



HOMEWORK ACTION PLAN

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

Name Chandler Morris Class # 438

Dealership Blasius New Britain Date 8/18/2024

Current Situation or Challenge to be Addressed:	<p>BACKGROUND:</p> <p>In Q1 the dealership produced \$205,370 of retail gross sales over 117 delivered units for a gross profit of \$1,755.30 a unit with an average inventory turn time of 106.6 days.</p> <p>In Q2 the dealership produced \$488,893 of retail gross sales over 119 delivered units for a gross profit of \$4,108.34 a unit with an average inventory turn time of 56.8 days.</p> <p>Halfway through Q3, the dealership has produced \$270,728 of retail sales gross over 73 delivered units for a gross profit of \$3,709 a unit with an average inventory time time of 64.8 days. We are on pace for \$541,457 of retail sales gross this quarter and 146 units.</p>		
Current Performance Level (include specific measure):	Although our monthly volume has increased from 39 and 39.67 units a month respectively for Q1 and Q2 to a pace of 48.67 units for Q3, our grosses are down \$399.73 from Q2 and we are turning our inventory over 8 days slower.		
Goal (what do you want to achieve?)	We want to increase gross sales revenue while maintaining current expenses so we can produce a profitable store month after month.		
Goal Performance Level (include specific measure)	We want to increase our gross profit per unit from our current average of \$3,708.61 back to our yearly high of \$4,108.34 while maintaining our Q3 volume pace of nearly 49 cars a month.		
Goal Start Date:	10/1/2024	Goal End Date:	1/1/2025
First Check-in Date:	10/15/2024	Performance Objective:	24 units delivered at an average profit of \$4,100
Second Check-in Date:	11/1/2024	Performance Objective:	25 units delivered at an average profit of \$4,100
Third Check-in Date:	11/15/2024	Performance Objective:	24 units delivered at an average profit of \$4,100
Fourth Check-in Date:	12/1/2024	Performance Objective:	25 units delivered at an average profit of \$4,100



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How does your goal align with the dealers' vision?	Our dealer vision is wholesale pricing to provide value for our clients while producing profitability through volume. In order to maintain our pace of 49 cars a month we have to maintain aggressive pricing and to reduce our turn time below 60 days while increasing gross sales we have to sell through volume.
What are the potential benefits of achieving your goal?	By improving profitability we can afford to pay our eleven employees better wages and continue to add new employees to our team as we grow.
What are the potential consequences if you don't achieve your goal?	Dealership expenses are roughly \$157,000 a month/ \$471,000 a quarter. The first two quarters we only grossed \$692,262 so the store is still slightly cash flow negative for 2024 despite a much improved start to Q3. We have to continue to grow gross sales in Q4 while maintaining expenses to turn a year to date profit or else the store will close if we can't consistently produce a return on investment for ownership.
Why is the goal important to you?	I'm paid off of store profits so not only do I need to succeed to make a living but I need to increase profitability to increase wages for our employees and create new jobs as we grow.
Potential Obstacles	Used car inventory is in tight supply because in 2021 not many new cars were leased so 3 years later in 2024 off lease cars are not trickling into the wholesale auction market. On top of that, new car supply is getting far better and many new car franchises (Chrysler, Jeep, Dodge in particular) are offering huge discounts from MSRP due to huge market day supply on most models and they can't move their inventory. So as a used car dealer we have to compete with even more competitive new car prices, incentives, and new car interest rates, while struggling to replace our current inventory at 92% price to market because the wholesale market is tight.
Potential Solutions	We have to target more street purchases and be far more aggressive with trade in vehicles to optimize acquiring inventory.
BOTTOM LINE! Financial Impact of Achieving Your Goal (expressed in dollars)	If we are able to hit our goal of 147 units (49 a month) for Q4 at our gross profit goal of \$4,108 a unit, we will gross \$603,873 for Q4 and net \$132,873 which would nearly triple our gross sales of Q1.

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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
Pricing vehicles to maximize turn and profitability	Vauto	General Manager	Reducing inventory turn time under 60 days to further manage expenses because our cars are floored at 8.7% Additionally, cars only depreciate so the return on investment is better the quicker we can sell the vehicle	Bi weekly, every car needs to be repriced and re evaluated for reconditioning completion, internet photo quality, and online description every 14 days.
Acquiring new inventory to maximize potential profit and replace delivered units	Vauto/ Stockwave/Enterprise remarketing/ KBB	General Manager and used car buyers	With our pace of 49 sales a month and 4.33 weeks in a month we need to buy 11 fresh units a week to restock (including retail trade in vehicles)	Weekly. Each Monday we need to start targeting specific auctions to shop at Tuesday - Friday and pickup units along the way through OVE and enterprise remarketing
Managing service RO's	Service Manager	Service Manager and GM	By servicing our vehicles quickly we can improve our turn time and assess in real time what models and mileages are more expensive to recondition so we can accurately prospect for new purchases.	Eacy day we need to review what Ros were closed for what units to ensure we can turn our inventory as quickly as possible while maintaining accurate gross sales numbers
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