



## HOMEWORK ACTION PLAN

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

Name <u>    Luke Morgan    </u>	Class #	<u>    Click or tap here to enter text.    </u>
Dealership <u>    Hanover Toyota    </u>	Date	<u>    6/29/2021    </u>

Current Situation or Challenge to be Addressed:	Inventory Cost vs Retail Cost		
Current Performance Level (include specific measure):	Current Avg Cost of UV Stocked is \$26,145, our current Avg. Cost of Retail UV Sold is \$26,649.		
Goal (what do you want to achieve?)	Lower our average cost of stocked to \$1,500 below our current average cost to sold of \$26,649. This will allow us to stock more vehicles that will turn at a higher rate increasing our turn rate which will also increase our GROI. Our slowest moving vehicles are statistically our most expensive used vehicles.		
Goal Performance Level (include specific measure)	Avg Cost of stocked to be around \$25,000. We are currently caring a 22 day supply of used cars as the used market is expected to depreciate 1% a week for the second half of the year. We need to be mindful of not only our days supply but also our cost of inventory is in line with what we're selling.		
Goal Start Date:	7/1/2021	Goal End Date:	8/31/2021
First Check-in Date:	7/3/2021	Performance Objective:	Cost of stocked to be under \$26,500. 25 day supply
Second Check-in Date:	7/17/2021	Performance Objective:	Cost of stocked to be around \$26k. Max 30 day supply
Third Check-in Date:	7/31/2021	Performance Objective:	Cost of stocked to be around \$25,500. Max 30 day supply
Fourth Check-in Date:	8/14/2021	Performance Objective:	Cost of stocked to be around \$25k. Max 30 day supply.
How does your goal align with the dealers'?	Our vision statement states "careful stewardship of our assets and		

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vision?	resources"
What are the potential benefits of achieving your goal?	Increase sales by stocking more affordable vehicles. Make more gross and increase our turn.
What are the potential consequences if you don't achieve your goal?	Decrease turn rate and decrease in GROI. Vehicles that are considerably more expensive than our average cost can take longer to sell as it's a smaller segment of buyer in our PMA resulting in a lower GROI and slowing our turn.
Why is the goal important to you?	Become a better asset manager and increase our per car average. Increase volume
Potential Obstacles	Expensive late model trades can increase the avg when carrying a low inventory count.
Potential Solutions	Make sure inventory supply is close to 30 days to help maintain an average cost. Equity mine our database for vehicles between \$10 - \$25k for inventory.
<b>BOTTOM LINE!</b> Financial Impact of Achieving Your Goal (expressed in dollars)	If we increase our inventory level with vehicles under \$25k we can increase our volume and our GROI by turning those vehicles quickly. At our current per car avg of \$2,383 an increase of 5% in volume (5 units per month) would add \$12,500 of gross per month.

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
Equity mining for inventory	CRM	In house used car buyer. Sales people	5 Additional acquisitions per month	Start 7/1, End never, Check in 7/14
Lease maturity lists for next 12 months	Toyota lease end report	Sales managers/ GSM	1-3 additional units per month	7/1 start, check in 7/14
Auction purchases	Manheim, OVE etc	In house used car	\$10 - \$25k units.	7/1 start, check in

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		buyer. GSM		7/14
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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.

We meet the first and third Tuesday of each month to discuss used car turn and fixed ops. We will add to these standing meetings a focus on our cost to stock vs our cost to sales to ensure we are stocking accurately priced inventory.

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

We meet twice a month to discuss used car turn, recon turn, pricing strategy, w/s process and now cost of stocked vs cost of sales.

Sponsor Signature: \_\_\_\_\_