

Management Action Plan – VO1

Student Name: Gerald Lammers

Dealership: Porsche Ann Arbor

Class & Student Number: 349

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

- 1) Inconsistency in pricing strategy and timeline.
- 2) Not enough KPI accountability and consistency in management review.
- 3) Limited staff awareness of incoming and in stock Preowned Units.
- 4) Reconditioning and Merchandising time is too long. (ie Time to lot).
- 5) Pay plans are not aligned with asset management strategy.

Overall objective (goal) and specific desired results:

- 1) Consistent pricing strategy that is relevant to the specific brand and vehicle. (not one size fits all) allowing for a lower days supply, higher return on investment by selling the right car at the right price – faster.
- 2) Create a consistent rhythm of accountability by having the right KPI's produced and monitored at the right times. Daily, Weekly, Monthly – depending on KPI. Add GROI and boarding cost to current KPI's being monitored. The awareness created by new KPI's and the consistent process will allow staff to better plan and get in front of issues before they occur (aging etc)
- 3) Create an environment where all the pertinent staff are aware of every incoming and stocked preowned vehicle and all their unique features.
- 4) Establish baseline and shave off overall time to lot for preowned cars. This includes but is not limited to; Inspection, Repair and Certification, Detail/Recon, Merchandising, and syndication.

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

- 1) **Pricing Strategy** – Better utilize preowned management tool to distinguish and adapt pricing strategy for Brand, market supply, and individual trim level and color. Current avg sale to market = 95%. **Goal** = 97%. Current days supply = 55 **Goal** = <45.
- 2) **Consistent KPI's** - Create centrally stored KPI list that management is required to input. Although many of these KPI's are largely contained in VAUTO and discussed – Requiring managers input calculated data and report to group - leaves no room for anyone to say they “were not aware”. Newly added to our KPI list will be turn, GROI, Avg cost of UV sold vs Avg cost of UV inventory. Overall goal – increase awareness by all staff on the right metrics with the key measurable being a healthy inventory that is priced right to market and is what the market demands and where sales produce a turn rate of a minimum of **14 turns** (current>10).
- 3) **Vehicle Awareness** – Using recon list (#4) and current inventory list, have used car manager highlight inventory in each department during team meeting weekly. After the general update of new and incoming vehicles is detailed by manager, have individual sales staff do a walk around of fresh UV. Each dept should be responsible for 1 per week. Current - Because vehicles come in across multiple departments and stores, most staff are only aware of new vehicles (or existing in stock UV) by looking on our website. Goal = constant awareness by updated log and walk around contest weekly. Maybe use Kahoot?
- 4) **Recon Time** – Create central list used by inventory manager. List details including trade in/purchase date, RO creation date, time Service completed, Time detail dept completed, time Merchandised on lot. **Current Recon time is averaging 9 days till merchandised on lot. 4th quarter goal = 6 days.**
- 5) **Revise Pay Plans** - Revise key manager pay plans to be consistent with new KPIs.

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

Pricing Strategy

- Agreed upon pricing new pricing buckets/format – **Oct 14**
- Implemented and pricing updated by **Oct 16**
- Cure Period – **Oct 16-Oct30** – Review findings. Change pricing strategy as needed.
- Full implementation **Nov 1**.

Consistent KPI's

- Monthly Meeting already happening. Weekly meetings start **Oct 14**.
- New KPI's introduced with new goals in place **Nov 4**

Pre-Owned Vehicle Awareness

- Lot manager sharing inventory lists with all – implemented
- Weekly walk around contest – used vehicle meeting – **Oct 16 start date**.

Recon Time

- Lot Manager sharing inventory/recon list with all – implemented
- Appointed Pre-Owned “expeditors” assigned to each show room – implemented
- Include avg recon time in KPI's for used car meeting with goal. Rollout information and current data Oct 1. Finalize recon goal and implement new plan – **Nov 4 used car meeting**.

Revise Pay Plans

- Temporary spiffs in place with some staff members (precursor to new pay plan) already in place.
- Management pay plan changes by end of 4th quarter (ideally by Nov 4)

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:** All Managers and Sales Staff
2. **What:** Awareness and Accountability in inventory and investment strategy
3. **By When:** Currently being implemented. Ongoing. 4th quarter (mid-month October) will begin the regular scheduled meetings. KPI's already in place. Full rollout completed by end of 4th quarter.
4. **How:** Consistent (scheduled) meetings and KPI's monitoring.

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:

The meeting went well as this is consistent with the overall company goal and is an update to our current mission and plan, using newly acquired information from NADA classes.
