

# Management Action Plan – VO1

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Dealership: Luther Cadillac

Class & Student Number: 346-21

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

Used car acquisition manger is struggling to grasp our pre-owned vehicle needs and timelines.

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

Increase “Platinum and Gold” purchases to better meet sales needs. This will result in faster turn with lower aged inventory due to correct vehicles in stock. Gross should also be higher!

Eliminate “Bronze” purchases. This will result in a cleaner inventory with a higher lot potential if “Bronze” purchases are replaced with “Platinum and Gold” purchases.

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

1. Analyze current inventory age. 32% of current inventory is over 60 days old. 93% of those are purchases. (59% of those purchases were received at day 45 due to other stores declining)
2. Analyze current inventory mix in relation to what type of purchase it was. (Platinum, Gold, etc) Current inventory is 22% Platinum and Gold combined, 27% Silver and 51% bronze. (high day supply wrong equipment)
3. Clean inventory by month end if possible. Retail, wholesale, inventory swap. Whatever it takes. 60 day or older bucket needs to be less than 10%.
4. Evaluate acquisition manager to see if it's a knowing, doing or a why problem and determine if they remain part of the team. (determined they did not follow instructions and went rogue, no longer with us)
5. Hire new acquisition manager.
6. Sit with new hire and set expectations up clearly. Make sure they know what we want them to do and why we want them to do it. Then continue to measure if they are doing what we laid out.
7. Critique every purchase with the acquisition manager for the first 60 days.
8. Continue to monitor the age and mix of inventory.

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

Start date was July 15<sup>th</sup>.

Short term goal was to sit down and make a road map of what the correct purchases our location needs and set strict purchase guidelines.

Second short term goal was to quickly eliminate aged inventory to make room for fresh inventory.

Long term check points are to monitor what cars are getting aged to make sure we are following the purchasing map and guidelines we set up front.

### **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:** Acquisition Manager
2. **What:** Purchasing correct inventory needs
3. **By When:** August 1<sup>st</sup>
4. **How:** Purchasing road map vehicles we need only and sticking to that. "Platinum Purchases"

### **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:

Meeting went great. Went over the current purchase struggles and the aging caused by bad purchases. Described the issues with that inventory and what need to be done to clean it up. Then discussed the road map that will be put in place to purchase the correct vehicles going forward.

MY recommended process and personnel changes are exactly what they think needed to be done too!

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