

PARTS HOMEWORK – ACTION PLAN

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? Example: "I will decrease my 5K run time from 30 minutes to 21 minutes by June 15."

S M T

I will increase the Filled Rate from Stock from the current 87.88% up to 93% by July 1st, 2022

How does this goal align with or support your dealer's vision?

What are the BENEFITS of achieving your goal? What are the CONSEQUENCES if you don't?

Why is this goal important to you?

R

Our dealer's vision is "To be the most guest-centric automotive dealer." By increasing the "Filled from Stock" rate by 5%, we will be able to achieve a wider breath of inventory, allowing us to reach the NADA guide of 95% First Time and 90% Same Day Fill Rate. As a result, it would enable us to serve our customers more efficiently, which will help them get back on the road and carry on with their lives faster.

BENEFITS:

- Faster repair time
- Higher Tech proficiency
- Higher Morale
- Lower employee turnover rate
- Fewer Lost Sales
- Shorter Time-to-Sale
- Happier customer – better CSI
- An increased amount of a business
YOY Higher Gross/Profit.

CONSEQUENCES:

- Loss of customers
- Not utilizing the shop to its MAX capacity
- Low morale
- Low Gross/ Profit
- Low CSI
- The decline of Business YOY
- Working hard, not smart.

It is important because having the parts available from stock at 93% will allow to me keep customers happy, retain and develop quality employees, be above the ASBURY guide of 90% for "Filled from Stock" and grow the Business YOY.

Specific Action/Step	Necessary Resources?	Who is accountable	Expected results	Expected Completion Date	Actual Completion Date	Check off
Switch Phase in from 3 in 9 to 3 in 12	DMS/ Money/ Space	Tony Rodriguez	Wider Breath Of inventory	Right Away		
Take Lost sales quiz	10 questions Quiz	Tony Rodriguez	Assess the understanding	10/15/21		
Have a meeting to go over the Benefits and Consequences	1 DMS Report 2 Financial Statement 3 True Turn report 4 Gross Profit contribution 5 Emergency purchases# 6 Current Service CSE	Tony Rodriguez	Have everyone involved into the process	10/16/21		
Hold short 10 min daily Training on the topic for 1 Week	Use random scenarios, possibly from the day before	Tony Rodriguez Jim Nuff	Work through the errors	10/18/21-10/21/21		
Take the Lost sales quiz again	10 questions Quiz	Tony Rodriguez	Grade the understanding	10/22/21		
Attach a reminder to everyone's Computer	Post-it adhesive notes	Jim Nuff	To remind to log Lost sales every time the part wasn't filled	10/22/21		
Hold 10 min meetings daily to talk about progress or challenges	Time	Tony Rodriguez Jim Nuff	Consistently stress the importance of it to make it a habit/muscle memory	10/23/2021 - Moving forward		
Track the Lost sales Monthly	At the end of each month	Tony Rodriguez	Track the Trend (Is it going up, down or staying flat)	11/01/2021- Moving forward		

What specific actions or steps will you take to accomplish your goal? What will you do differently or improve? For each, be sure to include necessary resources, who is accountable, the measurable result, and dates. S M A T

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How will you track your progress? Where will you find the information? How often will you check in?

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I will track the process monthly by using the information from the DMS report to check if trending up or down. I will check in weekly to emphasize the importance of accomplishing our goal as a team.

Potential Obstacles:

1. *Not enough space to store wider breath of inventory*
2. *The corporate office requests you to carry less inventory to free up the capital.*
3. *Employees not understanding the importance of the implemented process*
4. *Staff is too busy to log lost sales*
5. *Staff not having the knowledge of a lost sale meaning*
6. *Lack of consistent messages from the Leadership*

Potential Solutions:

1. *Organizing shelving space, utilizing storage on the side of the building*
2. *Provide Corporate Office with a plan for how more extensive and strategically selected inventory will increase gross profit potential.*
3. *Communicate the bigger Picture/Vision*
4. *Explain how little is the time invested compared to the time saved in the future (not making unnecessary emergency purchases, extra orders, and how much money the dealership loses for every minute the part is not there)*
5. *Implement weekly Quizzes to cycle through the mistakes*
6. *Consistently check in on the progress and discuss any possible issues/roadblocks with department Managers.*

BOTTOM LINE! What is the financial impact (expressed in dollars) of achieving your goal?

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Our current YTD DMS fill rate is 87.88%, and by raising it by 5%, it would mean \$230,000 in sales filled as Emergency and Special Orders. We are at 31% Gross/Sales YTD, if we subtract it from the sales that were filled as an Outside Purchase, we will get \$158,700 as a cost of sales. The average cost of 1 piece in inventory is \$20.66, which means 7696 parts were acquired. Some of them came in the same day, and some came in the next day. Therefore, the mechanics had to wait for a part for an average of 3 hours thus 180 minutes. Per the NADA guide there is \$3.33 lost by the dealership waiting for the part to arrive which equals \$1,385,280 in Gross, and at 44% net to gross, there is \$609,523 in Net Profit opportunity missed YTD.

Plus, there is 10% additional cost acquired by not having those parts in stock (Upcharges for buying the parts at another locations, increase clerical cost for time spent ordering and receiving inventory) which equals to \$23,000.

CONGRATULATIONS! You've accomplished your goal! You added or adjusted policies, procedures, and behaviors. Now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

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- 1. I will have morning meetings with the managers to go over the progress and possible challenges/roadblocks.*
- 2. I will get daily tracking emails sent out to all the employees of the department to make them aware of the progress including everyone's individual statistics.*
- 3. I will meet with a bottom third low performance employees to address any possible challenges or concerns they are having and make sure they understand the importance of the instilled process*
- 4. I will make tracking Filled Rate from Stock a part of the monthly review.*