

Departmental Action Plan

Student Name: Craig Holland

Class & Student Number: PAG CLASS 12

Academy Week: 4

Current situation or challenge you want to address:

Used car sales and gross have not been consistent. Although we have increased total units lately, we have been following short of maintaining the GPU over \$2000+ a copy. Also, the increase in units has had an adverse effect on new car volume. While the store used to consistently finish over 200+ new vehicles a month, the average month of late has been in the 160 vehicle range. With only 24 salespeople we have had a challenge having enough employees diligently working new car leads with many used car customers taking up the majority of our staff's attention. These used vehicles have become the low hanging fruit, allowing sales staff to not focus as much on the new car business that drives the store.

Overall Objective and Specific Desired Results:

Our ultimate objective is 400+ total vehicles a month. Our perfect mix would be 220 new and 180 used. The target for sales is \$800,000 in gross. We also need to maintain 30+ salespeople to be sure we can consistently hit these targets. We will also maintain and clean new and used car inventory while hitting these targets, carrying no more than 10% of used inventory of 60 days at each month end.

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

1. Be sure to maintain the used vehicle stock needed to hit the 180+ level of sales. Stock should stay right around 200 vehicles that can be retailed. As Dale Pollak mentioned in class, the margins on used vehicles continues to be tougher to maintain. Mistakes made purchasing and appraising trades can prevent us from getting to the \$2k plus GPU targets before we even have a chance to sell the vehicles. Each manager will be evaluated on vehicles appraised, so it is vital appraisals are completed with appraisers name saved in first look. Valid notes on condition, tires, Carfax must be left on every vehicle to be sure we are taking into account all reconditioning cost on each vehicle traded in. Managers will be graded based on price compared to MMR, and also on average front end gross on the sale of these vehicles.
2. Days to recon will be vital in maintaining a \$2k plus GPU. Current 12 month numbers are below:

Dealership	General Manager	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	12 Mo Avg
Honda Mall of GA	Craig Holland	5.80	5.75	5.82	2.96	3.35	2.41	2.49	1.73	4.35	5.12	2.96	3.81	6.02	2.87	3.66

We are currently @ 3.66 day average. We need to improve to 3 days. This will be done by working directly with the internal service advisor to stay on top of his team. We will pass out work to the entire shop when necessary and when there is down time with customer pay work. The more vehicles retailed before 30 days the easier to hit gross goals. To retail fast, we must recon even quicker. We must also purchase vehicles from the auction that do not require body/paint work as these vehicles slow down the turn time. The money saved from acquiring the vehicles cheaper is lost when taking up to 10 days to be front line ready.

3. Our vehicles must always be priced and marketed aggressively. Assuming average miles, we must stay under 100% of the market average. Pictures must be online within 2 days showing a clean image with all features. Prices must be updated weekly. Any car 30+ days or older needs to be priced at 95% or better assuming average miles. Even vehicles at the targets must be repriced. A change of even \$50 will allow us to show up on a customer's radar that has requested for price change alerts on a particular vehicle.

4. We currently have 24 salespeople. We need to maintain 30+. We have 3 that start on October 1st. All new salespeople need to be consistently mentored and assessed to give them the best chance for success. We have recently had monthly targets set at the beginning of the month for all salespeople, and weekly meeting with each by their team leader to stay on track. The new employees need to be held to a standard from jump and learn our newly implemented expectations for call volume and follow up.
5. With vehicles being market priced from day one, we must maintain less than 2% discount on vehicles. Currently running at 1.5% discount in September of 2017, our lowest percentage discount this year. Ran 2.2% in July and 2.5% in August. It takes buy-in from all managers and all sales staff. New car managers need to understand market base pricing as they work a number of used car deals themselves. We must be consistent with the message so salespeople set the right expectation with their customers upfront.

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

1. Sales staffing level: Currently 24 in September 2017. We have 3 starting in October to put us at 27. We will have 30 qualified and well trained salespeople by December, ready to head into the biggest selling season. We will make sure they retrieve adequate training and support so they stick in 2018. We need to limit turnover but consistently hire to be sure we maintain 30+. With solid numbers we will be able to be selective in the hiring process and never have to hire out of desperation.
2. Used car GPU currently at \$1898 with an average of 169 units at the end of August 2017. Average used car gross of \$320,762 is about \$80,000 short of our goal of \$400,000 used car gross monthly. We need to finish the year strong and have our inventory and staffing levels in place to hit the goal of \$400k monthly in used cars in 2018. Again, the staffing levels need to be maintained to be sure we do not increase used units at the expense of new units dropping, as has been our current challenge.
3. Keep aging levels in used cars under 10% of total inventory. At the end of August 2017 we had 169 vehicles in stock with 20 vehicles over 60 days in inventory. With 11.8% of our total inventory as old age we were 1.8% too high. To hit our unit goals

we need closer to 200 in stock but to maintain the aged number under 20 units. The more units we are selling that are over 30 days old at time of sale, the tougher it is to stay well over \$2,000 a copy. Turning vehicles quickly with market pricing and quick recon times is key to hitting the goals we are setting for 2018.\

4. The above goals are only a success if we do not miss out on new car business to hit these used goals. Honda Mall of Georgia has been down in new cars this year by over 20%. Although Honda as a whole is down, our levels have falling more than the average. It is due to increase competition (a dealership about 20 minutes away on the same street that has picked up market share) and our lack of follow up on new car leads. As you can see below, the used car increase for the year was not a pick up for the year as new car business has suffered.

<u>CurYr</u> <u>YtdNew</u>	<u>PriorYr</u> <u>YtdNew</u>	<u>Unit</u> <u>Change</u>	<u>% New</u> <u>Change</u>	<u>CurYr</u> <u>YtdUsed</u>	<u>PriorYr</u> <u>YtdUsed</u>	<u>Unit</u> <u>% Change</u>	<u>Used</u> <u>Change</u>
1472	1894	-422	(22.3%)	1493	1239	254	20.5%

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: myself as GM
All sales managers
All sales staff
- b. What: Raising total sales gross to \$800,000 monthly
Maintaining 30+ sales staff to reach unit goals
Selling 220 new and 180 used at a minimum
- c. By When: We need to increase monthly but the goal is for this to be the average by the end of 2018. Although 220 new and 180 used is the goal, we can hit with a mix of 200/200 keeping an average GPU of \$2k in each. December of this year is the first month 200/200 is most probable.
- d. How: -Training and maintaining new and current sales team.

- Continue to improve recon times
 - Become more selective in purchasing process and better at appraisal process
 - Continue to market price with minimal discounts
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