

# New Vehicle Action Plan

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**Academy Week 5: Variable II**

## **Current Situation/Challenge:**

Inventory level is too high. Currently have 3.87 months supply based on February 2019 financial statement.

## **Overall Objective:**

To decrease inventory level to a 2-month supply. (by the September 30th, 2019)

## **Details and Measurements:**

We currently have a 3.87-month supply of new vehicles. I want to lower this down to a 2-month supply by September 30th. I will start by doing a complete analysis of the last 90 days sales to determine our fastest moving models, trims, and colors. Compare this to the competitive insight report from Vauto's Conquest tool. I will also analyze the latest Polk cross sell data.

Utilizing this information, I will act to improve the inventory mix to stock what is performing best in the market. I will work with our General Sales Manager twice a week to allocate and order vehicles that fit our strategy. We will also utilize dealer trades to improve the mix of certain models to stock the bestselling trims and colors. I will work with our Inventory Specialist Dima Ivanchenko to make sure each new vehicle has good descriptions, photos with banners, and that each model is correctly positioned by trim level and package. I will look at our SRP/VDP trends each week in Vauto to make sure the merchandising is adequate. At the end of each month I will calculate the months' supply of inventory to ensure we are on the right track. I will also be monitoring the turn and inventory month supply in Vauto.

The GSM Michael Lynn and the Sales Manager Thomas Holsapple will conduct save-a-deal meetings daily. During these meetings they will be attempting to sell the most distressed inventory that fit the customers' needs. They will also be reviewing the customers' trades to determine if anything can be done to make their deal. If we do not have the right vehicle, we will dealer trade for it and try to exchange a distressed piece of inventory. On each online new vehicle inquiries, we will present the requested vehicle and aggressive options on 2 similar aged/distressed units.

This should increase the turn and lower our month supply of new vehicles. By stocking vehicles that are more desirable, I expect to see lower carrying costs as well. Improving the profitability of the new car department is also a desired outcome with this action plan.

**Timeline:**

On a weekly basis I will monitor each model's dealer day supply vs. the current market day supply in Conquest. When necessary I will adjust our advertised prices, evaluate the descriptions, and make sure each vehicle is positioned competitively. Twice a week I will sit down with the GSM Michael Lynn to evaluate the allocation and order vehicles that fit our needs. We will evaluate the current needs and forecast for the month ahead. We will also use this time to determine possible dealer trades to fill any unmet immediate needs. On a monthly basis I will look at a rolling 90-day analysis of our sales. At the end of each month I will calculate the month's supply of inventory to track our progress. The goal is to see monthly progress towards stocking a better inventory mix and slowly slimming the inventory down to a 60-day or 2-month supply.

**Meeting with Stakeholders:**

A change in daily routine to identify and address distressed inventory is the starting point for this action plan. Analyzing the inventory from the perspective of optimizing our investment and increasing the turn rate will be critical in achieving the objective. By having on going discussions between the key managers and daily meetings with the sale professionals we will develop a culture of communicating the needs and wants of our customers. I feel confident this will help us drive our sales in a positive direction.

**Key Investors/Partners:**

(GSM) Michael Lynn, (SM) Thomas Holsapple, (Inv. Spec.) Dima Ivanchenko, (GM) Matt Francisco

**What:**

Focus on improving inventory mix, identifying distressed inventory, daily save-a-deal meetings, online inquiries presented 3 options on vehicle of interest and 2 similar distressed units, merchandising, pricing, aggressively asking for the business.

**Timeline:**

6 months, by September 30<sup>th</sup>, 2019.

**How:**

Analyzing sales history & current market sales, tracking SRP/VDP data, using monthly forecasts, continued sales coaching and contests.