

Departmental Action Plan Template

Student Name: Anna Vierra

Class & Student Number: N324 04

Academy Week (Var II): Variable 2 New

Current situation or challenge you want to address based on the Jennifer Suzuki Outline: We have an aging problem with our new car inventory. Our previous General Manager was in bed with the Factory and took every vehicle that they wanted us to take. Our ending inventory was \$50 million when he left the company. We have gone from 1600 units in February to 798 and an inventory value of \$23 million.

Overall Objective and Specific Desired Results: Our overall objective is to have our entire new car inventory under 90 days. Currently we have 182 units over 90 days. Which is down from both November and October.

Describe your action plan in detail (be specific and include before and after measurements) We have designated one person to be the go to guy. Before, we had all the sales managers meddling in it. We do understand the importance of all of them being aware of the aging, but we cannot have all the different spiffs that each one created. In the past, we would put a mini on an individual car that someone said needed to go. It was great for getting rid of one unit. Our new contest will have some big money tied to it. It will create excitement and competitiveness between the sales associates. We will put a group of cars in the contest. The payout will be \$9,000.00. There will be a qualifier that the sales associate will have to sell X number of units to get it. The 1st place will get \$5,000, 2nd place will get \$2,500, and 3rd place will get \$1,500. This is still cheaper than the individual spiff on the selected cars. As I stated above, our goal is to have our new car inventory under 90 days by March. In December, we had

182 units over 90 days. Our plan is to reduce that by 60 units each month until March which would get us to that goal. We will have to make sure that the younger inventory is being managed as well so it is not creeping up into the 90 days making it harder to bring down the 90 days. We will spot light these units by placing them on the front line, making sure they are clean and ready to go home with someone.

Timeline: As I stated above, our goal is to have our new car inventory under 90 days by March. In December, we had 182 units over 90 days. Our plan is to reduce that by 60 units each month until March which would get us to that goal. We will have to make sure that the younger inventory is being managed as well so it is not creeping up into the 90 days making it harder to bring down the 90 days. We will spot light these units by placing them on the front line, making sure they are clean and ready to go home with someone.

Meeting with Stakeholders (dealership personnel) We are holding weekly training sessions with Toyota to help the sales associated better understand the product and selling techniques. We have had the conversations with Toyota about selling the older units. We did this, because they are more concerned about the current year model than last years. We are also holding our own trainings weekly, where we are going over how to turn the customer to the older units. Placing the units up front and visible help the sales associate. Prior the newest inventory was up front, and the older inventory forgotten about back in the very far reaches of our 14 acres. We have meetings with our sales managers to make sure we are all on the same page. We work with the closers like we do with our sales associates to make sure they are understanding the priority of selling the aged units. I have personally gone over the cost to keep these vehicles on the lot with all of them. They never really understood what it was costing the dealership. Finally, we have changed their pay plans. In California, we cannot deduct from their pay for things. So, we lowered their percentage of variable gross that they will be paid on and included the additional percentage of variable gross that they will be paid if the inventory is under 90 days. Overall, they will get a slight increase in pay because we wanted to incentivize them to get the inventory in line.

Dealer agreement:

My dealer is 100% behind me in these changes. He did raise his eyebrows at me for the contest dollar amount, but when I showed him how much we were spending on individual spiffs, not to mention the twice a week pressure washing of these vehicles he understood. He is excited to see the results.