

## HOMEWORK ACTION PLAN

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

Name Ramon Vega Class # 443

Dealership Autos Vega Ford Date 8/22/2024

Current Situation or Challenge to be Addressed:	Aging of pre-owned inventory. Excessively aged inventory over 120 days.		
Current Performance Level (include specific measure):	\$1,256,869 pre owned inventory over 120 days.		
Goal (what do you want to achieve?)	Implement a hard turn of 120 days for all pre-owned inventory.		
Goal Performance Level (include specific measure)	Hard turn at 120 days. 0 excuses.		
Goal Start Date:	10/1/2024	Goal End Date:	4/1/2025
First Check-in Date:	11/1/2024	Performance Objective:	25% of inventory over 120 days.
Second Check-in Date:	1/1/2025	Performance Objective:	20% of inventory over 120 days.
Third Check-in Date:	2/1/2025	Performance Objective:	10% of inventory over 120 days.
Fourth Check-in Date:	3/1/2025	Performance Objective:	5% of inventory over 120 days.
How does your goal align with the dealers' vision?	We are in 100% in agreement. Our pre-owned aged inventory has been a perennial problem in our operation since I can remember. It has gotten progressively worse after Hurricane Maria and the Covid pandemic. At one point, decades ago, we would even wholesell all our trade-ins. As gross profits from new vehicle sales continue to tighten, we need our used car sales to become a lean & mean dollar making component of our operation. A hard turn will do that.		
What are the potential benefits of achieving your goal?	Freeing up a sizeable amount of frozen capital that is just sitting there in aging inventory. This frozen capital can be turned liquid to invest in "fresh" pre-owned inventory that will bring in higher GROI. An increase in fixed operation profits related to new customer relationships as pre-owned sales increase. An increase in F&I products sold. A happier sales force that has better cars to sell and profit from.		
What are the potential consequences if you don't achieve your goal?	Having an underperforming department that brings in profit in paper, but in reality it loses money when the aged inventory values are taken into consideration.  Other dealer principals may question as to why we continue in the used car business. Or oppose any plans for additional used car stores in the island.		

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Why is the goal important to you?	Because for years the pre-owned department has not been managed successfully or profitably. The people managing it have been around for a long time and they resist change or change is not in their personal interest. Implement a strict hard turn will prove to them and the dealer principals that pre-owned can be successfully and profitably managed. It will also highlight the true value of attending NADA Academy.
Potential Obstacles	<p>Resistance from the current crew managing the pre-owned department. Resistance could come from ignorance, habit or because it is not in their personal interest. Resistance can also emanate from the fear that I, an attorney by trade, but with NADA Academy knowledge will prove them wrong.</p> <p>Another obstacle could be the reconditioning time for the inventory will not be shortened enough internally.</p> <p>The losses that will need to be incurred in order to reduce the over 120 days current inventory.</p>
Potential Solutions	<p>Find new positions within the group for the managers or supervisors in pre-owned sales department. If resistance continues, they can be moved to other less important departments.</p> <p>Go to outside vendors to shorten the reconditioning time. Buy parts from 3rd parties (Autozone, Pep Boys, local part stores), hire a 3rd party detailing team and service the vehicles in 3rd party shops.</p> <p>Maximize as much as possible the money that can be recouped from that old inventory. Perhaps mixing good trade ins with older trade ins in a single take or leave transaction.</p>
<b>BOTTOM LINE!</b> Financial Impact of Achieving Your Goal (expressed in dollars)	<p>The primary financial impact of achieving my goal is freeing up a sizeable amount of frozen capital held hostage by those over 120 days vehicles that are dead. The "hit" could be sizeable from selling them now, but they tell me we can probably recover over 50% of that 1.2 million. This new unfrozen capital will permit me to invest additional capital in new pre-owned inventory that will bring in good profits as long as we maintain the 120 day turn. Increasing our turn to 4 or more will imply \$300k additional income from pre-owned. Our GROI goes from 289% at day to less than 7% at over 120 days. Thus, the quicker we sell, the more money we make.</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
Managers who sell pre-owned must buy pre-owned inventory.	The funds to purchase and invest in pre-owned inventory	The three pre-owned point of sales managers.	100% accountability on them for their purchases. Buying at lower prices. Grosses	October 1 2024 start. Monthly evaluations.

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			should increase as a result.	It will never end, I want to keep them responsible for their inventory.
Shorten time to recon to 5 days or less. Right now is around 10 days.	The freedom to hire or buy from third parties if need be.	The three pre-owned point of sales managers.	Recon time should go down to 5 days by April 1, 2025.	Start October 1, 2024. End April 1, 2024 Monthly checkpoints.
Immediate decision to wholesale on trade ins.	The freedom for pre-owned Managers decide wether or not immediately wholesale a trade in.	The three pre-owned point of sales managers.	Increased accountability if managers decide to keep an "iffy" trade. Also helps keep the 120 day hard turn running.	Start October 1, 2024. No end, it will be a regular process.  Monthly evaluations of trade ins immediatley wholesold.
Implement a pricing strategy. There is none right now.	Access to Black Book and the freedom to re-price as the aging increases.	The three pre-owned point of sales managers.	Increased GROI and a drop on inventory aging.	Start October 1, 2024. Re-price every two weeks.  No end, it will run as regular process. But will evaluate at end of April 1, 2024.
Increase wholesale frequency of over 120 days cars at a time. Until the overall inventory is below 120 days.	The authorization of wholeselling 10-15 cars a month instead of 3-5. The freedom to take substantial loses on the "dead" inventory.	The Asset Manager, General Manager, Controller and Dealer Principals.	By April 1, 2025 there should be no over 120 day old inventory.	It already began. April 1, 2025 is end date. 120 days or less inventory at that stage.  Monthly checkpoints as outlined in page 1 of Action Plan.

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A new asset manager will physically take over keys and vehicles of over 120 days.	The authority to implement the 120 day turn. This includes authority to get keys, transport cars, negotiate with wholesalers and actually sell them	The 3 owned pre-owned point of sales managers and the new asset manager.	A hard turn at 120 days and an inventory that will never be over 120 days.	October 1, 2024 begin date.  Monthly checkpoints as outlined in page 1 of Action Plan. It will never end because the 120 turn will continue indefinitely. But a future monthly review.
Dedicated social media pages for pre-owned dealers.	Communication with marketing department and social media managers to create and maintain dedicated social media pages.	General Manager, three pre-owned point of sales managers and marketing manager.	Created and updated dedicated social media pages for pre-owned inventory.	October 1, 2024 begin date.  November 1, 2024 pages should be up and running.  Bi-weekly checkpoint to verify progress of creation of social media pages.

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.

A daily review of pre-owned inventory as reflected on CDK. Inventory aging is something one reviews daily on CDK but now that 120 day will be the target. If vehicles go over 120 days with no valid excuse, disciplinary measures will be taken. A written process will also be created on who the 120 day hard turn will run. This document will be simple but contain the phases, the limits, the people accountable at each step and the disciplinary measures that may follow if broken. Have the dealer principals be involved in the end of month (monthly) review of the pre-owned department.

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

As soon as I arrived from VO-1 I met with General Manager, Controller and Dealer Principals and outlined this plan. After that I met with the pre-owned managers in order to explain how it will work. Next week I am meeting with the new

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asset manager (A current pre-owned manager) and after that (near October 1, 2024) we will do a general sales meeting with every sales (new and pre-owned) employee in order to explain the new 120 day hard turn.

Sponsor Signature:

