

MANAGEMENT ACTION PLAN

Student Name: Mark
Carr

Dealership: Porsche of
the Main Line

Class & Student
Number:345-29

Current Situation

- Porsche Mainline inventory averages 34 used vehicles
- Current Inventory is 58 units.
- Per cost average of \$5,192
- Our goal is to increase output by 9 units monthly and decrease monthly units from 1.7 to 1.3

Overall Objective

- increased unit output
- Increased used car inventory
- More units will increase service business through reconditioning, parts and servicing.
- Increase annual profit

Analysis

My plan is to increase turn of inventory to 9 times a year, presently we are at 7.

The increase in turn will produce additional gross to three departments, used car sales, internal work for the service department and parts department.

My goal is to face in reasonable priced used luxury inventory and unique models that are in demand. Currently most of my inventory cost is around sixty thousand dollars, by introducing vehicles around thirty to forty thousand dollars will bring in customers that will not normally come to our dealership.

TURN ANALYSIS

Current Data	
Pre-Owned <i>Retail</i> Deliveries YTD (units)	173
Month of Year	5
Average # Retail Units Delivered Per Month	35
Total # Units Currently in Inventory	58
Months Supply "In Units"	1.7
CURRENT Inventory Turn Rate	7.2
CURRENT Average <i>Front End</i> Gross Profit PUVR	\$ 3,604
CURRENT Monthly Gross Profit	\$ 124,698
CURRENT Yearly Front End Gross Profit Total	\$ 1,496,381

Projections	
9	PROJECTED Inventory Turn Rate
\$ 3,500	PROJECTED Average <i>Front End</i> Gross Profit PVR
44	PROJECTED Monthly Units Delivered
\$ 152,250	PROJECTED Monthly Gross Profit
\$ 27,552	PROJECTED Monthly Gross Profit Variance
\$ 1,827,000	PROJECTED Yearly Front End Gross Profit Total
\$ 330,619	PROJECTED Annualized Front End Gross Profit Variance

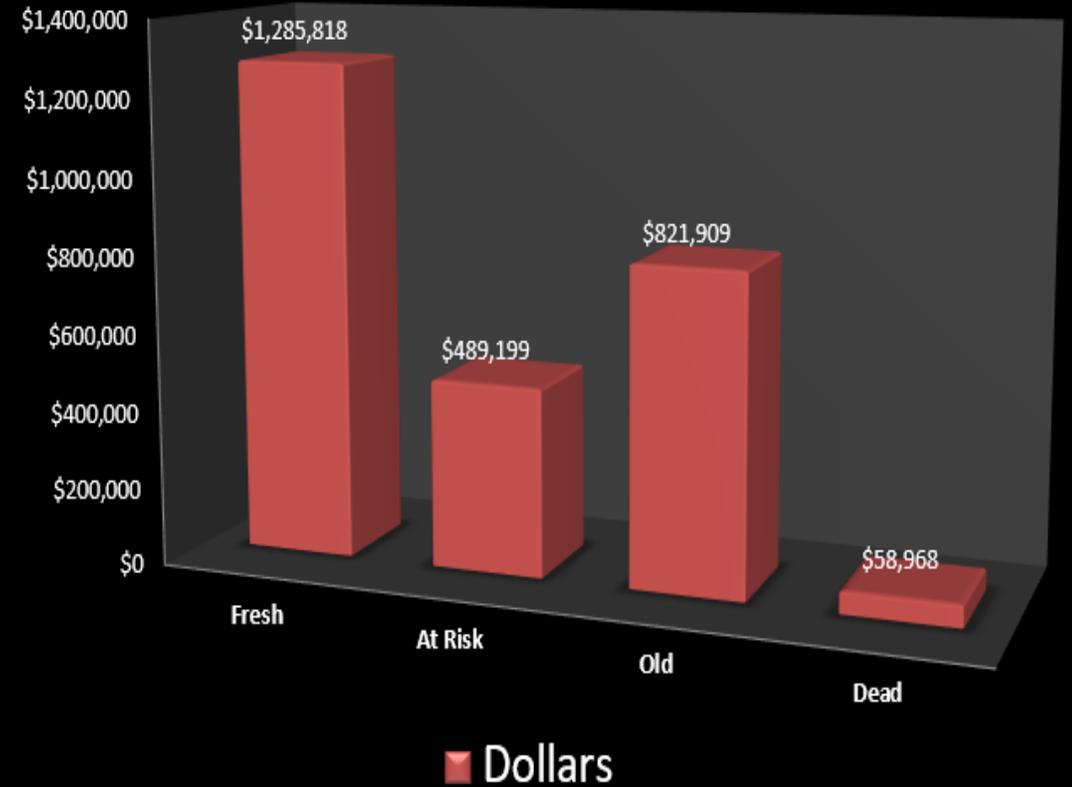


Additional Income				<u>Monthly</u>	PROJECTED	<u>Yearly</u>
				9	Additional Units	108
Current Used Vehicle F&I Average PVR				\$ 14,292	F&I Increase	\$ 171,504
Reconditioning PVR	898	X 60% Profit	\$ 539	\$ 4,849	Reconditioning Increase	\$ 58,190
Current Hard Pack				\$ 10,800	Hard Pack Increase	\$ 129,600
Other (DOC Fee, Service Charge, etc)				\$ 1,296	Other	\$ 15,552
				\$ 31,237	Total Additional Income	\$ 374,846
				\$ 27,552	Front End Variance (from above)	\$ 330,619
				\$ 58,789	Total Variance	\$ 705,466
				\$ 183,487	Total Projected Gross (Variance + Current)	\$ 2,201,846

STOCK ANALYSIS AND STOCK GRAPH

Pre-Owned Stock Analysis

Pre-Owned Stock Analysis							
Days In Stock							
	0-30	31-45	46-60	61-90	90-120	121+	Total
# Of Units	30	6	1	4	3	1	45
Dollars	\$1,285,818	\$426,376	\$62,823	\$488,741	\$333,168	\$58,968	\$2,655,894
	Fresh	At Risk	Units		Old	Dead	
	30	7	Units		7	1	
	\$1,285,818	\$489,199	Dollars		\$821,909	\$58,968	



TIME-LINE AND IMPLEMENTATION

We are currently in discussion to either keep those trades that fall into that category and trying out luxury vehicles that fall within that criteria. My estimation to start the process is three months and it should be fully implemented within six months.

Weekly discussion with the General Manager and the other stakeholders will keep it at the forefront of necessary changes needed in the used car department.

MEETING WITH STAKEHOLDERS

Who: General
Manager

What: Increasing
output and
decreasing supply
of units

When: with in the
next 6 months

Implementing
sales strategy with
inclusivity of all
members of the
team.



MEETING WITH SPONSORS

Meeting with sponsors went well, I shared my plan with my sponsors and my General manager informed me that my plan will be studied and we will have a further conversation on this.