

Departmental Action Plan

Student Name: Robert Pehl

Class & Student Number: 335-23

Academy Week: 4

Current situation or challenge you want to address:

We want to get our turn up from a little over 8 turns a year to 10+ a year. We are having some difficulties with our days to the lot through our recon process. Specifically, we are having a bottleneck occur in our detail departments. We have had some turnover with employees in the detail department and that has led to us getting fewer cars done per day and it is building up into a bigger problem. We also, have to relook at our pricing strategies and be smarter managing each of our used vehicles.

Overall Objective and Specific Desired Results:

Our objective is to reach 10 or more turns a year with our used vehicle inventory. This will in turn bring more GP for our sales, service, and parts department.

Describe your action plan in detail (be specific and include before and after measurements)

Our first step is to relook at all of our processes. We have had a good recon process with our days to lot time down to as low as 3 days before. Lately we have seen this trending in the wrong direction. As stated above, a huge problem that we as a team have pinpointed is our detail department. We have a shop at our sister store that does the majority of details for our auto group. We also have one individual who will detail on site at the Toyota store to help

supplement. One problem that I have noted is that there are currently no details happening on the weekends. After a big weekend sale this puts us in a bad position on Mondays and results in the department playing catch up all week. We will be changing the scheduling of detail to be open on the weekends and creating a 24 hour rule of getting a car in and out to the front line within 24 hours. We are creating a shared doc to keep track of cars throughout the process and to monitor what our time is through the recon process. Currently we are back up to 8+ days on average and our goal is to get this back down below five days.

The second area of improvement for our used vehicle department is improving our pricing strategy. After meeting with our used car manager and his team of buyers we all got on the same page about viewing cars based off market day supply and understanding how we need to price to market to move the unit in a timely manner. I believe we still had some individuals in the company that like to hope for a miracle to make gross on somebody regardless of the vehicle and how many are out in the market when this is unfortunately not the paradigm we live in anymore. To get our sales managers on the same page as our team of buyers we will meet with them individually and explain in depth our philosophy with buying and pricing used vehicles. To make it even simpler for them we will be handing out a cheat sheet for them at their desks that breaks down price to market to sell at as it pertains to the market day supply of the vehicle. Like stated above, fixing both detail and our pricing structure will lead to us achieving our goal of getting our turn to 10 or more times a year.

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

Checking our recon log on a daily basis to keep track of where we are at for time to front line.

Meeting with the detail, service, and used car manager at least once a week.

Going over pricing with used car manager on a regular basis.

Regularly checking our VAuto tool to see how our inventory age is looking

Reviewing Financial Statement with used car manager and reviewing our turns 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. Who:

Detail Manager

b. What:

Greater urgency to get cars done and on front line. Will require coaching and explaining of why it is so important. Will implement a 24 hour rule to have vehicle done or start losing his gross from the RO.

c. By When:

Oct. 1st is when consequences for not getting cars done is going live.

d. How:

By having more convenient hours and being open 7 days a week, I think the problem will go away pretty quickly.

a. Who:

Used Car Team

b. What:

Better pricing strategy and updating our culture to be smarter when looking at each vehicle and using metrics like market day supply.

c. By When

Sept. 3rd meeting about pricing and being smarter with exit strategies on vehicles

d. How:

Using our VAuto tool smarter and communicating more clearly with our buyers and sales managers.

Dealer agreement:

If you need your sponsors support or approval to implement your plan, have it signed off before you start. If you can proceed on your own, present this action plan to your sponsor before next class. Describe the meeting:

We met and discussed the goals above. The Dealer approves of the changes and agrees that our days to lot must be under five days.
