

V01 - Action Plan - Amir Alahwal - N443-20

What will you do differently as a result of what you learned in this section?

Implement a HARD TURN on pre-owned inventory at 60 days to clean up the aged inventory issue. As 50%+ (\$3.7M) of our pre-owned inventory is currently over the age of 60 days, realistically this will take till the end of the year to clean up. In the meantime, a 45-day aged internal auction will be introduced throughout our 8-store group to help move the slower moving units before they get to 60+.

What will be the benefits of making these changes? What will be the consequences if you don't do anything differently.

- Benefits: The highest GROI on PO sales is on vehicles 30 days or newer. Frees spaces on invaluable parking for fresh inventory! Discipline will pay dividends.
- Consequences: Having a significant aged pre-owned inventory is a threat! Nearly \$4M in aged dollars is a massive liability. Increased commissions on older units (throwing more money at a problem). This is a perpetual problem that will lead to curtailments and potential for the house of cards to collapse.

What obstacles might you encounter and how can you overcome them?

The pre-owned manager is paid on wholesale profit and loss and is not held responsible for aged units. This is a massive undertaking, and the dealership will have to be prepared to take a bath on these units. I do not believe the pay plan should be changed to cater to the manager, he has avoided responsibility for years.

Identify your first steps and the people who can help with them.

First step is to tackle the 45-60 day aged pre-owned bucket and maintain the discipline before those cars move into the 60+ day bucket, creating a perpetual issue. Once we have the discipline to maintain simple process, our biggest challenge will be to tackle the massive number of cars we allowed to go over 60+ days. We will offer the cars internally to our group. After they have their opportunity to purchase the aged units, we need to wholesale our oldest units and using any wholesale profit and loss to offset the losses we will take on those hits. The person who I need the

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greatest buy in for this to work is Garth, Owner and Dealer Principal. Until I can get his green light, my hands are tied.

Start Date: August 1st

December 31st

Completion Date: