

Management Action Plan – VO1

Specific – Measurable – Achievable – Relevant – Timely

Student Name: **Miodrag Radan**
Dealership: **DW Toyota of Las Vegas**
Class & Student Number: **N353-21**

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

Improve the volume while maintaining the gross profit.

Used car market consist of variety of vehicles. From CPO representing highest quality level of pre-owned vehicle thru the older high mileage inexpensive vehicles and everything in between.

To maximize our volume we have to cover as much of that spectrum as possible. Keeping variety of vehicles will attract variety of clientele and give us more opportunities to sell. That could be totally different car than the one they came to buy for that matter. New or Used. You never know. We want to capture all of them, even the ones that go to independents for one reason or another and have them buy from us.

Chart below represents our current turn rate and profitability in Used Car Department.

Current Data

Pre-Owned <i>Retail</i> Deliveries YTD (units)	1,159
Month of Year	10
Average # Retail Units Delivered Per Month	116
Total # Units Currently in Inventory	94
Month's Supply "In Units"	0.8
CURRENT Inventory Turn Rate	14.8
CURRENT Average <i>Front End</i> Gross Profit PUVR	\$ 1,344
CURRENT Monthly Gross Profit	\$ 155,770
CURRENT Yearly Front End Gross Profit Total	\$ 1,869,235

Current Used Vehicle F&I Average PVR		1904
Reconditioning PVR	846	X 60% Profit \$ 508
Current Hard Pack		\$ 700
Other (DOC		\$

		Fee, Service Charge, etc.)	499
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Overall objective (goal) and specific desired results:

Our overall goal for year 2020 is to sell 120 more cars. 10 more cars per month.

Adding 10 more per month/ 120 for the year and using our Current Analysis is our

Projected data:

<u>Monthly</u>	PROJECTED	<u>Yearly</u>
10	Additional Units	120
\$ 19,040	F&I Increase	\$ 228,480
\$ 5,076	Reconditioning Increase	\$ 60,912
\$ 7,000	Hard Pack Increase	\$ 84,000
\$ 4,990	Other	\$ 59,880
\$ 36,106	Total Additional Income	\$ 433,272
\$ 12,678	Front End Variance (from above)	\$ 152,141
\$ 48,784	Total Variance	\$ 585,413
\$ 204,554	Total Projected Gross (Variance + Current)	\$ 2,454,648

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

Until now we were wholesaling most of the vehicles with 90k to 140k miles. Now we will start keeping most of them since we are introducing 12 months or 12000 miles Powertrain Limited Warranty available thru Toyota Financial on most of our pre-owned vehicles in stock. We are also going to be way more aggressive with program cars and increase our inventory. This should give us more than enough vehicles to achieve our goals since we need to keep only 8 more retail units in inventory at all times to get there.

All we need to do is raise our current inventory from 94 to 102 and keep it there. With our 14.8 turn rate will give us 120 more retail units.

As shown in the projected templet above, 10 more units will give us additional \$48,784 for a month and \$585,413 for the year!!!

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

Goals are set for the year 2020. They are broken down as short term goals of 10 units per month and long term of 120 units for the calendar year. We will be monitoring progress thru our daily sales report and monitoring inventory thru UCS Inventory report and V-Auto.

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: sales reps, sales managers
2. What: Start getting more familiar with off brand product, understanding that 100k miles preowned vehicle can't and never will be in same mechanical/ cosmetic condition as 20k miles CPO.
3. By When: ASAP
4. How: Talking daily about it in managers shift meetings. Making sure that daily inventory walk takes place since that is the best way to learn product.

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:

With us making good gross and turning inventory fast our number one priority is to improve volume which will in return create more profit for the store.

Signed by: Scott Redden
