

ACTION PLAN 1

- S Specific
- M Measurable
- A Achievable
- R Relevant
- T Time bound

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?

My goal is to improve overall dealership profitability. I've started by comparing the past 3 years absorption ratios. There are large variances that I need to dig deeper into to determine what metric to use. I would like to pinpoint the issue by the beginning of next year (and rectify it)

BOTTOM LINE: Benefits of Achieving Your Goal

IMPROVED SALES AND PROFITABILITY; REDUCED EXPENSES; MORE EFFICIENT DEPARTMENTS; REDUCED EMPLOYEE WORKLOAD; MORE INCOME FOR IMPROVEMENTS AND ADVERTISING

Consequences of Not Achieving Your Goal

LOST REVENUE; CONTINUED DECLINE IN PROFITABILITY AND EMPLOYEE PERFORMANCE; EXCESS EXPENSES; EMPLOYEE AND CUSTOMER RETENTION ISSUES; LOSS OF CAPITAL FOR IMPROVEMENTS TO EXCESS EXPENSES

When will you start? I started yesterday by comparing the past 3 yrs of absorption/expense ratios using July FTS from 2018-2020

How will you gauge your progress? When? Using which metrics?

Overall I would like to use the absorption guide as a baseline but realistically I will probably use a guide similar to Tom's example LeW Cragg. Our overall dealership profitability vs. absorption over the past 3 years are not in line. It's given me a good big picture view to pinpoint the issue.

What specific actions will you take to achieve your goal? Who can help you?

I've started by looking into our turn ratio on inventory and found significant lag time in pre-owned inventory front line ready. Digital marketing for pre-owned inventory and our lack of an inventory management system (digital or internal) I think may be hurting our pre-owned department. We lost our long term service director in the past year and in turn lost our long term parts director when we promoted him to service manager. It has caused a lot of turmoil in service and reduced absorption by 10%. I think by getting the service department back in line with sales and pre-owned will increase internal and warranty #'s as a good start. Getting the general manager and service manager in line with these goals will help.

Potential Challenges?

Lack of experience w/ new service manager; Digital photos are only taken once per week; Resistance to change; Found a gap in DMS vs. Upload time to website on trades; Resistance to dedicate technicians to pre-owned inventory; Resistance to metric to metric based pre-owned inventory purchases

Potential Solutions?

Having a dedicated pre-owned inventory tech; Getting new svc mgr up to speed w/ understanding pre-owned inventory impact on gross profit; Internal picture taking; Dedicated used car manager; Digital inventory (pre-owned) Mgt. system (EV-AUTO)