

Management Action Plan – VO1

Student Name: Scott Normandin and Matt Normandin

Dealership: Normandin Chrysler Jeep Dodge Ram

Class & Student Number: 348 – student # 27 and 28

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

The biggest two challenges at the dealership are a lack of trade-ins and our appraisal process. Currently, our win ratio average is about 22%, so we only take in trades on 22% of every car sold. With increasing margin compression on the front end of used cars as well as a more knowledgeable customer, our profitability depends on consumer trades. Our average front end gross on a trade is just over \$2,000 whereas the front end gross on our auction cars is only \$230. We currently do not utilize our service department to talk to customers and see if they are interested in selling or upgrading their cars. We have about 50 customer appointments every day that could be potential purchases or trades. The opportunity in service is enormous.

Additionally, when we do have trade-ins, our walk-around process is very poor. Currently, our salespeople only go to the car to pull the VIN and mileage off of it. They then give the information to the Used Car Manager who goes out and inspects the car while the customer is inside with the salesperson. The salesperson and manager do not get the customer actively involved in the walk-around. This is a crucial step in order to help the customer understand the imperfections on their car and help with the transparency between the dealer and customer.

Overall objective (goal) and specific desired results:

Our objective is to implement a new process for trade appraisals by involving the customer in a walk-around. This will make each and every walk-around consistent.

Our next objective is to hire a part-time employee to sit in the service drive to talk to all the service customers. This employee will be trained on the new appraisal process and provide free estimates to any service customer that wants any. They will be paid hourly, but spiffed on every car we purchase or is traded in from service.

With these new objectives, our overall goal is to increase our WIN ratio from 22% to 30% by the beginning of 2020.

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

Our first step is to evaluate current state. We calculated a three month average for our WIN ratio that came out to roughly 22% for our trade-ins. Next, we shadowed 3 salesmen on their walk-around process with a customer that had a trade-in. This was a very short process because all they do is get the VIN and mileage.

Our next step is to reach out to our AutoTrader representative to set up Kelly Blue Book Instant Cash Offer. This is a great appraisal tool that we will standardize across everyone at the dealership. This will take 1 month from the date we sign the contract in order to fully implement. They will send out representatives to train our sales staff on how to use the tool and also how to use certain word-tracks to better communicate to the consumers on the process.

Next, we will purchase 2-3 iPads for the dealership in order for our salesman to use on the walk-around. They will use these iPads for the KBB Instant Cash Offer app and use it to interact with the customer on the app to answer questions about their trade.

Finally, we will create a job advertisement to hire an employee to mine our service customers for potential trade-ins. The Used Car manager will train this employee how to use the new KBB Instant Cash Offer tool and how to approach customers in our service department.

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

- Meeting with AutoTrader to get a price quote for KBB Instant Cash Offer
 - o 10/1/19
- Implement KBB ICO and Train Sales Staff
 - o 11/1/19
- Purchase iPads and train sales staff to use them in walk-arounds
 - o 11/1/19
- Create Job Ad for sales employee to use KBB ICO in our service drive
 - o 10/1/19

- Train new employee on role and expectations for the job
 - o 12/1/19
- Reevaluate Win Ratio over a 3 month period
 - o 3/1/19

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: Mark Normandin, Ronnie Cho, Scott Normandin
2. What: Used Car Trade-In Goals
3. By When: See Timeline above
4. How:

We met with the key department employees for the Used Car Department to present our action plan. We discussed the timeline and goals for the department. We all agree that we need more trade-ins and are focusing on this going forward. If we get the new KBB tool it will help in our training with the salesmen. We discussed that our biggest challenge will be the culture change for the salesmen. It will take all of the sales managers and upper managers to create this new culture for appraising cars and the new walk-around 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:

I am the Used Car manager and am approved to make these changes for the department.
