

Departmental Action Plan Template

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Academy Week (Var II): NEW CARS

Our current situation... inventory starved!

The silver lining with UAW strike is that we have a unique opportunity to be hyper-focused on the age of our new vehicle inventory (much easier to track and measure when you have 100 as opposed to 300 in stock).

My specific goal is to avoid any new vehicles aging past 180 days with a minimum of 50% of our inventory being less than 60 days old.

Our ultimate objective is to reach a 25-30% increase in new vehicle sales volume in 2020 (from 668 to 850). We realize that the quick turn is the key to playing the factory games (ebe, sfe, floor plan credits, advertising allowances...), and maximizing your vehicle allocation possibilities in order to increase inventory levels.

It might take a customer 6 months to decide on which car to buy, but the day they are ready, they are going to buy from whoever has the car.

A couple of easy steps in reaching for this goal are display and incentive. As far as display goes, we keep our oldest new vehicles directly in front of the building or in the showroom and utilize some targeted digital advertising. For incentive, we put a tiered bonus in place for the sales managers based on the oldest vehicle in our inventory, as well as leveraged sales comp to emphasize new vehicles.

A separate, more granular point of emphasis, is to better utilize vauto in managing our inventory. We have adopted a strong used vehicle pricing/merchandising process through vauto, and need to carry that over to the new vehicle side. A blended approach to pricing using days in inventory and market days supply (just like used cars) will ensure we are competitively priced, while also emphasizing the importance of inventory age.

We started talking about our situation as a management team in November. Trackable #s are as follows:

Oct: 77/158 vehicles under 60 days old (49%) and 32 over 180

Nov: 51/120 vehicles under 60 days old (43%) and 10 over 180

Dec: 48/102 vehicles under 60 days old (47%) and 3 over 180

As of Jan 28: 64/116 under 60 days old (55%) and 1 over 180

We talk about it and track it daily, which is easy right now. The goal is to make it part of who we are so we can continue to track it as our volume fills up to where we hope it can be.

At the beginning of each month, we post our inventory list sorted by age and constantly update it.

Our true measurement will be when we see the monthly and quarterly factory disbursements that are based on vehicles invoiced from factory and reported sold.

This will be an “all hands on deck” process that the entire sales team and their manager, our inventory manager, and myself will constantly monitor and discuss.