

Management Action Plan – VO1

Student Name: Matt Stewart

Dealership: Kia of Timmins

Class & Student Number: 343 -21

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

Currently we are not using any pre-owned management program like V-auto to track and analyze our pre-owned department. We don't have any tools to help us with market day's supply or even just being able to see how my aged inventory sits. It makes managing the department difficult without having the proper information on a daily basis. Currently we are only turning used cars roughly 6.7 times a year. With this program at my disposal I'm anticipating that I will be more focused on pricing vehicles at market pricing and bring in the right cars to try and sell quicker and essentially make more money for the dealership.

Also we don't have a set timeline on when our cars have to be cleared out of our inventory. Management at our store still believes that keeping the car until we sell it is the best solution of getting rid of old stock and maximizing profits. They are just looking at front end gross meanwhile our bottom line is drastically affected. My biggest challenge will be getting management to buy into this idea of taking a loss with my older stock.

Overall objective (goal) and specific desired results:

My overall objective is to bring my pre-owned department which is turning cars approximately 6 times a year to 9. Guide is 12 however getting my dad and brother to buy into some of these ideas is difficult. We would have to change our whole way of thinking quite a bit to get it to 12. I would like to change things however in a way that everyone can agree on. Running a family owned business is very difficult especially when trying to make big changes. Ultimately, we need help seeing our inventory in aged brackets. After seeing everyone in class using V-auto I feel it is essential for success in the pre-owned department. Easier to keep track of where each car sits in age and also seeing where my adjusted price to market percentage will be important information going forward.

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

First thing I will do is acquire V-auto.

Second is start having meetings with my brother and my dad to discuss our processes. I believe after hearing everything in class my store needs to have a strict policy in place so that when a vehicle gets to a certain age we know what to do with it next. At the moment we try to be as aggressive as possible to try and retail our way out of it however I think that sometimes we have to bite the bullet and get it gone so that we can try and bring something else in stock that will turn quicker.

Next I will be looking at keeping lower priced vehicles and retailing them. We have to change our mentality when it comes to vehicles with higher mileage. If I can somehow keep half of wholesale vehicles and put them on our lot for sale. I believe our sweet spot is any retail piece from \$9,000 to \$15,000. Another hurdle will be going thru our certification process on these types of vehicles. In my market I'm not permitted to sell as is vehicles and finance them. This does present a problem when certification standards are fairly high in Ontario. I do still believe there is a way I can accomplish this. Having less expensive cars on my lot will definitely help me get to my goal of turning cars quicker.

I will be looking at putting more spiffs on all old age units immediately to also help get them out of inventory quickly.

Last thing that I would like to accomplish is keeping our inventory to no more than 2 months' supply (30 to 40 vehicles). When things start to slow down in the fall I would like to keep it to 1 month supply which would be around 15 to 20 cars. This will also help with reducing the amount of aged inventory going into the winter months.

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

I will be acquiring V-auto right away. April 10th 2019. Which I did and have been using it for about a month now (May 16th 2019). As for turning cars 9 times a year I think I can accomplish this by the third quarter (September 2019). I don't have the authority to just send a truck load of vehicles to the auction and start fresh. I will be pricing vehicles accordingly and be as aggressive as possible to get older stock out of inventory. However with that being said I will try and convince management to take a hit on one or two of the oldest stock to help reduce our old inventory. I will be monitoring V-auto daily and being able to see how my inventory sits in the buckets I've created with V-auto. Also I will be having weekly meetings with management to discuss how my progress is going.

I have changed our process and how we decide to wholesale vehicles. We are now keeping roughly half of all trades that used to be wholesaled in the store. We now have 9 vehicles around \$15,000 and under. Before going to class we didn't have one. I think this will be a big improvement for us going forward.

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: General manager and Owner
2. What: Buying into the fact that we have to adjust pricing weekly instead of once a month. Take a loss on older stock to acquire new stock that will sell fast.
3. By When: Right away
4. How: Using V-auto to help determine my market day's supply and buying the right cars for my market. Also discussing the benefits of selling lower priced vehicles and figure out a solution to get these vehicles certified and on the lot.

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:

(April 2019) I sat down with my brother (GM) and discussed everything I learned in class. He did realize that we can be doing a better job managing this department. I've got permission to get V-auto for our store. Also discussed trying to keep more wholesale in store to sell. Everyone agreed that this needs to happen. I've got permission to do all that I have mentioned so far without any hesitation.

