

Management Action Plan – VO1

Student Name: Kyle Click

Dealership: Round Rock Honda

Class & Student Number: PAG 014 14-17

Current situation or challenge you want to address (narrow your focus): Round Rock Honda's used car inventory hovers between 70-80 retail units at any given moment. Our average turn time is 18 days, and the store would benefit from increasing our inventory levels. If we can get our inventory up to 140-150 units, our used car retail volume would increase tremendously. It would require additional discipline to ensure that we don't create an aging issue.

Overall objective (goal) and specific desired results: Specifically, we'd like to see an increase in retail used volume. We currently turn 128 used cars retail monthly (on average), and we do so consistently with the low level of used cars in stock. We struggle to get over 140 retail on any given month because of inventory levels. I'd like to get our retail volume level to 170-180 monthly. By increasing used cars to that level, we will have the opportunity to turn more inventory and still keep less than a 30-day supply on the ground.

Describe your action plan in detail (including before and after measurements): Current situations have been tracked for months. Our biggest challenge will be acquisition. Our plan involves researching our current market conditions, not just our historical data from the store. We need to be observant of what is retailing around us and adjust our strategy accordingly. We will be more aggressive on acquisition in house, determining how much money we can put into a retail piece by how much we can sell it for, not based on how much we think we can make on it. We will have to use this same mentality on outside acquisitions, and aggressively pursue inventory and additional avenues to obtain it.

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

Implementation will take place immediately. Our short-term goal is to educate ourselves to be able to grow the inventory based on data and not emotion. We will actively watch the market conditions and identify trends and opportunity based on those conditions. Long-term goals will include the actual growth of the inventory and sales volume based on our ability to acquire new inventory.

October 1, 2019: Be active in market research and identifying opportunity

December 1, 2019: Proactively searching and acquiring inventory proven to turn quickly in our market.

January 1, 2020: Have inventory levels at or above 130 retail units, continuing to research and make decisions based on data.

March 1, 2020: Have inventory levels at or above 150 retail units.

May 1, 2020: Have inventory levels at or above 170 retail units.

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: Vinh Hodges, used car manager and Kyle Click, general sales manager.
2. What: Research and educate ourselves on ever changing market conditions. Implement a buying strategy based on available units and locations to increase opportunity to grow inventory levels.
3. By When: Beginning immediately, checking progress every 2 months moving forward.
4. How: Utilize available tools and market reports to establish educated approach to buying process.

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:

Gilbert Gortarez, my General Manager and I discussed the Action Plan prior to putting it together. We both agreed that something needed to change if we were going to increase our sales volume and make ourselves more sustainable in a less favorable economic climate should one arise. Our mutual decision was to focus on the used car department and develop a business plan to increase inventory levels and sales volume. After creating the Action Plan, I showed it to Gilbert to get his input and he liked the approaches I had implemented on it. We agreed to meet about the progress on the Action Plan every 30 days to determine the level of success we were achieving and redirect our energy and focus as needed.
