



HOMEWORK ACTION PLAN

S SPECIFIC
 M MEASURABLE
 A ACHIEVABLE
 R RELEVANT
 T TIME-BOUND

Name <u>Holly Foster</u>	Class #	<u>371</u>
Dealership <u>Larry Puckett Chevrolet</u>	Date	<u>1/29/2021</u>

Current Situation or Challenge to be Addressed:	Used Vehicle Days' Supply and Turn Rate		
Current Performance Level (include specific measure):	Using 1/1/21 through 1/28/21 our current days' supply is 61 days and turn rate of 6.75.		
Goal (what do you want to achieve?)	Reduce the days' supply in order to increase our gross return on investment.		
Goal Performance Level (include specific measure)	The goal is to get down to 30 days' supply on used inventory.		
Goal Start Date:	1/14/2021	Goal End Date:	3/31/2021
First Check-in Date:	2/5/2021	Performance Objective:	53 days' supply
Second Check-in Date:	2/26/2021	Performance Objective:	45 days' supply
Third Check-in Date:	3/19/2021	Performance Objective:	37 days' supply
Fourth Check-in Date:	3/31/2021	Performance Objective:	30 days' supply
How does your goal align with the dealers' vision?	Dealers vision is to turn inventory as quickly as possible.		
What are the potential benefits of achieving your goal?	Gross return on investment will be maximized with a turn rate of 12.		
What are the potential consequences if you don't achieve your goal?	Losses from overaged inventory.		

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Why is the goal important to you?	We have a tenured staff who sometimes will revert back to "that's the way we've always done it" attitude. They need to see they can set goals and meet objectives. Even if they don't get all the way down to 30 days' supply, they will learn to set the bar high and work together toward a common goal.
Potential Obstacles	Sales management may revert back to old ways of doing things.
Potential Solutions	Bonus for meeting each check-in goal.
BOTTOM LINE! Financial Impact of Achieving Your Goal (expressed in dollars)	Because of the excess days' supply we currently have about \$60,000 water on the books. The longer the vehicles are kept the more we'll lose. By keeping a 30 days' supply we will delete a minimum of \$60,000 in losses every month for an annual gain of \$720,000. The other financial impact is the opportunity to sell more than our 57 per month average. If we increase sales by 10 per month at our average gross of \$2631 the annual impact will be \$315,720. The key will be pricing to market, purchase price and reconditioning be in line, and turning inventory quickly.

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
Eliminate stale, over aged inventory	Post vehicles on auction and wholesale websites.	Chris Lowe and Buddy Reeves	Lose about \$50,000	1/15/2021 began process. End date is 1/30/2021.
Sign up for Profit Time.	Contact Cox	Richard Gentry	Profit time will allow us to price based on market demand	1/15/2021 began and completed on 1/18/2021.
Buyer's meetings	Vauto and sales history	Kirk Mims	Stock vehicles higher in demand.	1/18/21 began meetings.
Check Vauto before buying a vehicle.	Vauto	Chris Lowe	We'll be able to see the vehicles relevance to our	1/18/21 buyers agreed to 100%

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			market. We'll know if the vehicle is more likely to sell in our market with a reasonable gross based on the asking price.	compliance.
Determine appraisers who have large variance in appraisals vs final cost.	Service Manager	Service manager is reviewing all reconditioning and inspections with appraisers in order to educate them on items not taken into consideration at time of appraisal.	We want the appraisal and final cost to be very close.	This is a daily meeting with involved parties.
Price to Sell	Vauto	Richard Gentry and Holly Foster	Sell the vehicles quicker.	1/14/2021 put in place.
Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.

As you work toward your goal, it's important to have interim check points with specific, measurable objectives so your team can hold themselves accountable. If everyone knows the goal and objectives, you don't have to spend your valuable time micromanaging.

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.

The UC manager and I are both looking at our inventory days' supply and pricing on individual vehicles daily. We formally meet on Mondays and Thursdays to review our results. We review all of our metrics with the other managers at a weekly Tuesday meeting. Although I am in those meetings, our used car manager has stepped up and is conducting the discussions. On a daily basis he is sharing our turn and average age to sell numbers with the whole front end management team. I think he had gotten frustrated with our turn rate so low and relieved he has more guidance and accountability.

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

On January 14th I met with our Sales Managers and explained the metrics we were studying and the information received from Dale Pollack's phone call. They had a few questions but were mostly quiet. About three hours later they came back to me and starting asking more questions. We all knew we had to many overaged units because we had "stocked up" to avoid running out of vehicles. We created an exit plan on the overaged units. The UC manager was familiar with profit time. He had tried it early last year but it didn't fit in with our pricing strategy at the time. He took the initiative to sign us up and is following our new strategy to sell quickly with a fair gross profit.