

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

One of the biggest obstacles we all have faced throughout this Covid/Semiconductor Pandemic is getting inventory. The exercise we did in the class where we looked at the cost of having the wrong inventory, what we lost in ROI for clogging up the pipeline with inventory that had a longer than normal shelf life. How by managing your inventory more efficiently will increase your net profit really opened my eyes.

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

As we start to receive new vehicles, we will make a bigger effort to get the right inventory, not just what is available. If we concentrate on our turn of these vehicles and either decline or trade vehicles with other stores we should not be in a situation where new vehicles have more than a 75-day shelf life.

The consequences of doing the same thing we did before the pandemic will result in an aging problem and loss of ROI. We will fall short of our yearly forecast and end up with old and dated models as the new models hit the market.

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

One of the biggest challenges we will have as we come out of this pandemic is what the availability will look like. The factory is limited on what is being built, and most of us are scared we will have nothing to sell. We need to be very cautious not to be fooled into taking vehicles that will age. All the managers learn about-turn and what a vehicle sitting on the lot every day costs the store. We are training on ROI and letting them see the results from turning inventory faster and not tying up capital in a sitting vehicle. New Vehicle Managers now have a payment plan that is bonused by turning the inventory within the 75 days and penalizing if not (we will write down the vehicle by 1% each month), which will affect the gross they are paid on when the vehicle is sold.

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

- Realize the vehicles that have a higher than 75-day turn
- Locate and organize the inventory so older units are upfront
- Spiff sales team to concentrate on these units
- Employ the New Car Managers to manage the Lot Porters to keep inventory rotated oldest first

Start Date 10/1/21

Completion Date 4/1/22

Pending the availability from OEM