

Management Action Plan – VO1

Student Name: **Richard Young**

Dealership: **Lakeland Chrysler Dodge Jeep RAM**

Class & Student Number: **N345**

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

- In our used car operation, we currently have an issue with incorrect vehicle equipment information for the used vehicles in inventory. These vehicles with incorrect information include both trade-in vehicles and vehicles purchased at auction.

This incorrect information has led to mis-booking of vehicles when submitting to a bank for approval, which causes loan-to-value issues, as well as chargebacks from lenders for repossessed vehicles. Incorrect equipment also causes problems with potential customers who come to the dealership with certain equipment expectations from the vehicles' descriptions online.

Overall objective (goal) and specific desired results:

- The goal is to improve our trade appraisal and purchase processes to allow for the correct trim and equipment descriptions for vehicles being brought into inventory. We expect this will prevent upset customers who are misled by incorrect online descriptions, as well as reduce vehicle equipment discrepancy charge-backs from lenders.

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

- **1.)** Assess the level of process knowledge held by the sales managers who are appraising vehicles and/or purchasing inventory from auctions. We will first have to determine if the management staff has any guidelines or procedures used when determining a vehicles' equipment.
- **2.)** Implement a process of taking detailed pictures during **every** trade appraisal, specifically focusing on areas of the car where trim badging, radio, sunroof, and other upgrades would be located. Managers will also be required to check equipment and feature boxes when entering vehicle information into V-Auto, before finalizing appraisal under their user name.

- **3.)** Daily follow up by the **GSM** of all new trades taken in and/or new auction vehicles purchased from the previous day, making sure equipment information is accurate before the vehicles are published online.
- **4.)** Weekly follow up by **GM** covering any equipment discrepancies reported by lenders or from online customer complaints.

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

- Our Implementation time frame is immediately, specifically starting June 2019. The short-term results should be very evident, with a decrease in negative online reviews for having false descriptions of inventory. We should also see better front end advances from lending institutions, allowing for better front end gross profit on deals.
- Our long-term checkpoint will be one year from our start date, measuring how many chargebacks we get from equipment discrepancies on charged-off vehicles. We currently average around \$3,000 per month in equipment chargebacks from our lenders. Our goal is to keep that amount under \$1,000, if not prevent them entirely.

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:** Sales Managers, Finance Managers, General Sales Manager
2. **What:** Taking accurate pictures of vehicles and their trim-specific equipment during appraisals and at auctions.
3. **By When:** These detailed appraisals will begin immediately and will be in effect moving forward.
4. **How:** The GSM is responsible for inspecting each appraisal from the previous day, writing up any manager who does an incomplete appraisal. Also any equipment discrepancy chargeback amounts are charged 100% to the manager who improperly booked out the vehicle.

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:

- Sponsor likes the idea of charging back managers for their mistakes as a way to reduce policy expense.

