

## **Management Action Plan – VO1**

**Student Name:** Paul Desrosier

**Dealership:** Honda North

**Class & Student Number:** N343

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

**Our goal is to increase our used car turn from 9.4 to 12 times per year.**

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

**Increase the dealership pre-owned turn rate from 9.4 to 12 times a year.**

**This would result in 27 more units per month bringing our monthly average from 100 to 127.**

**This will realize an additional front end profit of \$21000 totaling \$252,000 per year.**

**This will also increase our finance, service and parts gross, along with 27 additional doc fees monthly. This translates to \$62,451 per month, totaling \$749,412...**



<b>Current Data</b>	
Pre-Owned <i>Retail</i> Deliveries YTD (units)	400
Month of Year	4
Average # Retail Units Delivered Per Month	100
Total # Units Currently in Inventory	127
Months Supply "In Units"	1.3
CURRENT Inventory Turn Rate	9.4
CURRENT Average <i>Front End</i> Gross Profit PUVR	\$ 1,187
CURRENT Monthly Gross Profit	\$ 118,700
CURRENT Yearly Front End Gross Profit Total	\$ 1,424,400

<b>Projections</b>	
12	PROJECTED Inventory Turn Rate
\$ 1,100	PROJECTED Average <i>Front End</i> Gross Profit PVR
127	PROJECTED Monthly Units Delivered
\$ 139,700	PROJECTED Monthly Gross Profit
\$ 21,000	PROJECTED Monthly Gross Profit Variance
\$ 1,676,400	PROJECTED Yearly Front End Gross Profit Total
\$ 252,000	PROJECTED Annualized Front End Gross Profit Variance

<b>Additional Income</b>		
Current Used Vehicle F&I Average PVR		1219
Reconditioning PVR	1075 X 60% Profit	\$ 645
Current Hard Pack		\$ -
Other (DOC Fee, Service Charge, etc)		\$ 449

Monthly	PROJECTED	Yearly
27	Additional Units	324
\$ 92,913	F&I Increase	\$ 394,956
\$ 17,415	Reconditioning Increase	\$ 208,980
\$ -	Hard Pack Increase	\$ -
\$ 12,123	Other	\$ 145,476
\$ 62,451	Total Additional Income	\$ 749,412
\$ 21,000	Front End Variance (from above)	\$ 252,000
\$ 83,451	Total Variance	\$ 1,001,412
\$ 202,151	Total Projected Gross (Variance + Current)	\$ 2,425,812

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

We will continue to stock what we sell... Our current average transaction price is \$18,869 and our average inventory cost is \$18,429.

Price to market from day one. Acknowledge our mistakes and liquidate any problems immediately.

Only purchase vehicles with a low market day supply from auctions or wholesale sources.

Determine immediate exit strategies for high market day supply and wholesale vehicles.

Decrease reconditioning time to 72 hours from acquisition to front line.

Market inventory with standout comments and user friendly pictures.

Run a daily rolling 30 day sales report to determine proper inventory stocking levels.

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

Implementation started on 5.01.2019. We will check our monthly progress simply by tracking our unit sales and PVR. Long term we will enter the data into the turn calculator to see our progress.

**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, General Sales Manager.
2. What: Discuss market and inventory conditions, to help us to continue to move our inventory in a timely manner.
3. By When: Ongoing
4. How: We will need to take the human factor out of our pricing.

**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 with my General Manager was extremely positive. We have been practicing many of these ideas, but the addition of the Market Day Supply strategy really opened both our eyes, when determining acquisition and vehicle exit strategies...



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