



## HOMEWORK ACTION PLAN

S SPECIFIC   
 M MEASURABLE   
 A ACHIEVABLE   
 R RELEVANT   
 T TIME-BOUND

Name	MITCHELL DARROW	Class	#	N420
Dealership	RUSS DARROW KIA WAUWATOSA	Date		1/6/2024

Current Situation or Challenge to be Addressed:	NEGATIVE FRONT END OF USED VEHICLES (UNDER WATER)		
Current Performance Level (include specific measure):	MONTH OF DECEMBER: -\$49,752 IN FRONT-END USED VEHICLE GROSS (\$205,858 BACKEND)		
Goal (what do you want to achieve?)	We want to get out of our aged units, adjust how we are appraising and pricing vehicles, and get to \$0 gross (or more) on front-end used vehicle sales.		
Goal Performance Level (include specific measure)	<p>For January, we want the store to have less than -\$25,000 in front end gross from used vehicle sales- We unloaded a lot of older, losing units and have adjusted our buying and appraising strategies. We are aiming to price to 95% of market (on average) with the initial listing.</p> <p>By the end of March, we should have a full stock of new inventory that have a cost that reflects our new cost strategy. For the month of March, we want used vehicle front-end gross to be \$0 (more would be great, but baby steps)</p>		
Goal Start Date:	1/1/2024	Goal End Date:	3/31/2024
First Check-in Date:	1/31/2024	Performance Objective:	-\$25,000 Front end loss on Used retail units
Second Check-in Date:	2/29/2024	Performance Objective:	-\$15,000 front end loss on used retail units
Third Check-in Date:	3/31/2024	Performance Objective:	\$0 front end loss on used retail units
Fourth Check-in Date:	Use Dropdown to enter a date.	Performance Objective:	Click or tap here to enter text.
How does your goal align with the dealers' vision?	<p>The Russ Darrow Automotive Group is the largest used vehicle retailer in the state of Wisconsin. The dealer's vision is to continue to be, and make a profit along the way. Finance department is strong, and makes up for the loss, however, with little tweaks, we can continue with strong volume and not give up unnecessary profits.</p>		

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What are the potential benefits of achieving your goal?	By achieving our goal, our used vehicle department is not going to be so reliant on our finance department to turn a profit. With more common front-end gross, our sales people will be more inclined or excited to sell used vehicles, rather than expecting it to be a 'skinny' deal. The dealership will become more profitable, not just from the used vehicle department, but with more aggressive initial pricing, turnover will increase- positively affecting all departments. With more room on the front-end, we will have a little more flexibility to be able to win a few more sub-prime deals that may require that little extra give.
What are the potential consequences if you don't achieve your goal?	If we do not achieve our goal of reaching \$0 of front end gross on used vehicle sales, we are going to continue to put pressure on and rely on the finance department to make the used vehicle department profitable. With interest rates so high, we have seen more cash transactions, limiting the finance department's ability to dig us out of the hole. Also, a majority of the finance department's sales come from cancellable products, leaving us vulnerable to unexpected gross losses.
Why is the goal important to you?	The goal is important to me because my goal is to make the dealership as profitable, for the benefit of the group. More money opens further opportunities for growth. A well-managed used vehicle department should not be losing money on the front-end. I'd take satisfaction in knowing we have an efficient and effective used vehicle department- it is what makes an average store, a great store.
Potential Obstacles	Over-allowing on trade vehicles. Buying the wrong inventory that isn't attractive to the local market- High-Market Day supply vehicles. Customers wanting "All of the Money" for their trade, and booking your cost above where it should be- not taking the loss/discount up front Increase in New vehicle inventory de-valuing the used vehicle market. High interest rate environment turning more used vehicle buyers towards cash transactions Not following a standardized trade-in evaluation process, where potential buyers are part of the process, which allows them to understand the real value of their vehicle/devaluing aspects.
Potential Solutions	Creating a standardized trade-in appraisal process, where the customer must be involved. Trade-in appraisal process, where there are two offers. One as 'the' offer, and the other that considers the trade-in only having 1 key ('the' offer,

