

Management Action Plan – VO1

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Dealership: Bristol Toyota

Class & Student Number: 342-07

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

We would like to get our inventory over 60 down. We currently have 29 vehicles over 60 days old in our 112-vehicle inventory. As a part of that we would like to eliminate any vehicles over 90 days old. Our current Days in Stock to Break even is at 28 days and I believe that if we can sell our vehicles before 90 days that number will increase just because our gross will increase. The gross will increase because we will need to stay focused on vehicles that have high market day supplies and price them aggressive right away. We cannot be too proud to just price a vehicle what it stands us on day one.

Overall objective (goal) and specific desired results:

1. No vehicles over 90 days old unless it's a \$9995 or less vehicle. (Owner policy).
2. Fewer vehicles in the 60+ day bucket.
 - a. Fresher inventory/ More turns per year currently at 9.8 turns per year.
 - b. Increased front end gross.
 - i. Selling off our old aged inventory will cause our gross to dip but once they are gone and we focus on making the decision to price the slow moving vehicles aggressive out of the gate gross will increase.
 - ii. Total gross will increase as well when we increase our total turns to 12 per year.

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

Current inventory position- 112 used units 29 units over 60 days 9 units over 90 days

After inventory position- no vehicles over 90 days old, decrease 60 day units to 10 or less.

Our current price to market is at an average of 90% on vehicles over 60 days old. That % is good but we will need to start by focusing on our strategy when we are appraising the vehicle. Every vehicle needs to have a walk around knock down. Making sure we are not stepping up on vehicles with high market day supply. If we do step up or make a mistake own up to it early and price the vehicle aggressively to start. Even if that means pricing the vehicle at what we own it for.

Our current front end gross is \$921. Eliminating all vehicles over 90 days and being more proactive will help increase our front end gross per vehicle. We are looking to increase only \$100 per vehicle to \$1021. Last year we sold 1027 vehicles if we could increase just \$100 per vehicle we would have put another \$102,700 to the gross.

We have a ton of information at our fingertips with V-Auto, PinPower Dealer, All of the reports that were provided this week in class, and all of our 3rd party vendors. Using all of that information we can and will stay on top of our inventory now and in the future.

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

We will start to implement this right away.

We will start to take action on the vehicles in our current inventory.

Not only the vehicles that are 60 days and older but also the vehicles that might be priced too high in the lower buckets.

While we are fixing our current inventory we will also have to train our managers who appraise vehicles to make sure they are looking at market day supply not just our price rank and v rank.

After we train the managers we will retrain the sales people to make sure they are doing their walk around knock down so we can ensure we are taking in every trade at the best possible number.

This should all be done by March 15th 2019.

Now we need to focus on the future and work on our pricing strategy. We currently have a very good pricing strategy but we need to work on pricing those tough to move vehicles

aggressively right away. This is not a huge change from what we currently do so it will not take long to implement.

Lastly I believe that we should be able to move our entire old aged inventory by the end of May 2019. This allows us to get rid of them but not take too big of a hit in just one month.

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.

1. **Who:** Used Car Manager (Jonathan), GM, Myself, GSM, New Car Sales manager.
2. **What:** Used Vehicle Manager, GM, and Myself : Stay on top of the inventory, keep pricing to market, price vehicles that are high market day supply and slow movers even more aggressive than usual. If by chance a vehicle starts to get close to that 90 day mark put together an exit strategy. (wholesale, even more price reductions, trade with another dealer). We will also stay on top of appraisals trying to do over 90% of them so we know we are acquiring them right. Updating the recon cost on each one in V-Auto. We will stay on top of the amount we spend on the vehicles in service and the amount of time it takes to get to the front line.
GSM & NCM: They will need to be on the same page with the appraisal process. How to correctly utilize V-Auto by looking at market day supply and not stuffing the used car department with a high MDS vehicle. With the proper training they will be masters at trade acquisition.
3. **By When:** We should be able to get this done by May 2019. I believe 3 months gives use enough time to fix our ageing issue and implement the new pricing strategy on the slower movers.
4. **How:** With pricing, being imamate with the inventory, getting sales people involved, and making sure the vision and goals are clear to managers.
 - a. Daily pricing, description, photo updates. Checking on how the market is changing.
 - b. Daily reminders about appraising strategies.
 - c. Daily save a deal meetings.
 - d. Daily recon meetings to let them know what is coming up and how many people they will need in the next day.
 - e. Weekly lot walks with sales people.
 - f. Weekly meeting with service manager to ensure vehicles are getting out quick.
 - g. Monthly look at the top 3 worst investments and get rid of them.
 - h. Monthly manager meetings on where we are and how the strategy is working.
What we need to improve or revise.

- i. Monthly meeting on look to book/ cost to market for each appraiser.

Dealer agreement:

Describe the meeting:

The meeting with the owner will go over where our current numbers are and where we will increase them to with this new implemented strategy. I will also go over what the vision is for this strategy and get his input on what his vision is. He is the dealer so we want to make sure he is on board with the new and improved used vehicle department vision. Giving him all of the metrics and the statistics like the turn analysis report will help sell him on how it will all work. We will also show him the pre owned stock analysis and go over where we currently sit with our inventory in v-auto.
