

# Management Action Plan – VO1

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Dealership: Main Motor Chevrolet

Class & Student Number: 342-05

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

- 1. Inventory acquisition using auctions and purchasing off the street.**
- 2. I would like to have all internet leads responded to with a video attached.**

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

Both items discussed in this paragraph will result in increased sales. Not only the number of sales, but also the turn rate. If we are able to use the auction sites made available to us, and take advantage of all the foot traffic that comes in, we will be able to buy the right cars to increase our turn. Having the internet department include videos in our emails will allow the opportunity for more appointments. Having both items coming together equates to more customers coming into the store to look at our cars. Creating the right market to include specific cars will lead to a faster turn. Blending these to objectives will increase the bottom line.

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

Our current turn is 10.9. If we were to get it to a 12 the bottom line would be affected by \$350,000 as shown below. We will continue to watch this metric, quarterly, so we can keep our finger on it and make adjustments accordingly.



<b>Current Data</b>	
Pre-Owned <i>Retail</i> Deliveries YTD (units)	958
Month of Year	12
Average # Retail Units Delivered Per Month	80
Total # Units Currently in Inventory	88
Months Supply "In Units"	1.1
CURRENT Inventory Turn Rate	10.9
CURRENT Average <i>Front End</i> Gross Profit PUVR	\$ 2,084
CURRENT Monthly Gross Profit	\$ 166,373
CURRENT Yearly Front End Gross Profit Total	\$ 1,996,472

<b>Projections</b>	
12	PROJECTED Inventory Turn Rate
\$ 2,084	PROJECTED Average <i>Front End</i> Gross Profit PVR
88	PROJECTED Monthly Units Delivered
\$ 183,392	PROJECTED Monthly Gross Profit
\$ 17,019	PROJECTED Monthly Gross Profit Variance
\$ 2,200,704	PROJECTED Yearly Front End Gross Profit Total
\$ 204,232	PROJECTED Annualized Front End Gross Profit Variance

<b>Additional Income</b>				Monthly	PROJECTED	Yearly
				9	Additional Units	108
Current Used Vehicle F&I Average PVR				\$ 4,104	F&I Increase	\$ 49,248
Reconditioning PVR	913	X 60% Profit	\$ 548	\$ 4,930	Reconditioning Increase	\$ 59,162
Current Hard Pack				\$ 2,250	Hard Pack Increase	\$ 27,000
Other (DOC Fee, Service Charge, etc)				\$ 900	Other	\$ 10,800
				\$ 12,184	Total Additional Income	\$ 146,210
				\$ 17,019	Front End Variance (from above)	\$ 204,232
				\$ 29,204	Total Variance	\$ 350,442
				\$ 195,576	Total Projected Gross (Variance + Current)	\$ 2,346,914

Currently the internet department is not including video's embedded into their e-mails. The market today is responding to videos more than plain e-mails so if we can get videos into the e-mails the customer engagement and appointment rate will naturally increase. Appointments set are an easy metric to monitor.

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

1. We are implementing inventory increases immediately, but not just any inventory. At this time, we are utilizing V-Auto as a research tool. This tool now identifies the right cars for us to appraise as they come in for service. By appraising during this step, it gives us an additional opportunity to make a deal. This has not been done in the past. The long-term goal will be; monitor the inventory turn spreadsheet which we do quarterly. This will help keep track of our progress.
2. The videos will be in place by end of second quarter. The long-term checkpoints will be monitored by the BDC Manager. They will be responsible that all e-mails will include a short and concise video.

## 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
2. What: Purchasing more cars that are correct for our market.
3. By When: We have all ready started this, but we are going slow not buying just anything. Only cars that work for our market.
4. How: By participating in more auctions and weighing the transportation costs. We are going to implement a Car-Max type of acquisition method. We hope to catch people off guard by starting our introduction with the simple question, "Are you here to sell us your car?" We will appraise cars before the customer has even started looking. This action will result in acquiring a few cars that we would have missed before.
1. Who: BDC Manager
2. What: Videos included in all vehicle inquiries.
3. By When: Videos will be required in all response by July 1<sup>st</sup> 2019.
4. How: Devise a policy and protocol for videos. Train the Internet Salespeople how to do a short video by using the policy/protocol. Role play and have samples prepared to review to help staff to become comfortable performing the video process start to end. Monitor the e-mails to insure they have a short video of the car attached to the e-mail.

## 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:

The meeting went well. The dealer is totally onboard with the two items we are going to work. She is however a little hesitant that the inventory will increase with the wrong product. Our current turn is pretty good so the bar is set high. We have assured her that we keep a close eye on the age of inventory, so we are not going to buy just to buy. We will use the tools we have to try to grow our market with the purchases of the right inventory for our market. Our perspective on product is evolving with these new tools.

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