

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?

We will increase pre-owned vehicle turns from 8.5 turns to 12 turns by the end of 2021.

BOTTOM LINE: Benefits of Achieving Your Goal

We will stock units that are in demand. We will deal with less lot rot. We will increase gross on units because they aren't aged. We will deal with less wholesale of units. We will create a tightened recon process. We will price competitively. We will have a cleaner lot. We will bring more units through service, thus increasing \$ made in service. Cleaner website presence for people browsing online. More precise advertising

Consequences of Not Achieving Your Goal

We will deal with continued loss of gross due to aging of vehicles. Lot stays full of vehicles we are not selling which does not leave room for fresh units. Lot damage. Continuing on a path that is not proactive.

When will you start? 3/1/2021

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

We will gauge our process using some third party tools we have, in regards to being able to provide reports for us to look at numbers. We will continue to look at vehicle reports on vAuto to evaluate age, pricing structure. Every week we will evaluate vehicles over 30 days and also over 60 days to evaluate the unit and make sure we have put our hands on the unit, check pricing, look to see if there has been any deals run on the vehicle that we can revisit, and then make a decision after 60 days if we will wholesale or try to bonus it out.

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

One huge action we will take is that we have purchased a recon program. We have never had one before and we feel like tightening up the recon process will be a good starting point to the long term goal of increasing turns. We also will be working closely with our managers because we allow them to use vAuto as a guide to price the used units because they feel they can hold more gross when they price them. That being said, we want to take the action of following the "green" level pricing with vAuto to see if that helps increase turns. We want to try this for several months because a single month will not be a good look. Also, we expect some general push back for making this change, but we would like to test the theory. Finance can help us achieve an increase in gross if we are taking a hit on front end from our edited pricing structures. So, by stocking what is in demand, pricing competitively, and reconditioning properly, I believe we are on the road to achieving the goal.

Potential Challenges?

Employee pushback or misuse of programs that we are relying on for use and information. Challenging to find used cars right now. Not having time to send managers to auction because we are short staffed. Loss in gross. Not watching and monitoring it as often as is needed.

Potential Solutions?

Shift someone from finance to the desk on the days the we need another manager to go to auction. Make this topic a part of MWF manager meetings to keep it top of mind. Gradually begin the process instead of starting and cutting all old inventory at once. Take time to identify what the turn is in our market and gradually increase it. Don't go off a feeling.. continue to use numbers to define turns.