

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**

My goal is to get our obsolescence down from 25.7% to 10%. While this is still too high, the project is going to be a work in progress. Seeing as its march now, realistically a good completion date would be June 1st.

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

We really don't have a "vision". We are here to sell parts, service and vehicles for as much profit as possible while maintaining a strong reputation in the community as an honest dealer. The benefits of achieving our goal would mainly be to free up frozen capitol and use that money in other areas of the store be it advertising, support staff, and whatever else we can use it for to benefit the store. The consequences if we don't will be the fact that this number will only grow worse as time goes on if there are not processes installed to fight the issue. The more obsolete our inventory becomes, the less profitable the parts department will become and the losses will continue to pile up. This goal is important to me because it is the most blaring issue in the department that needs to be handled.

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

S M A T

Tracking progress will come from a number of things. There are multiple reports that the DMS offers to help track once we start phase in/out as well as inventory age and amounts. The statement will also be very helpful at every month close to know where we stand in regards to total inventory. The outside vendor will provide reports on our inventory once we do a physical. Our store hasn't done a full physical inventory since 2011! Also, the outside vendor that will set up our e-commerce also offers sales reports.

Potential Obstacles?

A

I think the number one obstacle will be our owner and right behind him will be the parts manager. Our owner is very happy with our parts department, and even though it seems old school and archaic the way the dept. is run, it is still very profitable and its not something he wants us to mess with. The parts manager is already somewhat defensive when being asked questions

Potential Solutions?

A

The good thing is our owner is a numbers guy. If we try any of this and he sees any type of profit change for the better I think he'll be ok with all of it. I also think as much as our parts manager is protective of his old-school ways, he's a great guy and if we provide support he will end up being a great help.

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

S M R T

If we can sell off \$57000 in obsolescence and use that money to purchase appropriate inventory we would end up at at 10% obsolescence over all.

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.

S A

The GM will need to have a meeting with the parts manager twice a month to go over e-commerce, phase in/out, and all the appropriate DMS generated statements. Phase in/out will need to be constantly monitored to avoid over purchasing. Re-evaluate in 6 months.