

Departmental Action Plan

Student Name: Brad Walton (with Matt Walton, week 4 attendee)

Class & Student Number: N322-38

Academy Week: 4

Current situation or challenge you want to address:

Prior to attending week 4 with Used Car Manager. (Matt Walton)

Ranked bottom 3 of 10 dealers in our district for CSI in two of four categories

Lowest Percentage of YTD New Vehicle Sales Objective of all dealers in our District

Used vehicle department success is inconsistent and falls well below what we *could* be doing.

Rank 13 out of 16 in NorCal for F&I Profit Used PUVR

Rank 15 out of 16 in NorCal for F&I Profit New PUVR

We are not satisfied with being average or below average compared with our competition.

Upon leaving the academy, Matt (Used car manager, and Academy student in week 4 class) very effectively utilized many of the tools learned. However, we found that with our results, which put us at our best used car month in a decade, we were unable to keep our inventory at levels that would allow us to attain success.

We are unable to sustain success because our process did not allow for us to acquire nearly enough inventory to keep pace with our sales volume. As a result this will be the focus of the action plan. Currently the management of the reconditioning is taking up the majority of the time for the Used Car manager and does not allow said manager to do other sales manager duties or acquire a sufficient number of used cars.

Overall Objective and Specific Desired Results:

The overarching goal is to increase our ability to more effectively acquire and process inventory so that we can increase sales and profitability in the used car department to a level that will help maximize the ROI of the current investment. However, this is not a measurable goal. In order to make this an achievable measurable goal we have set an objective of creation of the new position and an increase of 50% sales volume in the used car department by Q1 2018.

A more detailed outline of the goal is listed in the timeline section.

Describe your action plan in detail (be specific and include before and after measurements)

We have created a position, job description and selected the hire for the position from one of our other departments. The specifics of the job are as follows. This job will be in close proximity to the used car manager and will be utilized to allow the Used Car manager to expand the department.

Reconditioning Coordinator

Coordinate All used vehicle recon

(In order of a vehicle's path through the reconditioning process)

1. Coordinate with transport companies to get newly acquired auction vehicles to the dealership.
2. Write-up newly acquired vehicles for service inspection and reconditioning.
3. Work with parts department to get parts needed for service reconditioning
 - a. Order 3rd party or used parts through other vendors like ebay, amazon
 - b. Coordinate ordering of certain parts we know we will need (like tires) prior to inspection on particular vehicles.
4. Interface with sublet vendors
 - a. Work with vendors like Recon Pros, Parker Robb, Tony Kalias to:
 - i. Approve some reconditioning work based on dept. guidelines.
 1. Used car manager will approve work outside this scope .
 - ii. Prioritize vehicles to minimize time to market
 - iii. Follow up with vendors to make sure vehicles are completed on time
5. Assign vehicles to the detail department to maximize detail shop efficiency
6. Manage paperwork and assets associated with pre-sale vehicles
 - a. Generate and maintain paperwork
 - i. Print Carfax reports, NMVTIS reports, Vin Inquiries
 - ii. Stamp, label and assemble documents into folders for each vehicle including 182 point inspection and R.O. and place in vehicle boxes
 - b. Organize and maintain assets for used vehicles
 - i. Check used vehicle boxes for keys and books
 - ii. Order books and keys for vehicles with missing items
7. Organize POP marketing for vehicles
 - a. Apply stickers to the used vehicles based on department guidelines
 - b. Assist in generating and distributing Red Tags for repricing vehicles
8. Maintain and update log of recon progress
 - a. Track vehicles position through the reconditioning process using excel spreadsheets. This includes items such as:
 - i. Shop progress
 - ii. Vendor progress
 - iii. Time for department and vendor completion
 - iv. Time to market
 - v. Time in detail
9. Monitor inventory
 - a. Regularly check front line inventory for issues and report them to UCM or take direct action to address problem
 - b. Monitor and have removed license plates with expired registration
 - c. Confirm that all vehicles that require smog have a completed smog certificate.

As this is a new position, the responsibilities may change over time to maximize the efficiency of the used vehicle department.

Timeline: Describe specific short term and long term checkpoints to monitor progress

Immediately, start training process for replacement of recon coordinator's current position. Currently said employee works in the parts department, help will be required to back fill this position. Cleared with parts manager and assisted on replacement hire. Training to be completed October 1st.

Upon completion of parts replacement hire training of Recon Coordinator will begin. Once this has started the Used Car Department has the following goals.

Current Statistics 25 car per month average, 6.8 turns.

- 1 month after 30 sold on 45 cars (8 turns)
 - Target AVG FE GP \$1600 (\$1643 exact)
 - 10 days to market (through recon)
- 2 months after 33 sold on 50 cars (8 turns)
 - Target AVG FE GP \$1500 (\$1521 exact)
 - 9 days to market (through recon)
- 3 months after 36 sold on 54 cars (8 turns)
 - Target AVG FE GP \$1400 (\$1420)
 - 8 days to market (through recon)
- 4 months after 40 sold on 60 cars (8 turns)
 - Target AVG FE GP \$1300 (\$1308)
 - 7 days to market (through recon)

Meeting with Stakeholders (dealership personnel)

Describe what behavior change is needed to support desired goal. Address required coaching, training and/or consequences. Include timelines / Accountability / Monitoring process

- a. Who: Used Car Manager, Dealer Principal, Controller (Me),
- b. What: Discuss the new position and new role, compensation of the new position, transition period from parts for employee, and the job description.
- c. By When: The position has been created, the person hired, and the training/transition from his current position will start on October 1.
- d. How: The goal numbers set out will be monitored closing the month. If they are not met, adjustments will be made by the team depending on where choke points are being found in the reconditioning process.

Dealer agreement:

If you need your sponsors support or approval to implement your plan, have it signed off before you start. If you can proceed on your own, present this action plan to your sponsor before next class. Describe the meeting:

The meeting was productive and the dealer was happy with the plan for the Used Car Department. This plan was partially developed while at the academy, as we saw this as the bottleneck for turning the inventory faster. The job description, goals, and timeline was discussed, and agreed upon as achievable and all required members of the team are on board. This was seen as a very positive result of having the additional expense of the used car manager attending week 4 and will help to ensure the future success of the used vehicle department.