



HOMEWORK ACTION PLAN

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

Name Brian Mitchell Class # N434 - 28

Dealership Carter GM Burnaby Date 3/27/2024

Current Situation or Challenge to be Addressed:	We want to increase our used car turn rate from 6 turns to 10 turns within the next year (April 2025).		
Current Performance Level (include specific measure):	For 2023 our used car turn rate was 6.1, we had an average gross of \$4,466. I believe we were to focused on holding on to a vehicle to long hoping for a large gross rather then turning units.		
Goal (what do you want to achieve?)	I would like to see an increase from 6.1 turns to 10 turns within a year period		
Goal Performance Level (include specific measure)	If we can increase by 1 turn every quarter we could be at 10 turns within a year		
Goal Start Date:	4/1/2024	Goal End Date:	4/30/2025
First Check-in Date:	7/31/2024	Performance Objective:	1% increase to 7 turns
Second Check-in Date:	10/31/2024	Performance Objective:	Another 1% increase to 8 turns
Third Check-in Date:	1/31/2025	Performance Objective:	Another 1% increase to 9 turns
Fourth Check-in Date:	4/30/2025	Performance Objective:	Final goal of 10 turns
How does your goal align with the dealers' vision?	This will help us increase our sales volume, while gross per unit will come down it should improve overall used car gross, service gross, parts gross, business office gross and decrease aged inventory.		
What are the potential benefits of achieving your goal?	<ul style="list-style-type: none"> - Increase in overall gross for used sales, business office, service & parts - lower aged inventory (pricing vehicles to there market with profit time strategy) 		
What are the potential consequences if you don't achieve your goal?	<ul style="list-style-type: none"> - Coming out of Covid market aged inventory will now turn in to losses much quicker - With gross coming down due to current market conditions if we don't increase turn to compensate we wont be profitable 		
Why is the goal important to you?	This goal is important as I believe we became complacent during covid accepting lower sales volumes and lower turn rates in exchance for high per unit gross. When we broke this down in class it really shows that focusing on turn over just per unit gross is a much		

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	<p>easier and more efficient way to achieve gross not only in sales but for the store in general. More units turned is a win for everyone!</p>																					
Potential Obstacles	<p>Sales People - during covid sales staff got used to very large commissions on units and not having to achieve much volume to make a good living. I'm noticing push back on smaller commissions now that the market is becoming more competitive.</p> <p>Service/Parts - To improve turn rate time to lot ready if very important, getting through the shop efficiently is key (recalls and parts backorders can really hurt us)</p> <p>Management - Buy in from the top down is key for this system to work not just sales managers but general managers, parts manager and service managers.</p>																					
Potential Solutions	<p>Sales People - We can focus incentives on volume instead of gross, volume bonuses to get the staff more focused on total units opposed to per unit gross.</p> <p>Service/Parts - sitting down with the Managers explaining the goal and how it will also benefit there departments. We could look at incentives on getting units on the lot faster.</p> <p>Management - team meetings to go through the plan and overcome any objections / pinch points</p>																					
BOTTOM LINE! Financial Impact of Achieving Your Goal (expressed in dollars)	<p>As you can see from the projections (1st chart) even with a \$1,666 decrease in per unit gross the turn increase would result in \$3,900 more gross monthly.</p> <p>While this doesn't seem huge you need to look at the bigger picture (shown below in additional income). From a dealership standpoint this has a total variance of \$49,430 a month making almost a \$600,000 difference over the year.</p> <div style="border: 2px solid black; padding: 10px; margin-top: 10px;"> <h3 style="text-align: center; margin: 0;">Projections</h3> <table border="1" style="width: 100%; border-collapse: collapse; margin: 0;"> <tr> <td style="text-align: center; width: 10%;"></td> <td style="text-align: center; width: 15%;">10</td> <td style="width: 75%;">PROJECTED Inventory Turn Rate</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">2,800</td> <td>PROJECTED Average <i>Front End</i> Gross Profit PVR</td> </tr> <tr> <td style="text-align: center;"></td> <td style="text-align: center;">42</td> <td>PROJECTED Monthly Units Delivered</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">116,667</td> <td>PROJECTED Monthly Gross Profit</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">3,900</td> <td>PROJECTED Monthly Gross Profit Variance</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">1,400,000</td> <td>PROJECTED Yearly Front End Gross Profit Total</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">46,802</td> <td>PROJECTED Annualized Front End Gross Profit Variance</td> </tr> </table> </div>		10	PROJECTED Inventory Turn Rate	\$	2,800	PROJECTED Average <i>Front End</i> Gross Profit PVR		42	PROJECTED Monthly Units Delivered	\$	116,667	PROJECTED Monthly Gross Profit	\$	3,900	PROJECTED Monthly Gross Profit Variance	\$	1,400,000	PROJECTED Yearly Front End Gross Profit Total	\$	46,802	PROJECTED Annualized Front End Gross Profit Variance
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Additional Income				Monthly	PROJECTED	Yearly
				17	Additional Units	204
Current Used Vehicle F&I Average PVR				\$ 17,850	F&I Increase	\$ 214,200
Reconditioning PVR	1397	X 60% Profit	\$ 838	\$ 14,249	Reconditioning Increase	\$ 170,993
Current Hard Pack				\$ 5,015	Hard Pack Increase	\$ 60,180
Other (DOC Fee, Service Charge, etc)				\$ 8,415	Other	\$ 100,980
				\$ 45,529	Total Additional Income	\$ 546,353
				\$ 3,900	Front End Variance (from above)	\$ 46,802
				\$ 49,430	Total Variance	\$ 593,155
				\$ 162,196	Total Projected Gross (Variance + Current)	\$ 1,946,353

