

Management Action Plan – VO1

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Class & Student Number: N348 / 02

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

After I completed the Pre-Class HW, I quickly realized our Used Car F&I numbers are way below the average dealer. I also checked the class composite and found that specifically our F&I Income PUVR is the lowest in our class at a measly \$517 a copy. We sell a high number of "As-Is" vehicles. These typically qualify as inexpensive vehicles that do not pass our shop inspection and are over 100,000 miles. We are usually unable to sell products on these older units due to age and mileage. Additionally, due to State Law, we are also unable to mark up our Service Contracts. These "reasons" have been used as excuses for a long time. I spoke with some of the people in the class who have similar challenges but are not having the same F&I troubles. Time to make some changes!

Looking at the composite, it's obvious that we are not maximizing our opportunities. In order to meet our overall goal of raising our F&I Income PUVR, we need to focus on penetration percentages for both Finance & Service Contracts.

Overall objective (goal) and specific desired results:

Overall objective for our timeline is to raise our F&I Income PUVR from \$517 to \$800. Raising penetration percentages will be key in reaching our goals. Eventually we need to be at the Group Average of \$1,230 per copy and get to at least 50% Service Contract penetration and 60% Finance Contract penetration.

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

-Meet with the GSM and Owner to go over current numbers and pay plans. Focus on where we can improve quickly. Come up with a 45 day Action Plan as a team.

-Meet with both Finance Managers to lay out expectations and let them know we expect results. Get feedback from them. Let them tell us what they think the problem is.

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

-Change Finance Manager Pay Plans to be more beneficial for both parties. We are currently paying each Finance Manager bonuses even if they are at \$650 or less. The first level of this bonus will now start at \$800 and really start paying dividends at \$1,000 PUVR. We will also pay double the normal bonus if a product is sold on a cash deal to incentivize more selling. Focus on the few products that we are able to mark up in order to bring up our averages and add more gross profit.

-Maximize all opportunities on our Retail Used Cars that are NOT sold "As-Is". Make sure Certified Pre-Owned Vehicles are being quoted with a full Bumper to Bumper Wrap.

-Change our Product Menu process. We are using outdated paper menus. We will be investing in upgraded menu software that uses iPads. We will also (finally) start doing eContracting to accelerate the signing process and add to the customer experience.

-Change our Finance Interview process by getting the Finance Manager involved earlier in the sales process. Interviews are not consistently happening now. From now on, once the customer has finalized the deal with their salesperson, the Finance Manager will be required to introduce himself and have the customer fill out a questionnaire via iPad that will help tailor the Product Menu to their needs. Accountability will be key here, and it will take a watchful eye on the sales floor to ensure the Finance Managers are doing what is asked of them.

-Incentivize the customer to do their financing with us. Consider adding a discount to the bottom line or give them a little more for their trade. Utilize Finance Managers to take more "TO's" to educate customers on the different banks we use in house. People choosing to finance with their Credit Union may not realize we are typically able to provide the same rates with that Credit Union, saving them an extra trip.

-Get Salespeople more involved in selling products. Salespeople typically have many hours to devote to building rapport and value with their customers. Contrarily, the F&I Department has very little time to build a relationship and sell their products. Salespeople are currently given bonuses on Service Contracts, but no other products. We will start giving bonuses on Environmental Protection packages, Key Care, & Dent packages. We will post results in the weekly sales meeting and give extra bonuses to whoever sells the most. We will enlist our Product Reps to provide additional training and Product Knowledge for our Salespeople. Our customizable iPad menu will feature a Yes/No question of "Did your Salesperson mention any of these products to you?" This will help us keep track of which salespeople are taking the time to build value in the F&I products and hold them accountable as needed.

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

With the new iPad technology added to the mix and extra training for sales people to be completed, I am going to realistically say that 45 days will be plenty of time to put these new policies in place and make our expectations clear. We will begin the process on 8/1.

- 1) Meeting with GSM & Owner. Go over new F&I pay plan. Make it clear to GSM that some issues are starting at the desk. CPO Units have to be quoted with "Wrap" Warranty included, no exceptions. Incentivizing customer to finance with us. Interest rates to be marked up where appropriate.
- 2) Bring F&I Managers into the mix. Lay out current situation and let them know the mediocrity will not continue. Customer interviews and Finance TO's are key. We can all get better as a team. Go over new Pay Plans and Action Plan for the next 45 days.
- 3) Contact CDK and get process started for eContracting & iPad Service Menus.
- 4) Contact our aftermarket product company to schedule a trainer to meet with Finance Managers and then Salespeople.
- 5) Begin process of involving sales people. Speak in the Saturday weekly sales meeting about the importance of F&I and go over new bonus plans.
- 6) As soon as we have the new technology and training is completed, all processes to be put in place. Change may not happen overnight, but we will be measuring progress daily to make sure positive things are happening. If our PUVR average & penetration percentages are raising, we know good things are happening. If not, what do we need to change?
- 7) Friday Weekly manager meetings to go over progress and tweak any processes as necessary.
- 8) Provide updates on who is the best Salesperson at pitching products in the Saturday Weekly Sales Meeting. Think about more training when needed.
- 9) 45 Days in, we should be in the swing of things and all processes should be fully in place.
- 10) Accountability is key. All managers (including myself) have to be on top of making sure new processes are being followed.
- 11) We have to make our investments in to this new policy pay off. After the 45 day period, if a month or two of new policies has not yielded new results, perhaps it is time to make personnel changes in the F&I department.

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:

Owner 100% agrees with new policies and agrees things need to change. He is on board with holding all managers accountable. This is now a priority for our dealership.


