

Department Action Plan

Zach Brandt Capitol Ford Lincoln

Nada Class N335-27

Academy Week 4 Pre-Owned

Current Situation or challenge you want to address:

Upon completion of the lecture provided by Dale Pollak, I immediately ran our inventory reports on our aging units. In doing so I found that our appraisal process is lacking. We were not taking into account the market day supply when bidding for and pricing our trades. We will be implementing an aggressive pricing strategy to move these units within 30-40 days at the correct pricing levels. Including changing the pricing ever 15 days to attract new buyers. Currently we are not doing this and waiting 90 days to take a bath at the auction on a nice reconditioned unit.

Overall Objective and Desired Results:

The objective is to identify these units up front, and aggressively price them in the market. If my market has a 90-day supply, what makes my unit stand out. We will feature better descriptions and have a pricing matrix that will make our unit stand out, even if we are only making \$200.00 front end gross. That gross is far better than losing money at the auction after the unit has been aging.

Describe your action plan in detail.

Currently our inventory has 23 units in Vauto that are over 55 days, we have an average market day supply of 78. Our strategy is to identify the units that would fall to this category immediately and price them to sell quickly and turn our asset into cash. Irvin the used car director and I will be having weekly meetings to review our pricing strategy. This will include pricing changes ever 15 days. The goal is to have no units over 60 days with a high market day supply. We will also account for the market day supply when we are bidding our trades. This will allow for you to adequately step up on units that will have a faster turn and more demand and hold steady on the units that may sit for a longer period of time. We will be able to track our results by using the reporting system in UCS and Vauto.

Timeline: Describe a specific short-term and long-term checkpoints to monitor progress.

Short-Term we are using Texas Loan Star Auto Auctions to help us clean up the aged inventory. We are participating in auctions with them ever 3rd Friday of the month. We will be running in these auctions every month with no end in sight.

Long-Term we are going establish a pricing structure in order to capture a faster turn on units that have a higher market day supply. We will use an aggressive pricing structure that is monitored and changed every 15 days. This will be our long term goal checking progress every month.

Meeting with Stakeholders (dealership personnel)

Describe what behavior change is needed to support desired goal. Address required coaching, training and or consequences. Include Timelines/Accountability/Monitoring Process

A. Irving Perez

- a. Is solely responsible for determining the trade in ACV. Once he has used Vauto to determine this number his is the final say. If he is off and does not agree with the other managers ACV he can write up or write down the trades as he sees fit.
- b. The GM and Sales Management team has implemented this into policy as of 9/1/18.
- c. So far only two trades have been written down by Irvin.
- d. If a manager deviates from this program, a charge back of the adjusted amount goes against the managers commissionable gross.
- e. Friday mornings meetings between the UC Manager, GM and GSM are in place as of 9/1/18.
- f. The pricing structure is still being determined by the UC Manager and GSM
- g. These tasks are going to be completed as a team effort and monitored by the team to ensure its success.

Dealer Agreement:

I am the Owner and General Manager. There is not meeting to present this action plan.