Departmental Action Plan

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Class & Student Number: N338-27

Academy Week: Week 04 – Variable Operations 1 Pre- Owned Vehicles

Current situation or challenge you want to address:

The current challenge is obtaining a higher front-end gross and yield a higher turn rate. Current front-end gross is $393. Currently selling cars at 93% price to market. Currently averaging 48 units sold per month with a current turn rate of 8. Current GROI is 64%.

Overall Objective and Specific Desired Results:

Overall objective is to sell more cars with a higher front-end gross while keeping inventory levels adequate and increasing turn rate.

1) Sell an average of 61 units per month in 2019
2) Have an average front-end gross of $1,220
3) Increase the turn rate to 10 in 2019.
4) Price and sell cars at an average of 98% price to market.
5) Have an GROI of 140%

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

➤ We will use our Used Car software to properly adjust the sales price of our inventory to be at 98% to market on average. We will not adjust the acquisition cost to market or the transaction cost to market. The number of turns per year have been steadily increasing over 2018 and we expect with this trend to achieve 10 turns per year in 2019. We will use more analytics to make sure we are acquiring the right cars at the right price and selling them at the right price. In the past we have not effectively used the technology resources that were accessible to us and we plan to use our "Used Car Lot Intelligence" software to help track and monitor our pricing strategy on a weekly basis. We believe our acquisition

costs and transaction costs give us enough room to make a good profit if we just price the cars accordingly to the market. We will continue to use the sales log that was provided in class to make sure we are staying on track with pricing on a monthly basis.

▶ **We have a current price to market of 93%, goal is 98%. Will measure this weekly**

▶ **Sell an average of 48 retail units per month, goal is 61. Will measure this weekly**

▶ **Front-end average is $393 goal is $1220. Will measure this weekly.**

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

We will immediately begin to price vehicles at market price.

Long – term goal is to sell 61 units per month. We will monitor this monthly

Short -term goal is to maintain a front-end gross of $1220. We will monitor this weekly

We also have hired a used car manager to assist in acquisitions, reconditioning and overall inventory management.

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: Sales Managers, Used Car Manager and General Manager

b. What: Price cars based on market and acquire more of the right vehicles.

c. By When: Immediately

d. How: Use "Used car lot intelligence" to help make better informed decisions on pricing vehicles and figuring out which cars to stock.

Dealer agreement: Met with Dealer Principal and discussed Action Plan. We all are in agreement that the Used Car department is the biggest area of opportunity for the dealership as well as supplementing other departments within the store. Dealer Principal fully supports the Action Plan.