

# Departmental Action Plan Template Truck

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Academy Week (Var II): Variable Ops 2, New Vehicles

Current situation or challenge you want to address in the following categories, please select one:

1. Sales Meeting Best Practices
2. Employee Retention
3. F&I
4. New Truck Inventory
5. Gross Profit Retention

# 6. New Truck Sales Process

- Overall Objective and Specific Desired Results:

We are currently averaging 3.8% GP on new truck retail sales. This is not where it needs to be. For us to be profitable and make a substantial contribution to overall dealer gross profit we need to be greater than 4.9% by year end and looking at a goal of 5.6% by year end 2020. For years, we focused on gross profit dollars per deal and not gross profit percentage. We've always priced our trucks out with a dollar figure for profit instead of a percentage. As the years have gone by, the price of new trucks has gone but our profit dollar amount has remained about the same. This has caused us to drop in GP percentage when compared to the rising prices of new trucks.

- Describe your action plan in detail (be specific and include before and after measurements)
- My plan of action is to address this with the sales department and explain my percentage profit needs to be the change of focus. I have also changed our cost sheets to now reflect gross profit percentage as well as gross profit dollars. It is based on a excel format and computes it for the salespeople. There is now a minimum threshold for GP %. If the deal is below that, it requires prior approval before the deal can go forward. I believe with the change in focus on percentage instead of dollars will help us get to our stated goal. I can already see some improvement in our margins just by making them aware of our goal and to pay attention to it when quoting new trucks. Deals are reviewed at month end and margin percentage is calculated for each deal. I am also looking to see if we have any margin deteriorations from when the deal was signed to when delivery has taken place.

- **Timeline:** Describe specific short term and long term checkpoints to monitor progress

**Checkpoints are the following:**

- 1. When the deal is sent to me for me to sign off on I verify profit percentage**
- 2. When the deal is billed out to verify any margin deterioration**
- 3. Month end when financials are reviewed to see how we are tracking**

- **Meeting with Stakeholders (dealership personnel)**
  - o Describe what behavior change is needed to support desired goal. Address required coaching, training and/or consequences (PINO, Gain, Pain). Include timelines / Accountability / Monitoring process
- **Who:** Salespeople, sales coordinator
- **What:** Addressing the declining profit percentage margins
- **By When:** End of year 2019, then continuing to increase for all of 2020
- **How:** By changing the buyers order to show profit percentage, requiring minimum profit guidelines, requiring approval for any deal less than the minimum.

The salespeople have been early adapters to the change. Why not, it means more money for them, especially when explaining what a small percentage increase means to their annual pay. Just by bringing this to light, it has made them aware when quoting deals that profit dollars are not as good as profit percentage.

I have attached a copy of our cost sheet and how gross profit percentage is calculated.

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