

Plan to Reduce Flooring and Improve GROI.

To create an effective bonus plan aimed at reducing New Vehicle flooring costs, improving sales, and enhancing Gross Return on Investment (GROI), you can implement a point-based incentive system for salespeople and sales managers. Below is a structured approach to design this plan:

1. **Objective:**

- **Reduce Flooring Costs:** Encourage the quick turnover of inventory to reduce the costs associated with holding unsold vehicles.
- **Enhance Sales Performance:** Motivate salespeople and managers to focus on vehicles with high potential for quick sales.
- **Improve GROI:** Optimize inventory management to ensure better profitability.

2. **Salesman Point System:**

- **Days-to-Points Conversion:** Assign points based on the number of days a vehicle remains in inventory. The shorter the duration, the higher the points awarded for its sale.

- Example: Used Vehicles

- **1-10 Days in Inventory:** 25 points
- **11-20 Days in Inventory:** 15 points
- **21-30 Days in Inventory:** 10 points
- **31+ would Days=Point (example 40 days 40 points)**

-Example: New Vehicles

1-30 Days in Inventory: 25 points

31-60 Days in Inventory: 15 points

61-90 Days in Inventory: 20 points

91 Days in Inventory: 30 points

Under Allowance

Salesman can earn additional points based on U/A's (Example \$500.00=.05, \$1000.00=1.0, \$1500.00=1.5, \$2000.00=2.0). Every \$500.00 is .5 points

Sales Managers would add a Decimal to the Salesman Points (Example 25 points would be 2.5To the Sales Manager)

3. **Point Accumulation:**

- **Monthly Tally:** At the end of each month, accumulate the points earned by each salesperson and sales manager based on the vehicles they have sold.

- **Manager Points:** In addition to the points earned from sales, sales managers can earn additional points based on U/A's (Example \$500.00=.05, \$1000.00=1.0, \$1500.00=1.5, \$2000.00=2.0).

4. **Bonus Distribution:**

- **Top Sales Manager:** The manager with the highest accumulated points at the end of the month receives a bonus.
- **Top Salespeople:**
 - **First Place:** Highest points – 1st place bonus.
 - **Second Place:** Second-highest points – 2nd place bonus.
 - **Third Place:** Third-highest points – 3rd place bonus.

5. **Bonus Calculation:**

- **Bonus Amount:** The bonus will be a fixed amount paid to the individual, with highest points accumulated.
- Example:
 - **1st Place Salesperson:** \$1,500.00
 - **2nd Place Salesperson:** \$1000.00
 - **3rd Place Salesperson:** \$750.00
 - **Top Sales Manager:** \$1,500.00

6. **Additional Considerations:**

- **Transparency:** Ensure that the point system and bonus calculations are transparent and clearly communicated to all sales staff.
- **Review and Adjust:** Regularly review the performance of the incentive program and make adjustments based on the changing market conditions and business goals.

7. **Outcome Tracking:**

- **Monitor Inventory Turnover:** Track how quickly inventory is turning over each month.
- **GROI Improvement:** Analyze GROI metrics to ensure that the bonus plan is contributing positively.

This incentive structure should effectively reduce flooring costs, boost sales performance, and improve overall profitability by aligning the interests of the sales team with the company's financial goals.