

Departmental Action Plan Template

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Class & Student Number: N344-03

Academy Week (Var II)

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

Improving our F&I PVR number (new and pre-owned combined).

This has been a long-standing issue for our store - we've never produced great numbers in our F&I office. Since I started at this store (July 2018), I've heard a myriad of excuses, ranging from the amount of cash buyers that we have (we are located in an affluent area), that our customers are too educated, that we do too many leases, that our desk doesn't put our managers in the best position to make money, our office comes down too hard on their mistakes, and that our sales staff says too much (boxes in the F&I managers) and has too much influence over the desk and doesn't control their own customers. Based on my observations over the past year, there are shades of truth in some of these claims (and there is some work to do on our processes and with some of our staff), but for the most part these are excuses to me.

We have two F&I managers, and in my year here, I've had 100% turnover in this position. From my investigating, this is not uncommon. This is one of the highest turnover positions in this dealership. Changing this trend will be critical to achieving my goal.

Historically, our best year was in 2015 where we did \$834 PVR. Our 10-year average (time period which we've owned the store) has been \$641 (includes YTD for 2019, where we're doing \$730 PVR). Given the tougher environment in front-end gross we've already experienced and expect to continue (if not get worse), the improvement of this figure is incredibly important for our ability to limit the losses in our new car department (and give our pre-owned department a path to consistent profitability).

Overall Objective and **Specific Desired Results:**

Long-term, I'd like to see us consistently hitting \$1,000 PVR. My goal would be for our store to have seen a few months of this activity by the end of 2020.

In the near-term, I want to end 2019 with our YTD figure above \$750 PVR. We project to sell 917 cars (new and pre-owned) in the remaining five months of the year, so to raise our PVR from \$730 to \$750 by the end of the year, we'll need to run at \$778 PNVR and \$766 PUVR on an average month.

Assuming we can run these figures by the end of the year, I will have much greater confidence in our ability to get to \$1,000 PVR in a few months by the end of 2020, despite this being a substantial jump from our current numbers and something we've never done at our store.

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

Step 1 - meet with our current F&I provider/trainer to share my desired vision/goal for our department; determine if there are any current roadblocks (personnel, processes, products, etc.) to achieving the near-term and long-term goals

Step 2 - meet with current F&I managers (individually) to share my desired vision/goal for the department; break down the department goal into individual goals

Step 3 - establish weekly meetings with the F&I managers, with the goal of the meeting being to review currently monthly numbers (or final previous month numbers), identify any trending situations that are impacting their ability to sell product (desk, sales consultants, customers, office), and use any remaining time for specific training from our provider/trainer addressing these particular issues

Step 4 - measure, hold accountable, make necessary revisions

- GM will update monthly figures every week to understand where each manager stands, and will attend weekly meetings to deliver this information and emphasize importance of listening to the F&I provider
- GSM and pre-owned sales manager will attend weekly meetings twice a month so they can hear first-hand if there are any issues that F&I is seeing that they can help make an immediate impact on
- GM will meet individually with F&I trainer/provider to get feedback on receptiveness from F&I training techniques and willingness to try new ideas/approaches; work with the F&I trainer/provider to ensure that we have the right personnel in place to carry out this vision
- Evaluate if adjustments in pay plan or bonus incentives would have an impact on performance
- If we aren't making progress towards our near-term goal by the end of the year, evaluate if we have the right F&I provider/trainer in place and look at other options

Timeline:

Describe specific short term and long term checkpoints to monitor progress

Step 1 - meet with our current F&I provider/trainer to share my desired vision/goal for our department; determine if there are any current roadblocks (personnel, processes, products, etc.) to achieving the near-term and long-term goals

- Completed 8/9/19

Step 2 – meet with current F&I managers (individually) to share my desired vision/goal for the department; break down the department goal into individual goals

- Will discuss with them on 8/26/19, prior to first weekly meeting (see step 3)

Step 3 – establish weekly meetings with the F&I managers, with the goal of the meeting being to review currently monthly numbers (or final previous month numbers), identify any trending situations that are impacting their ability to sell product (desk, sales consultants, customers, office), and use any remaining time for specific training from our provider/trainer addressing these particular issues

- First meeting scheduled for 8/26/19 (will recur every Monday)

Step 4 – measure, hold accountable, make necessary revisions

- GM will hold monthly meetings with F&I provider/trainer to review metrics and our current plan; at this time, we'll determine if near-term adjustments are required in our methodology
 - o 9/6/19
 - o 10/7/19
 - o 11/6/19
 - o 12/6/19
 - o 1/6/19

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

The first conversation needs to happen with our F&I provider/trainer. He has been working with our store for several years and while he cares about our success and is well-intentioned, us being mired in F&I mediocrity speaks for itself. I have already had the conversation with him that while I do acknowledge the extra effort he puts in helping resolve issues we have, at the end of the day he is responsible for either helping me find managers who will help me achieve the numbers I need or developing the people that we currently have to get the numbers. While I don't want to move on, I have warned him that I will need to if I don't see an upward trend by the end of the year.

My current F&I managers are somewhat of a mixed bag. While I stated earlier that I want to limit the turnover, I do think that I'll have to move on shortly from one of the managers. He's been with us since February and while I expected there to be some ramp up period for him based on his experience, it just hasn't worked out so far. I have asked our F&I provider/trainer to help me identify a few candidates who I could speak with by the end of August. In the meantime, I will keep trying to work with the current manager

to give him one last opportunity to turn around his attitude, work ethic, and see his numbers come up. The other manager has faults when it comes to his paperwork, but has shown that he's committed to improving these while still being able to run numbers higher than our departmental goals.

I plan to include my GSM and pre-owned sales manager in at least two of the weekly meetings each month, as I need their support / buy-in to effect any necessary changes from the floor and desk to assist the F&I managers. Part of their pay plans are based on back-end income, so they are incentivized to help improve the monthly PVR.

Part of the monitoring that I plan on doing is seeing which of my sales staff have historically seen their customers purchase products in the F&I office. While we emphasize that it's not their responsibility to do the F&I manager's job, they can help setup the managers by saying the right things during the sales process, and by also providing crucial information about their customers to the F&I manager before the pre-meeting interview. After running this analysis, I plan on spending time with the members of the sales staff to understand what they do that might set them apart from their peers when it comes to running higher F&I PVR. For the sales staff who don't have a high PVR figures, I plan to first try to offer them an incentive to improve these numbers (through a game available to the entire sales staff), while sharing with them the information that I have learned from the sales consultants who do have good PVR numbers. If no improvement is shown or no effort is made (since the end result isn't something completely in their control, these will be the areas I'll look to for improvement), this will impact their long-term tenure at the dealership (come up in employee reviews as something that we are holding them responsible for and if no change is made, will eventually lead to separation, particularly if we don't see an effort made to improve).

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:

My sponsor has his full support behind this plan. He understands the importance of increasing our PVR figures and while he has had a long relationship with our current F&I trainer/provider, is understanding if I recommend that we need to move on. It's that important for these numbers to go up.
