

# Departmental Action Plan

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Class & Student Number: N335 #15

Academy Week: Variable Ops #1

## Current situation or challenge you want to address:

We are currently selling an average of 130 used vehicles per month. While I know we can do more volume, I believe we can also keep a higher average front end gross (currently \$750.00) by selling more of the 130 cars in the first 20 days in inventory.

While we've had success in our used vehicle department, I believe we can increase that success by pricing the vehicles more aggressively immediately. We've traditionally had our inventory priced (on average) at or above 100% of the market in the first 10 days. While that is great for the cars that do sell, I believe this pushed more of our inventory into the 20 days and older category before they are sold (which would of course then be at a lower price).

By lowering the pricing immediately, we can hold more gross than we would after 20 days, resulting in higher grosses and a faster turn.

The second obstacle to achieve this would be reconditioning in the shop. Currently it is taking an average of over six days to get a car through the shop and ready for retail. We need to get this down to three.

## Overall Objective and Specific Desired Results:

We will increase our average front end gross, without sacrificing any volume what so ever. I would like to achieve an average of \$875.00 on the front end and sell an average of 40 used cars in the first 20 days on the lot each month.

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

Working with the Used Car Director and General Sales Manager, we will agree on a more aggressive pricing strategy than has been used in the past. While pricing some vehicles at or above 100% of the market early on is acceptable, we will work to keep the average of the pricing more aggressive right out of the gate. If our average vehicle is priced at 96%-98% of the market in the first 10 days, more of these vehicles will sell in that time frame.

With more of the vehicles selling at 96%-98% of the market in the first 10 days, we will have fewer vehicles selling at 91%-94% after 45 days and older. This strategy will raise the average gross for all used vehicles sold in the month without sacrificing any volume (it should actually increase it).

Currently we are selling an average of 130 used vehicles a month with an average front end gross of \$750.00 and an average of 28 of those cars being sold in the first 20 days on the lot. The goal will be to continue the average of 130 vehicles a month, or more, and increase the average front end gross to \$875.00 with an average of 40 of those cars being sold in the first 20 days on the lot.

We will use VAuto to monitor the pricing of the vehicles as a % of market, and CDK to monitor the average front end gross and number of vehicles sold in the first 20 days on the lot.

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

We will begin the new pricing strategy immediately following the meeting with the Used Car Director and General Sales Manager. We can then follow the average front end gross throughout the months of October and November, while calculating the number of used vehicles sold in the first 20 days on the lot at the end of each month.

The service manager is already attempting to add an additional used car technician with ads posted on Indeed and our LED sign. This should address the time needed to recondition the vehicles.

**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: Used Car Director, Service Manager, General Sales Manager, General Manager
- b. What: More Aggressive Used Car Pricing Strategy, Shop Reconditioning Turnaround Time in 3 days
- c. By When: December 31, 2018
- d. How: Pricing more inventory in the 96%-98% of market range immediately and hiring additional used car technicians for the shop

**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:

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