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
Price Current Inventory to Market and aggressively liquidate aged inventory	Use V-Auto to price to market and look at wholesaling aged units	Used Car Managers	Clean up aging and begin increasing turn rate by pricing appropriate to market from day 1. This should also reduce aging	Starting April 1st, and continuing with that pricing strategy ongoing
Focusing on units the sell in our market area	Autotrader/Power Dealer Reports	Used Car Managers	Targeting our inventory to what is selling in our market area should increase sales	Starting April 1
Have sales people buy in to volume based sales	Work on tweaking the pay plan to include volume based incentives	General Manager, Sales Management Team	Giving the sales team incentives based on volume will cause them to work harder on deals/vehicles that have less gross	April 1st- look at incentives and try to implement by May 1st

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Alligning the different departments to work together and understand the common goal	Setting a specific weekly meeting time and sticking to it	Used car managers, parts manager, service manager	Alligning the departments and taking away any pinch points in the system should increase efferiency and time to lot ready	April 1st and continue on from that point on
Have the right techs working on used vehicles	Using the DMS to create a separate status for used vehicles to allow easier traking and specific techs to work on vehicles	Service Manager and Used Car Manager	Prevent some techs from over or under reconing used vehicles was an issue prior to this	Just put this in place March 25th
Focus Advertising based off difficulty of vehicle to move	Autotrader/V Auto	Used Car Managers	Focusing our advertising right away on pieces that are harder to move and allowing the quick movers to move themselfs	April 1st and continue on from that point
Stop selling from cost	V-Auto	Used Car Managers	Selling based off market value and take emotion out of it	April 1st and continue on from that point

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.

Keeping the whole team up to speed will be key, we will be having weekly meetings between service/sales/parts to ensure recon processes are kept up. We will also be monitoring the turn rate on a month to month basis and quarterly to see if we are on track to achieve our goal. This must start from the top down if managers are not keeping up there end we cant expect our staff to.

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

I have already sat down with our service manager to set up a separate status in our DMS. This allowed us to pick the techs we want to work on used vehicles. Another plus is it makes it easier for us to track used vehicles in a separate screen and address any delays before things get drawn out. Getting both used car managers (one being myself) on the same page so we are not working against each other. I look forward to seeing the results and improving our processes.

Sponsor Signature: _____

