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Class & Student Number: Variable 2 N344-10
Academy Week (Var II): New Cars

Current situation or challenge you want to address: (must be quantifiable)

One of the current challenges we are facing in our new car department that I want to address is our excess aged inventory.

Overall Objective and Specific Desired Results:

My overall objective is to reduce our excess aged inventory, but more specifically narrow the focus to sell/rid ourselves of the 8 units that are very close to curtailment.

Describe your action plan in detail (be specific and include before and after Measurements)

Before:

1. 19 Silverado Crew 335 days
2. 19 Trax LT 324 days
3. 19 Cruze LS HB 322 days
4. 19 Traverse 322 days
5. 19 Trax AWD 315 days
6. 19 Trax FWD 315 days
7. 19 Cruze HB 314 days
8. 19 Corvette 305 days
9. 19 other units 200-300 days old and plenty more over 100 days

Action Plan:

Dealer trades:

When dealers call wanting a special car or something we normally wouldn't give up, consider letting them go with any of the above units and any future units that are nearing curtailment. Or if that special car itself is aged just letting it go to prevent its own curtailment.

"NV Profit isn't as bad as we think":

Matching deals on any new unit, but especially these aged units will not only save us the above expense and holding costs, but we can potentially make a profit on it even if we are giving it away up front! We have F&I opportunity, doc fees, packs, future fixed ops business, potential trades, higher CSI, more

recommendations, accessory sales, SFE/EBE bonuses, increase in turn, and so on to consider with every new vehicle “loss”.

Other ideas:

Display these vehicles on the floor or front row of the lot, show/use for customer test drives even if wrong color or trim level, and create price leader ads stripping out all of the profit again keeping in mind the opportunities above.

After:

Although I knew this would take more than a week to implement and be able to observe how well it worked, I can say this will be a new strategy that we use from here on out. We have gained trade-in's, new customers, F&I money, SFE money, got rid of a couple of the above vehicles, and stopped more from getting close. My sales manager and I were just now able to put the price leader ad together that will go in the paper this weekend so I will not be able to include those results. The results that I did get to observe from matching deals and dealer trades are as follows:

1. 19 Cruze HB - trade-in - \$880 F&I - 322 days
2. 19 Colorado - trade-in - tonneau cover sale - 217 days
3. 19 Blazer - trade-in - 125 days
4. 19 Corvette - trade-in - 291 days
5. 19 Cruze - trade-in - \$484 F&I - 314 days
6. 19 Corvette - trade-in - 305 days
7. 19 Trailboss Silverado - \$2,190 F&I - 171 days
8. DT 19 RS Blazer - 135 days
9. DT 19 Traverse Premier - 141 days
10. DT 19 Trailboss Silverado - 223 days

Timeline:

Describe specific short term and long term checkpoints to monitor progress

Short term: Daily/weekly follow ups with sales manager to ensure we are not missing opportunities in matching deals and/or dealer trades. In weekly sales meetings reinforce the ideas of showing these aged units if the customer is not here on a specific trim level, color, etc. Weekly inventory checks.

Long term: Ensure we are creating monthly price leader ads, stocking what we are selling each allocation and consensus.

Meeting with Stakeholders (dealership personnel)

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

a. Who:

Myself, my sales manager, my sales team

b. What:

I myself need to check inventory age and levels more consistently rather than relying 100% on my sales manager to maintain inventory along with all his other duties. However, my sales manager needs to get on board with matching deals and straying from the idea of the highest gross (although this is good) the occasional deal we lose because of this is costing us a lot more than just a new car sale. I also need him to consider trying to rid us of these vehicles in dealer trades. My sales team is on the same page as my SM with the gross because of their pay plans (gross % vs. mini), but not only could we start spiffing on aged units, they need to realize the profit that they could potentially see as well as the company. They could be gaining customers, gaining referrals, gaining F&I spiffs on products, and so on.

c. By When:

I want to start working on these units immediately, but the end desired result will be an ongoing process. I think getting everyone on board could happen within a few weeks.

d. How:

This will take some dedication from myself working with my sales manager to get him to see this vision and realize the expenses we are currently dealing with. It will also take coaching on his behalf to the sales team to ensure they understand the necessity of it all.

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:

Alike my last few plans I have added this to them; I am my own sponsor/dealer, but I do try to run anything and everything by my dad out of respect and because of his experiences in the business. With that said, we talk about this kind of stuff and other ideas that I have taken away from the academy a lot and he is on

board with almost all of them. This plan in particular he is working on himself getting it to work at his store! My grandfather and him have always been like my sales manager with wanting and rewarding the high gross. It took until me showing him the spreadsheet from Used Car week to finally say okay let's try it, and it's worked! Last month we had the best month in a long time and made more money in finance than we have in years. We both recognize that it is due to higher turn even if it means slightly cutting the gross.
