

Variable Ops Week 2: New

Action Plan

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Current situation: Missing deals due to the figures being perceived as “losers.” Sales managers are paid off total sales gross, so for numbers to be into any below the line (doc, pack) money, their pay is negatively affected. Even on deals where the dealer would make money on a pack, doc fee, service or parts, they are viewed as losers. We therefore lose the chance at potential backend, trade in gross, Parts and Service gross on the trade and the new customer.

Overall objective: Allow new car deals to be accepted without hurting gross that managers are paid on.

Action Plan: Allow 3 gross mulligans per month. Require another manager to sign off on final figures. Look at profit from PDI, Service and Parts on trade in, and F&I. Calculate what a true zero deal is. However this takes away from total gross will be negated by the mulligan and it will count as a \$0 profit in Sales. This will empower sales managers to earn business for every part of the dealership. The objective isn't to give away gross when it's not needed, but to win with those customers the are about to walk out or on the last steps of online shopping.

Timeline: Begin February 15. This will allow time to educate and practice on dummy deals to get comfortable with the process. Revisit every month end to see how many mulligans were used. See which manager don't partake and retrain. Any deals below a true zero will require retraining and if it continues to happen apply the negative to the gross.

Meeting with Stakeholders (dealership personnel)

- a. Who: GM, Salas managers, BDC
- b. What: Education and training of this concept.
- c. By When: 2/15/2020, ongoing with monitoring after
- d. How: check every month to see which managers are properly implementing the Mulligans, and who isn't. every manager should have at least one, no more than 3. If they lie outside that there needs to be retraining and reeducation.