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	<p>minus \$500). Shout out Dan Lynch</p> <p>Explaining an exit strategy with each used vehicle taken in- CarOffer 45 DAY OFFER, CarMax Max Offer, MMR Express offer.</p> <p>Establishing a reconditioning Cap- currently average reconditioning costs are \$2,200. Average used inventory cost is around \$23k.</p> <p>Promoting value of CPO vehicles- they are more valuable than non-CPO units. Need to be able to communicate why they cost more and are worth more.</p>
<p><b>BOTTOM LINE!</b> Financial Impact of Achieving Your Goal (expressed in dollars)</p>	<p>The store's finance department is very strong. They consistently produce over \$200k in gross for the backend of the used vehicle department. By eliminating our front-end losses in the used vehicle department, the store will recapture about \$50k of non-cancellable gross profit per month. Now that the car industry is almost back to normal, without the used vehicle department's front-end gross, we could still consistently take in over \$400k in variable gross profit for the dealership.</p>

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.

SPECIFIC ACTION/STEP	NECESSARY RESOURCE(S)	ACCOUNTABLE PERSON(S)	EXPECTED RESULT	START, END, & CHECKPOINT DATES
Implement Trade-In Appraisal Process	Kelly Blue Book ICO	Used Vehicle Manager  General Manager Sales Managers Salespeople	Lower Acquisition cost of trade-ins. Kelly Blue Book ICO is our re-course on a vehicle we do not want to risk retailing. Front end-Gross in used vehicle department- \$0.	Start: 1/15/24 End: 3/31/24 Checkpoint Dates: 1/31/24 2/15/24 2/29/24 3/15/24 3/31/24
Having Exit-Strategy with each Appraisal. Weekly Checks on the exit strategies	KBB ICO MMR Express CarOffer CarMax Max Offer	Used Vehicle Manager  Sales Managers	Having 45 day offers on 80% of the used vehicle inventory. If vehicle isn't sold,	Start:1/15/24 End: 2/29/24 Checkpoint Dates: 1/31/24 2/10/24

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of each used vehicle.			it is wholesaled for no loss.	2/20/24 2/29/24
Cross-Referencing Appraisals with finished Deals	Access to DMS and Inventory management system for UV Manager & F&I	Used Vehicle Manager  Finance Department	Deals are no longer booked with inaccurate appraisal values. This can happen when one manager wants to increase gross on the deal. Deal is booked with the appraisal value that is backed by an exit strategy. 100% of booked deals have trade value's matching appraisal.	Start:1/15/24 End: 2/16/24 Checkpoint Dates: 1/19/24 1/26/24 2/2/24 2/9/24 2/16/24
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Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.

As you work toward your goal, it's important to have interim check points with specific, measurable objectives so your team can hold themselves accountable. If everyone knows the goal and objectives, you don't have to spend your valuable time micromanaging.

Once you've accomplished your goal, 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.

I believe that the best way to go about ensuring we are not over-valuing trades is to have an exit-



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strategy on 80+% of our used vehicle inventory. By implementing an appraisal process relying on KBB (KBB ICO), CarMax (MaxOffer), no salesperson will be able to get numbers until there is an offer from one of the two sources. This requirement for numbers will ensure that the process is continued to be followed. Additionally, there will be a penalty to the payplan of the Used vehicle manager has less than 80% of his invenotry having an exit strategy. This will be a tiered pentaly. 75-79%, \$500. 70-74%, \$750. 65-69%, \$1000. 60-64%, serious discussion.

Describe any planning or implementation meetings conducted as part of development of your plan.

We met as a team, (sales managers, F&I, and GM after gathering feedback from our sales staff on where THEY thought we could improve and we built this plan together.

Sponsor Signature: \_\_\_\_\_