

USED CAR ACTION PLAN

*ED EMERSON - N328 - USED CAR
TURN RATE /*

INCREASE IN TOTAL SALES ANNUALLY



OUR EMPLOYEE VISION STATEMENT

Our goal is to make the purchase process simple, efficient, and stress-free for people buying, selling, or servicing a vehicle. This takes outward focus to a whole new level, not just emphasizing the importance of serving customers or understanding their needs, but also putting managers and employees in the customers shoes.

Capital Motor Sales is a local, family owned and operated business that has served our community since 1966. Robert McKamey was in fact the first Toyota dealer in the state of Tennessee.

We as a business support many organizations and encourage our associates to do the same. We are a team; owners, managers, employees and customers. This is our hometown and our desire is that it is better because we are here.

Welcome to the family.

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PURCHASE AND TRADE RECONDITIONING PROCESS

Our current reconditioning timeline is too long. After reviewing the process, I have discovered that vehicles that are traded for aren't being placed in the inspection line immediately when traded for by sales associates. This results in a delay in deciding whether or not a car will be kept for retail and placing the vehicle into service for inspection, maintenance, and recalls that must be taken

care of before offering to a customer for purchase. Or, will the vehicle be wholesaled.

Incorporating a streamlined process that will be utilized by all locations, being we have multiple points, is absolutely a necessity and essential for additional sales and turn on used car inventory, which results in increased profits for the dealership.

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We will incorporate a tracking system that begins the moment a vehicle purchase involving a trade is finalized. Each department (Service – Donnie Thacker, Body Shop – Charity Ball & Detail – Chris Coffee) will document an Excel spread sheet that has been specifically built for tracking the reconditioning process. Service and detail are allotted three business days between the two departments to complete the service for re-sale and detail. Any additional time outside

must be approved by Steve Wilson, the used car manager. Examples of exceptions are;

- Recalls not yet performed
- Extensive mechanical repairs (engine, transmission)
- Body Shop repairs

When a R.O is initiated on a vehicle, any repair that is over \$250 has to be signed off on and approved by one of three managers: Steve Wilson – Used Car Manager, Shawn Cordell – Used Car Manager or Ed Emerson – General Sales Manager. Once vehicles are complete, pictures are taken and posted to internet.

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We will track our progress on a weekly and monthly basis through our Pre-Owned Vehicle Inventory Management System which is FirstLook / MAXDIGITAL. We have them currently providing us with a Sales Metrics report that is sent to us monthly. This began in April when our I T Director, Jim Taylor, had

them custom build this report. It defines several categories for us including vehicles sold between 0-29 days (which is considered the “sweet spot” because of turn and max gross profit potential), 30-59 days, 60 days, and retail vehicles over 60 days. We received our first report from MAXDIGITAL in April. As of April, the percentage of vehicles sold between 0-29 days was 49%. Our benchmark is set at 65%. Currently, we are at 56% as of June. The goal is to increase our turn, which as of April was tracking 9 times per year, and, to increase total number of sales to an average of 125 vehicles per month, 1500 sales annually. A copy of this report from FirstLook is seen on page 6.

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Group	Dealer Name	Retail Attempts	0-29 SWEET SPOT	30-59
Gates Auto Group				
	Audi of Lexington	17	53%	12%
	Capital Toyota Inc	111	56%	22%
	Gates Honda	44	50%	9%

	Gates Hyundai	51	42%	23%
	Gates Nissan of Richmond	51	48%	26%
	Kia of Muncie	56	52%	20%
	Toyota of Muncie	96	63%	15%
	Toyota South	150	60%	17%

The above is a portion of the report used for measuring results monthly, and tracking goals and objectives. The report in it's entirety can be provided upon request in person or by email. Below is an example of the Excel used in house for tracking vehicles for reconditioning.

9/2/17																			GOAL:
Vehicle Status	YEAR	MAKE	MODEL	Stock #	Color	Miles	P/T	Source / Customer	Deal #	Buy Date	Begin Service	End Service	Emissions Body Shop OffSite	Detail Shop In	Detail Shop Out	Photo	Retail Ready / Wholesale		
OFF-SITE	2016	LEXUS	ES300H	112120	GRAY PEARL	7,668	T	MAD DUX		04/30/17	05/01/17	05/01/17	05/02/17						
OFF-SITE	2015	LEXUS	GS350FS PORT	A005197	NEBULA GRAY	11,130	P	LOANER		05/01/17	05/05/17	05/04/17	05/05/17						
TRANSIT	2016	LEXUS	RX350	C007283	BLUE		P	TRAC		05/05/17									
TRANSIT	2013	TOYOTA	SIENNA LTD	299514	PEARL	95,701				05/05/17									

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STAKEHOLDERS

GENERAL MANAGER: JEFF MCKAMEY

SALES MANAGERS: NEW & PRE-OWNED

SERVICE, PARTS, COLLISION AND DETAIL
WOULD ALSO BE INCLUDED.

We have already begun the reconditioning process and will continue to refine as needed.

Jeff McKamey will state our vision. As a company and as an active member in the community.

Ed Emerson, General Sales Manager will continue to monitor all progress and communicate to all department heads involved.

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TIMELINE

Our company sees this as an opportunity for both growth and increased profitability.

We initiated processes beginning April, 2017 and the goal is to reach our benchmark of 65% of all used vehicle sales to take place between 0-29 days. By December 2017, our goal is to be consistently averaging 125 sales monthly. We will continue to grow total sales with a 2018 goal of 150 average sales monthly, and continuing to increase total gross profit both front and back.

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I, Jeff McKamey have read and agree to implement the changes set forth in the Used Car Action Plan presented by Ed Emerson.

Date _____

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