/17
Due:11/10/17
Start 11/3/17
it return Due: 11/10/17

ur ordering process for our wholesale business was
ead in monitoring changes in wholesale business and



Friday which our parts staff will now be a part of.

will also be training our parts manager on how to be made aware of why we are implementing these

obsolete position, reduction in frozen inventory dollars, increase in parts business from effective training of our skill set, tweaking our ordering process to the point

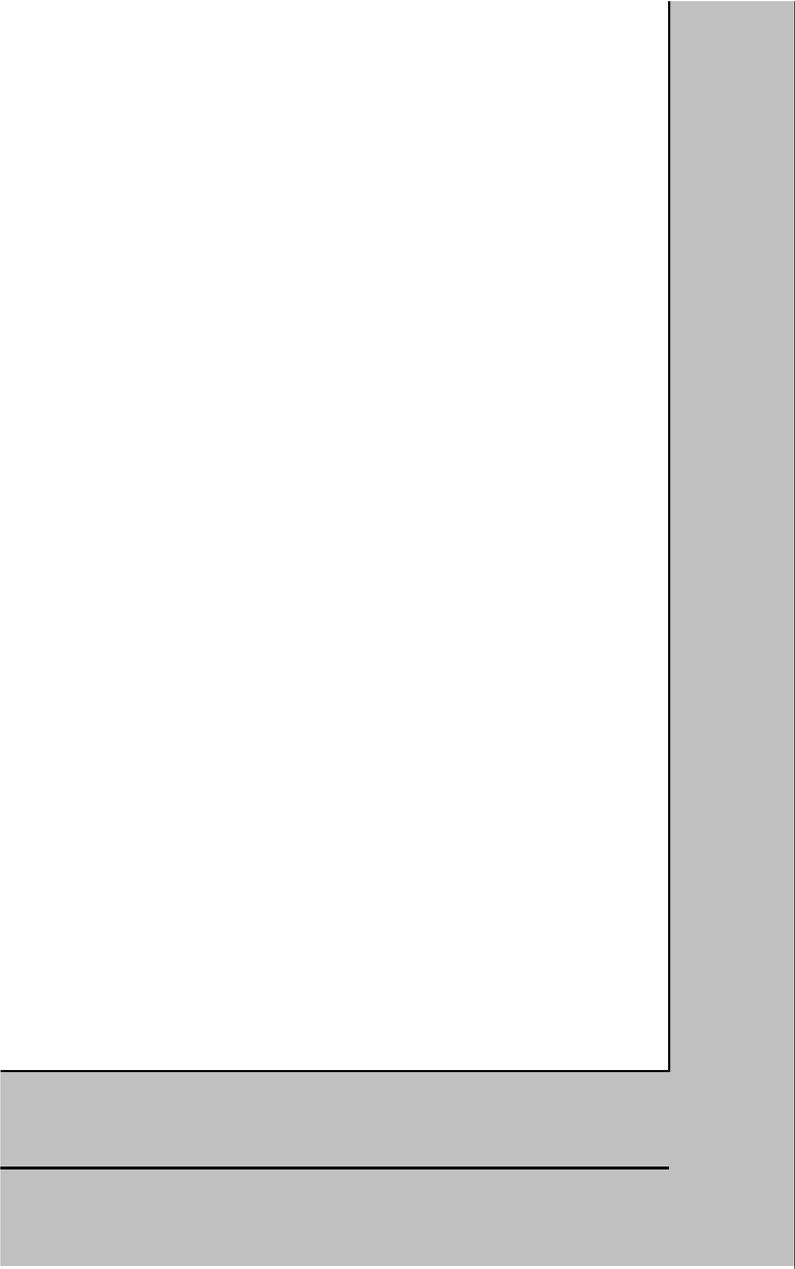
department that is so often ignored. The pain lies in the fact that we do not see the bigger picture of a more profitable company that will naturally work better rather than harder.

case. As they improve wholesale counter staff will

work with parts manager to ensure aging inventory goes down to 45 days. Obsolete position reduction within 45-60 days

to meet demand

will not cost anything since it's being done inhouse. Our



he increase in new business our parts staff will bring in through
e to upsell service with additional parts for the job the techs are

is under control this expense should be minimal

ed off of the amount of eBay listings

First Time Fill Rate

| DEALERSHIP NAME | NADA Motors | rst time fill rate | | |
|-----------------|-------------|--------------------|-----------|-----------|
| DATE | RO'S | 1st Time | Same Day | Day |
| ### | 5 | 2 | 3 | 1 |
| ### | 8 | 5 | 1 | 2 |
| ### | 10 | 6 | 1 | 3 |
| ### | 9 | 3 | 4 | 2 |
| ### | 10 | 4 | 4 | 2 |
| ### | 5 | 4 | 1 | 0 |
| ### | 5 | 3 | 2 | 0 |
| | | | | |
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| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Totals | 52 | 27 | 16 | 10 |



| Rate % |
|---------|
| 40.00% |
| 62.50% |
| 60.00% |
| 33.33% |
| 40.00% |
| 80.00% |
| 60.00% |
| #DIV/0! |
| 51.92% |



| CDK Stocking Status | | | | Inventory | % of Inventory | Guide | COLOR SCORING |
|------------------------|------------|-----------|---|-----------|----------------|--------------------------|---------------|
| INVESTMENT | | Value | | | | | |
| Normal or Active Stock | | \$603,407 | | 79.11% | | over 70% | GOOD |
| Automatic Phase Out | | \$42,879 | | 5.62% | | Less than 35% | WARNING |
| Dealer Phase Out | | \$26,642 | | 3.49% | | Less than 1% | DANGER |
| Manual Order | | | | 0.00% | | Less than 3% | GREAT |
| Non Stock Part \$'s | | \$89,857 | | 11.78% | | Less than 5% | Seldom used |
| Non Stock Part #'s* | | 7,177 | M | 41.66% | | Greater than 70% of PN's | OK....BUT.. |
| No Phase Out | Not on ADP | | | | | NA | OUCH !!! |
| Repace by Hold | Not on ADP | | | | | NA | |
| Clean Core | | | | 0.00% | p/n | pieces | OUCH !!!!! |
| Dirty Core | | | | 0.00% | | | |
| Total Inventory | | \$762,785 | | 100.00% | | | ouch!!! |

ADP

| Activity | Value \$ | % | % | Notes & Guides |
|--------------------|-----------|---|------|---|
| 0-3 Months | 461,154 | | 60% | ACTIVE INVENTORY at 75% |
| 4-6 Months | 104,007 | | 14% | ACTIVE INVENTORY at 23% |
| 7-12 Months | 87,966 | | 12% | 75% will likely become Obso 2% is guide |
| Over 12 Months | 39,101 | | 5% | Technical Obsolescence 2% is guide |
| New parts no sales | 70,553 | | 9% | Minimal Amount |
| Total Inventory | \$762,782 | | 100% | |



| OBSO POSITION | | | |
|----------------------|-----|--|----------|
| .75 TIMES \$ | | | 65974.73 |
| PLUS | | | 39,101 |
| PLUS | | | 70,553 |
| EQUALS | 23% | | 175628.7 |

