

Departmental Action Plan

Student Name: Joseph Anderson

Class & Student Number: 326 32

Academy Week: 4

Current situation or challenge you want to address:

I currently have too much inventory and would only turn my just over 5 times. Our current inventory is also too high in value in comparison to what we are selling, which could be causing my inventory to not turn as fast. The last thing is I have a lot of aged units which are hurting the first two. We are not paying attention to what we are stocking, stocking vehicles with low demand and low turn.

Overall Objective and Specific Desired Results:

We are going to get our turn to 10 times before the end of February and to 12 times before the end of June. We also are going to start looking and making a decision as to what we are doing with a vehicle on day one and not on day 60 or 90. We are going to be proactive in increasing our recon and making sure we have the nicest and cleanest preowned units to decrease our customers' ability to negotiate on a car or truck. We will increase the profitability of the dealership in every department and hold more profit for the dealership.

Describe your action plan in detail (be specific and include before and after measurements)

We have a lot of loss sitting on our used car department. We are planning a wholesale loss of \$170,000. We are going to cut our inventory by almost 50% in order to do this we are looking at the best place to put these units if it is auction, wholesale or to retail. These units will be gone by the end of January. We have already moved about 40% of these units. Many of our units should have been moved on day one and now we have lost additional money because that decision was not made on day one.

We are going to be utilizing Vauto more effectively so that we know the day supply and what the correct pricing of the unit should be from day one to try to increase the turn and profit. We have already started this and are receiving help from our Vauto rep.

One area which we were not doing as well as we should have been in reconditioning our cars. We have been more aggressive in making our cars correct from the beginning by doing a number of things such as pulling unneeded and devaluing items off of them. We are also putting more tires on and replacing more windshields.

We will be able to measure this as we see our grosses increase. We will also be able to measure as our turns increase and our overage units go away.

We will also hire a new used car manager and set these expectations with them and review them each month as the health of the department in both of terms of inventory dollar amounts and number of units.

Timeline: Describe specific short term and long term checkpoints to monitor progress

We will have our current old age inventory gone and taken care of by the end of January.

We will review the health of the department each month after the month is closed to see if we are stocking the correct units in both dollar amount as well as demand.

We will also look each month at the amount of reconditioning we are doing on each unit retailed.

Meeting with Stakeholders (dealership personnel)

Describe what behavior change is needed to support desired goal. Address required coaching, training and/or consequences. Include timelines / Accountability / Monitoring process

- a. Who: Kevin Campbell and Logan Page
- b. What: Decrease dollars amount in inventory as well as number of units
- c. By When: Continuing Basis
- d. How:

Dealer agreement:

If you need your sponsors support or approval to implement your plan, have it signed off before you start. If you can proceed on your own, present this action plan to your sponsor before next class. Describe the meeting:
