



NADA Case Study - Grand Theft Chevrolet

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Introduction:

In this summary we will present who the leaders are and some of our ideas to make Grand Theft Chevrolet into a business with perpetual financial stability, highlight our ideas for improved business practices, and show how we will develop better community relations.

Biographies:

Josh Garff - General Manager: Josh was brought from the other dealership in the group (Little Theft Auto Chevrolet) where they experienced positive growth for 3 years. Impressed with the results of the dealership, Mr. DeSanta decided to move Josh to Grand Theft Auto Chevrolet where he hoped for results as were seen at Little Theft Auto. Josh was eager for the challenge to help a struggling dealership and help Mr. DeSanta, who gave him his first big break.

Joe Grimm - New Sales Manager: Joe was the top salesman at Little Theft Auto and was recruited by Josh to be the New Car Sales Manager at Grand Theft Auto. Joe was excited with this chance to move up in the company and took the job. Joe has increased his efficiency and has received awards such as "Florida Salesman of the Year", "Most Liked New Salesman of the Year for the Southern United States", and NADA's distinction of "Most Eligible Candidate To Become A GM". Joe sees this as an opportunity to take the next step of becoming a GM at the group's next dealership.

Chris Edenfield - Used Sales Manager: Chris was the best salesman at Grand Theft Auto and was the only salesman who walked the lot every day and who made money on his deals. Seeing his contributions, the new General Manager promoted him to be the Used Sales Manager. Being the handsome man that he is, he has been interviewed by multiple news stations and national magazines. With this promotion, Chris was excited to prove his skill and looks to eventually be the General Manager of his own store.

Jason Hocking - F&I Manager: Jason has an MBA from Northwestern and fell in love with the automotive business 21 years ago. He has worked his way to the top of Executive Chevrolet and has loved his life as an F&I Manager in a store just around the corner from his newly refurbished home (valued at \$1.5M). He has been lured over to Grand Theft Chevrolet by Josh to help him fix the Business Office there. Excited by the prospect of a lucrative pay plan based off the old Business Managers poor numbers he is ready to turn the Business Office into a money printing machine!

Sidney May - Service and Parts Manager: Sidney worked as an intern under the old Service and Parts manager and came up with every innovative idea under the previous manager. When the old General Manager left the store, he took his Service and Parts Manager with him leading to a promotion for Sidney. Though she only has 1 year of experience in the auto world, Sidney has a firm grasp on how to improve service and parts and just needed an opportunity.

Jenna Godfrey - Chief Accounting Officer: Jenna has been working at Grand Theft Chevrolet for 5 years. Though a great controller, the previous General Manager never listened to her ideas and warnings. Worried about the financial state of the dealership, Jenna started looking for other employment options and has received offers to be the Vice President of Operations at KPMG and Deloitte. Her love of the auto



world and the Tallahassee community has caused her to give the dealership one more chance as she has hope for the new leadership team.

Some Initial Ideas:

New Sales:

- Start desking deals at MSRP with multiple payment options to fix low PVR
- Get F&I involved at the desk early as well as offering multiple payment options to customers to improve poor F&I numbers
- Desk in the AIR, not the CHAIR, meaning, we want to make ourselves more approachable to our customers to help improve our poor turn rate and aged inventory
- Implement training every day and equip salesmen with the proper tools (such as newer computers) to help with low PVR, poor turn rate, and aged inventory

Used Sales:

- Improve our time to the front line (currently 12 days) by getting cars ready for sale within 72 hours or less. To do this we will:
 - Changing processes in washing and taking pictures for our website
 - Getting our vehicles online before sending them to the shop
 - Showing transparency with reconditioning
 - Better estimating to reduce arguments with the Service Manager over reconditioning costs
- Improve our inventory turn rate from 3.1 to 12. This can be done by implementing a hard turn at 60 days and pricing vehicles to sell from Day 1

F&I:

- To help with low PRU's on both New and Used, we propose to:
 - Retrain all sales employees
 - Implement a menu system
 - Add a maintenance plan to our menu of options
 - Work with the Sales Manager on desking skills
 - Restructure pay plans with the GM to make F&I numbers a major focus of our dealership

Service and Parts:

- Improve our gross profit return on sales by:
 - Getting tech bays loaded from open to close and helping them be more efficient with their time.
 - Lifting our warranty rates, door rates, and charging all customers (internal and external) the same rate.
- Improve our inventory days supply by:
 - Dropping the wholesale department but keep our motivated driver on to help with obsolete parts and to help maintain regular bin counts
 - Having a true physical inventory and taking a physical inventory count
 - Matrix parts, charging all customers the same markup, and lifting warranty rates

Accounting:

- Improve our Accounts Receivable by:
 - Hiring and training a new AR Clerk
 - Calling all customers and ask for payment or create a payment plan with them



- Create new processes to clean up Accounts Receivable
- Improve our CIT's by implementing E-contracting
- Bringing items of concern up to management such as fully depreciated (and possibly obsolete) IT hardware, extremely high money amounts in other investments/miscellaneous assets that could be used at the dealership level, high inventory values, and low cash on hand which may put us in bad standing with Chevrolet
- Creating solutions to help with our current ratio. We don't have very much value in current assets (and much of our total is tied up in inventory which is one of the harder current assets to convert to cash) and have more current liabilities than current assets. Some solutions include looking for discounts on our accounts payable and keeping better track of all outstanding loans.

Culture:

- Better adapting to customer needs by changing our store/employee hours:
 - Sales hours which are currently 10:00-6:00 M-F, 8:00-4:00 Sa, Closed Sunday; to 9:00-8:00 M-Th, 9:00-7:00 F, 9:00-4:00 Sa, and remain closed on Sunday
 - Service hours which are currently 8:00-5:30 M-F, 8:00-12:00 Sa, Closed Sunday; to 7:00-6:00 M-F, 7:00-12:00 Sa, and remain closed on Sunday
- Improve employee morale by meeting 1 on 1 with all employees each quarter
- Encourage employee engagement by hosting meetings with all appropriate department heads and implementing their solutions
- Develop an online presence by creating a website with a 3rd party. This will help us to connect with the demographic of Tallahassee (26.9 years old).
- Start training all employees by in-store training and out-of-store training like the NADA academy.
- Change the name of the dealership from Grand Theft Chevrolet to Good Day Chevrolet and the slogan of "Where every car is a steal" to "Where YOU Come FIRST".

Conclusion

We believe that making these changes will help our store become one of the most respected and financially stable businesses in the Tallahassee area. We know that this won't happen overnight, but are confident that we can start making these changes as of today and will be able to turn most things around by the end of the year. We will do so by keeping our positive vision of the dealership in mind and implementing it by creating correct processes, better structure, and marketing the vision we have inside and outside of the dealership. By doing all of this, we know that our image to our customers will be positive and that our culture to our employees will be one of putting people first in all that we do to create good business.