

Pre-Owned Action Plan

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Week 4

Current situation:

Our current turn through the shop has been a major stall for us in general. We are seeing cars take weeks to get through the shop due to so many touches from departments. We recently built a new building where our vehicles are being reconditioned and many of our units that need to be reconditioned are at a satellite lot where we store many of our cars. The communication level between the service department, internal service department, and sublet vendor has taken its toll on the turn time because of awareness between each department head. I do understand that our turn is one reason we have been having three issues, selling units before they are completed and on the lot due to the time frame of turn, losing the opportunity to sell the unit due to it not being complete and really understanding why no one can answer the proverbial question where is the car located or why isn't it complete. This does affect the used car department because the flow is slowed down and once we hit month end we have such a build-up of units that all of the end of month trades are pushed back even further in the process.

Overall Objective:

The main objective is to get all three departments to get a higher level of communication and more ownership in the unit as soon as it hits the trade lot. I would like to engage this to lessen the current turn by a minimum of 3-5 days which would put us at a week to have it completed and dressed for the front row. If we do this we will see less of a lag of sales and in return would take our turn per year of sales from roughly 7.5 to 9 turns per year. I know that this communication and ownership of the process will surely allow us to have a better profitable used car department and also having the Service Manager, Internal Service Manager, General Sales Manager, and Used Car Manager involved that we will be able to figure out a way to get more units to the lot quicker and also to keep more of the marginal units that have been wholesaled.

Action Plan Detail

Used Car Management of the Process

Condition Report Meeting on all used vehicles twice daily.

First Meeting 10:00 AM

Service Manager

Internal Service Manager

Used Car Manager

General Sales Manager

During this period at least a minimum of one per department will analyze the trades and purchases during this period and review the cars thoroughly. (Keys need to attend this Walk)

During this walk every car will be touched and noted retail or wholesale (R-Retail Used CPO-Certified W/S Wholesale). The Date of this walk also will be written on the windshield allowing everyone to be aware of the cars arrival. We also will designate areas for retail under the 125k for Honda and 100k for other makes at the satellite lot, along with lease return and wholesale designated. This will save on time and the retail vehicles will be easier to access and be very aware for anyone looking for them after determining the future of the unit. The used car manager will then assign the units to Service determining the work that had been agreed upon. This will also allow the Internal Manager and Used Car Manager to strategize the need for check outs, clean-ups, and esthetics on each unit.

*The used car manager will engage the used car technicians and look at all units at the time of checkout if there is any repair work to be done outside of the agreed cost of reconditioning (maintenance excluded). Internal Manager will gauge every car with Used Car Manager as well as verify all maintenances on unit. . Due to having keys we will also bring vehicles back that will turn the quickest to the lot units and have them staged to go into recon immediately.

Last Meeting 3:00 PM

This will be a review of cars that were looked at today and verify the units that are currently in the process, in person or via e-mail. This is a must to measure our turn and the integrity of the Used Car Process.

These meetings are accountability meetings to each other, this is a business.

Final Inspections of vehicles once cleaned and through reconditioning will be inspected by the used car department to insure quality control at the turn of the year when the used car department opens under its own separate sales floor.

We are venturing down a new way of selling used cars under the same roof as the new car department and this is imperative that the ownership of the used car department vehicles are owned by Service and the Used Departments respectively. This undertaking has many challenges so a timely turn is of most importance and already since this implementation we have found ways to organize certain units to move ahead of others and also how to save some units that would have gone to wholesale. Having the Service Manager and Used Car manager assessing units and

figuring out a way to save cars will be a huge benefit as we explore increasing used car sales by some 20% this next upcoming year.

Short term check points: Making sure that this walk is happening every day by Used Car Manager, General Sales Manager, Internal Manager, and Service Manager. (It truly is amazing to see the attentiveness from everyone in just the last few weeks to make sure we get cars through the shop. The Service Manager is aware that we do not need these cars to be held up in the internal shop, so as the units build up in numbers he has turned them in to the main shop for better turn time and it seems to be working smoothly).

Long Term Checkpoints: Continuing the Walk every day and with everyone and measuring the actual times it takes the unit to get through mechanically and reconditioning. In the long term will be planning to break this down even more to pin point, if there is to be, any lag from mechanical, clean up, pictures, and body work. We are now collecting time data to see how long it sits after each part is completed. We know that if we can cut days off the downtime life cycle of each unit that we will increase our vehicle reconditioning turn and result in a better inventory turn. So the long term goal once again is to see that our inventory turn rate goes above 9 turns per year, this will be the real long term checkpoint.

Behavior Change:

Used Manager/Internal Manager/Service Manager/General Sales Manager

Having face to face interaction earlier in the process and not relying on computer input to communicate. The hands on the car method early and often will bring greater awareness and decisions that slow this process down can be made many a times before the car is on the lift (how much to spend, what to do on unit etc.)

This is already ongoing as of Nov 6th. This is being tended to by all departments mentioned above and is working!

Full support from GM, Asst GM, and all parties involved. This meeting was an improvement meeting and everyone agreed that this would help and is!