

HOMEWORK – ACTION PLAN

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Dealership: Crestview Chrysler

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

What is your current situation and challenge you will address?

My current challenge is old age new vehicle inventory. I currently have 127 units valued at \$3,967,405 of dead inventory (121+ days in inventory) and 15 units valued at \$729,835 of old inventory(90-120 days). This is going to be an issue with floorplan interest and will end up costing the dealership a loss of net funds based on not turning the old age inventory fast enough.

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?
 Example: "I will decrease my 5K run time from 30 minutes to 21 minutes by June 15."

My goal is to to focus on moving the older inventory by spiffing the sales manager/sales people to focus on the older inventory. I plan to move 25 of the dead units by October 30th by reducing my retail prices to move them quickly and that combined with the team being spiffed should allow me move them sooner than later. I plan to have another 25 of the old units cleaned up by November 30th and my end goal is to have no more than 50 dead units on the lot by December 31st utilizing this same strategy.

- How does this goal align with or support your dealer’s vision?
- What are the BENEFITS of achieving your goal? What are the CONSEQUENCES if you don’t?
- Why is this goal important to you?

My dealers vision is to get into a profitable situation with our floor plan credits and if we are able to get back in line we should be substantially more profitable as we will be able to keep the credits rather than use that money to wash out the interest costs.

If I am not able to get ahead of this issue I know it will be a major concern for my dealer principal and our overall net profit on the year.

This goal is a main focus of mine because it is the low hanging fruit in regards to quick easy return on our investment. Covid set us back quite a bit on most of these units but I expect the year to end strong and we will get this back to a manageable number

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What specific actions or steps will you take to accomplish your goal? What will you do differently or improve? For each, be sure to include necessary resources, who is accountable, the measurable result, and dates.

SPECIFIC ACTION/ STEP	NECESSARY RESOURCE(S)	ACCOUNTABLE PERSON(S)	EXPECTED RESULT	START, END, & CHECKPOINT DATES
Discuss inventory issue with sales team and roll out spiff program	Sales meeting with the team on site with weekly recap	Myself, sales managers, inventory manager, sales people	Shift the focus to moving the older inventory	October 1st start February 31st end November 1st December 1st
Mark down old age units to dealer cost	Dealer inspire website Vauto pricing matrix	Myself, Sales Managers, Inventory manager	Move inventory at a much faster rate based on price	October 1st start February 31st end November 1st December 1st
Keep closer eye on aging inventory	Weekly review with inventory manager and sales managers	Myself, Sales Managers, Inventory manager	Eliminate future dead inventory and turn inventory before 90 days	October 1st start February 31st end November 1st December 1st
Dealer transfer older units to minimize the amount of units that need to be	Reach out to other dealers in our group and district	Inventory manager	Trade aging units to avoid extra interest costs on older units	Weekly calls between stores

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How will you track your progress? What specific metric(s) will you track? At what intervals will you check on the progress?

I will continue to update the New Stock Analyiss spread sheet provided to me by NADA weekly. I will review this with my management team every Monday to track our progress and identify which particular units need to go first. Focus on the oldest inventory first and slowly work through it based on age.

Will dispurse the spiffs with the sales team every Saturday to keep them motivated and focused on the end goal and that way they will not avoid selling the older inventory.

Potential Obstacles?

Program support on the 2020's deminishing as the 2021's continue to roll out.

Sales team avoiding the harder to sell older units.

Avoid letting the newer inventory to add to the problem by not moving them fast enough.

Covid getting out of hand could put us back and prevent us from getting the volume necessary to move these units.

Potential Solutions?

Spiff the team to focus on selling the old age inventory now.

Dealer transfer what we can to reset the clock on old age inventory.

Weekly meetings with management to keep everyone focused on the same goal and not letting this slip away.

Aggressive pricing will allow us more opportunities to sell the vehicles now.

BOTTOM LINE! What is the financial impact (expressed in dollars) of achieving your goal?

Our current floor plan interest cost on the year as of August is \$397,306 and our floor plan credits are only \$145,155. There is a total of \$252,151 in net money that we have lost due to having old inventory and not staying on top of it. If I am able to get this cleaned up and managed properly we will pick up \$250,000-\$300,000 of net income going forward.

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Once you've accomplished your goal, added or adjusted policies, procedures, and behaviors, now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

A large portion of our old age inventory has to do with Covid which basically shut us down for 3 months and the way the manufacturer makes us order the vehicles in bunches rather than having a steady allocation. When I get clear of this problem I will be more diligent to order the units we are selling rather than letting the manufacturer to push me into ordering my full allocation.

We will resume our weekly inventory meetings so that we will be able to identify aging inventory prior to it being a problem and continue to spiff the team on those specific units before the 90 day window where we start to pay interest on them.

We will also exploit the dealer transfer options to exchange inventory as it ages. Combining those three elements will allow us to always be in control of aging inventory and we will be able to cash in on the floor plan credits to add to the bottom line!

I think this will be a culture change in the sales department and with the cash incentives for the team they will always ensure that they are the "first" to sell those units.

Describe any planning or implementation meetings conducted as part of development of your plan.

Our first meeting will be with the entire sales team October 1st to address the issue at han. We will roll our the spiff program so everyone knows what it means to them to sell these units.

We will have a management only meeting October 2nd to lay out the plan and new process on how we will deal with the remaining old age inventory issue and the process to prevent it from happening going forward.

We will have weekly Management meetings every Monday to recap what has sold and what is remaining. My inventory manager will update the New Stock Inventory spreadsheet prior to the meeting so we can review accurate numbers.

As the newer inventory starts to get into the 60 day window we will make those units the focus so that they don't add to the existing problem. We will utilize the dealer transfers and spiff programs to move those units accordingly.

I will make a bonus structure for the management team that will reward them for keeping the invenotry levels in line and penalize them for any units that fall outside of parameters. The bonus will be a percentage of the floor plan credits and the penalization will be \$20 for each unit that is over 120 days old. This will ensure that the managers don't lose sight of the end goal and stay focused on managing the inventory.

Sponsor Signature: _____