

## Management Action Plan – VO1

Student Name: Kenneth Ryan

Dealership: RVC GMC Truck

Class & Student Number: 339B

### Current situation or challenge you want to address (narrow your focus):

I was recently purchased by a big auto group that has a strict 60 day turn policy. I also have a budget that I need to meet or beat monthly. I need to sell at least 38 used vehicles a month while not letting my inventory get aged.

### Overall objective (goal) and specific desired results:

My overall objective is to sell 480 used pre-owned vehicles in 2019, while limiting my wholesale losses due to my strict 60 day aged policy. I have been averaging approx. 300 pre-owned vehicles a year. I took heavy losses in 2018, on units that I am forced to move at the 60 day mark. I cannot afford these wholesale losses especially with my retail profits shrinking, I need to make major changes in 2019.

### Describe your action plan in detail (including before and after measurements):

While in class I realized that some of my peers were selling high mileage, older vehicles that I would usually sell at auction. I called my team and told them not to send anything to the auction until I got back from class. As soon as I returned I started my plan, selling older, high mileage vehicles. I came up with "RVC GMC VALUE VEHICLES", I am advertising these vehicles as "ONE STEP ABOVE BUYING PRIVATELY" because these vehicles have been through a safety inspection and emissions inspection that is required in NY. I made up stickers to put on the vehicles and also have a document that is signed by the customer on delivery explaining exactly what they are buying. I attached an example for review.

I had to put a lot of time into training my staff, we all had to learn to say no, we do not fix everything on these vehicles, you get what you see and sometimes do not get any warranties, which can be a tough sell.

One problem I have been having and not been able to overcome, is my internet closing ratio on these vehicles, I get so many leads resulting in a good amount of appointments but unfortunately a very high no show rate. For example I have a 2006 jeep with 120,000 miles online for \$4695, I had 10 internet leads in 3 days with no one coming to see truck. Currently trying to figure what we are missing.

These Value vehicles will also help with my wholesale losses, if I have to wholesale these Value units at 60 days, my losses will be limited, if any, due to a lot less depreciation.

**Timeline:** What is your implementation date? Describe specific short-term and long-term checkpoints to monitor progress.

I have already started this process, it is the 18<sup>th</sup> of the month and I have 22 pre-owned sold including 3 value vehicles. There aren't any long term checkpoints, this is a super short term process. I want to have 15 Value vehicles in stock by middle of February. I am also trying to stock more vehicles in the 15-20K price range.

### **Meeting with Stakeholders (dealership personnel):**

Describe what behavior change is needed to support desired goal. Address required coaching, training and/or consequences, including timelines / accountability / process monitoring activity.

Three quarters of my staff has to be involved in this new action plan, most importantly would be my Sales managers and salesman. We have been re-trained on Vauto and have a meeting with our Vauto Rep every Monday afternoon. He is working with us to make sure our pricing is competitive day one, but more importantly we are learning how to put more money than my competitors on trades because we are retailing them instead of just wholesaling them. We are also making sure we are making price changes more often.

We put together a plan to have 15 Value Vehicles, 10-15 under \$15,000 and 15 core product vehicles. We have budgeted to sell 38 used vehicles a month in 2019, January we did 34 so we might have to carry a little more inventory. We are going to re-evaluate at the end of March.

I already see my risk with 60 day old units decreasing, I will not be taking huge losses like I have been taking over the last couple of months. Even if I have to wholesale a couple vehicles that hit 60 days, the loss will be a lot less.

### **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:

I spoke with my regional used car rep, he is onboard with my plan, we discussed him helping me get these Value units. Our group sends all trades that aren't going to be retailed to the auction. He will be watching out for good units that other stores are sending to the auction. My group also puts out a weekly list of 60 day old units that are at all the stores, we will be monitoring this list together every week.

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