

Departmental Action Plan

Student Name: Scott Tarwacki

Class & Student Number: N324-02

Academy Week: 4

Current situation or challenge you want to address:

We are currently averaging 41 used cars per month at \$1211 per copy on the front and \$578 per copy on the back after commissions and less GAP. I also had to fire my Used Car Manager the day I returned from class in September due to him causing a poor culture, poor results, and losing sales associates. We are currently advertising with Autotrader, Cars.com, Cargurus, and all of our digital with Purecars. Based on information from Vistadash, not all are performing at the level needed associated with the cost. We currently do not have a turn policy in place as an organization. My current inventory is 73 @\$1,254,112, with 10 over 90 @\$191,175.

Overall Objective and Specific Desired Results:

To hire a manager that fits the team and culture in place at the store. With him in place, I want the department producing 20% net to gross, new to used ratio of 75%, and get to a 60 day turn on inventory. We also have to monitor and maximize advertising budget.

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

I have a GSM starting November 1st that will be the acting used car manager as well. We plan to have the 90 day turn completely in place by 12/31/17. On 10/31 we are going to write down all cars over 150 days by 10%, 11/30 write down all cars over 120 days 10%, and 12/31 write down all cars over 90 days 10% as an organization. Less than 10% of my total used inventory can be over 90 days. In the event I over 10% in stock, the overage will be moved to one of the other stores in the group at average MMR+\$500. Moving into 2018, I will be ahead of the organization with a 60 day hard policy in place.

The GSM and myself need to increase the volume from 41/mth to 75/mth. In order to get there, we are going to clean up the current 73 car inventory and focus on acquiring vehicles with a low market day supply to keep it moving. The goal is to carry a 45 day supply of vehicles, so we need to grow the inventory to 100.

As far as marketing, we recently signed up with Vistadash. It has really shed light on some under performing vendors. We are cancelling Autotrader (\$6706/mth) effective 11/25/17 and adding Lotlinx (\$4014/mth) that will help move aging and longer day market supply vehicles.

We are going to increase gross profit from \$1211 front and \$578 back to \$1750 front and \$750 back. By addressing the inventory and marketing issues above will help get the ball rolling. The real impact is going to be the process and people. We need to increase our sales staff from 7 to 11. Adding the right people will be key. We are promoting a porter and recruiting a woman now, so we will need to find two others. Holding 100% of the staff accountable 100% of the time is the other part. We have a solid process in place, it just needs to be followed. Holding to the "market based pricing" strategy with little discounts will help increase the front, along with the goal of selling over 50% of our sales with an age of under 30 days. The back end increase is going to come from a recent pay plan change for the sales team. They now get 20% of the total net gross on a deal. This along with on going training and coaching will increase gross.

With the adjustments to inventory, marketing, adding a manager, holding everyone accountable, and all focusing on one vision should take us from 7% net to gross to 20% net to gross.

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

11/1- GSM hired

12/1 – Autotrader cancelled/ Lotlinx active

12/31 – Average gross of \$2500 per copy for December

12/31 – 20% net to gross for month of December

12/31 – no cars over 90 days

12/31 – 11 sales associates

1/31 – no cars over 60

12/31/18 – record used car gross, volume, and net year for store

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: Managers/ Sales team
- b. What: Managers and corporate trainer supporting process and holding accountability. Relaying Vision in every meeting to get to end goal. Holding to turn policy and desking procedures.

- c. By When: 11/1
- d. How: Team effort and desire of all to “WIN”

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:

It was a quick meeting with complete buy in and support from owners. They agree with vision and goals of the store and are excited to see the results!
