

Management Action Plan – VO1

Student Name: Tyler Weimer

Dealership: Weimer Chevrolet Buick GMC

Class & Student Number: N344-25

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

The challenge that I would like to tackle in my store is increasing our inventory turns. Currently we sit at a 4.1 inventory turn rate and that number is higher than it has been in recent months due to recently unloading stale inventory. At this point in time, there is not a strategic plan for our used inventory. We have no designated employees, our pricing is often left un-updated for too long, we usually only rely on trades, and over 50% of our inventory is over 120 days old. Due to managerial neglect, our pre-owned department has not been meeting its full potential.

Overall objective (goal) and specific desired results:

My overall objective is to increase our turns from the current rate of 4 to 7. I find that 7 turns is very achievable, and with attention and focus should be obtainable in a relatively short amount of time. I plan to bring to attention the potential opportunities and revenue our store can benefit from creating and tailoring policies, procedures, personnel and a plan to our used car department.



Current Data	
Pre-Owned <i>Retail</i> Deliveries YTD (units)	71
Month of Year	5
Average # Retail Units Delivered Per Month	14
Total # Units Currently in Inventory	36
Months Supply "In Units"	2.5
CURRENT Inventory Turn Rate	4.7
CURRENT Average <i>Front End</i> Gross Profit PUVR	\$ 1,900
CURRENT Monthly Gross Profit	\$ 26,980
CURRENT Yearly Front End Gross Profit Total	\$ 323,760

Projections	
7	PROJECTED Inventory Turn Rate
\$ 1,900	PROJECTED Average <i>Front End</i> Gross Profit PVR
21	PROJECTED Monthly Units Delivered
\$ 39,900	PROJECTED Monthly Gross Profit
\$ 12,920	PROJECTED Monthly Gross Profit Variance
\$ 478,800	PROJECTED Yearly Front End Gross Profit Total
\$ 155,040	PROJECTED Annualized Front End Gross Profit Variance

Additional Income				Monthly	PROJECTED	Yearly
				7	Additional Units	84
Current Used Vehicle F&I Average PVR				\$ 6,853	F&I Increase	\$ 82,236
Reconditioning PVR	604	X 60% Profit	\$ 362	\$ 2,537	Reconditioning Increase	\$ 30,442
Current Hard Pack				\$ -	Hard Pack Increase	\$ -
Other (DOC Fee, Service Charge, etc)				\$ 1,295	Other	\$ 15,540
				\$ 10,685	Total Additional Income	\$ 128,218
				\$ 12,920	Front End Variance (from above)	\$ 155,040
				\$ 23,605	Total Variance	\$ 283,258
				\$ 50,585	Total Projected Gross (Variance + Current)	\$ 607,018

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

My plan is to promote a current salesman from our store to manage and direct our used car inventory. With this, he will be train for 3 months with our used car director from a sister dealership and learn the ins and outs of the position.

We will use inventory management software such as V Auto to have a more systematic approach to purchasing, pricing and moving our vehicles.

This person will also be in charge of purchasing vehicles. He will be tasked with sourcing vehicles from the auction, online sales, curb buys, as well as creating ideas and content for a "we-buy" campaign.

This person will be in the mediator between the service department and the sales manager to ensure a systematic and monitored recon process.

The current avg. selling price of our used vehicles is \$17,655, however the avg. price of our used vehicles in inventory is \$26,300. We will start sourcing the vehicles that our market demands and having a better plan for undesired traded inventory

To increase from a turn rate of 4 to 7, we will need to sell an additional 11 cars a month. By devoting an employee and useful resources (such as V Auto) to the used car department, we can begin to approach our pre-owned vehicle department in a new (and very profitable) light.

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

We plan for our used car manager to be trained and ready to step into his new position in our store by October 1. This person has been in the car business for 15 years, so we are confident that 3 months is ample time.

We will be monitoring used inventory progress weekly in our current sales meetings.

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, Sales Manager, Salespeople, Service Manager
2. What: They will need to understand that we are taking our pre-owned department more seriously and that our goal is to sell an additional 11 units a month. This means that recon needs to be quick, salespeople need to be more informed on the new policies, hard aging etc.
3. By When: We will start coaching immediately
4. How: acknowledgment and emphasis on our pre-owned action plan in sales meetings, service meetings, and company memos

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:

