

# Departmental Action Plan

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Class & Student Number: N326-26

Academy Week: 4

## Current situation or challenge you want to address:

- 1. Our current Pre-Owned Inventory situation is Good. Prior to coming to the Variable Ops week of Pre-Owned, part of our pre-class work was to do a Sales Gross analysis by age of inventory. Having never looked at our pre-owned sales from that perspective, it was very eye opening. I plan to look at this on a month to month basis, and share this with the rest of the sales managers in my store.**
- 2. In class, I learned that we had an average of 29 days to “Break Even” on our pre-owned cars. After returning from class and sitting down and looking at our inventory in V-Auto, we were rather cavalier with our initial pricing on our fresh inventory, and we were also not diligent enough on re-pricing our inventory that was older than 15 days. It was evident that this was the cause of our aging inventory.**
- 3. In the Sales Gross Analysis of Pre-Owned vehicles that were sold during the months of Sept-Oct, the vehicles that were aged 61 days and greater were sold at a negative gross profit of (\$23239). Our store is currently at 6.1 Turns per Year with our Pre-Owned Inventory. I look to increase our turn rate of our pre-owned inventory, increase the overall sales of the pre-owned monthly, and decrease the # of aged vehicles over 60 days.**
- 4. Our turnaround time on pre-owned is too long. Currently 6-8 days. NADA guide is 3 days. We need to work on getting our turn time down closer to guide. This will be done via rigid process & procedure.**
- 5. Too reliant on Auction acquisitions. Many of our TU # vehicles are our old age vehicles. We must be able to make our own used cars. Implement a Svc Lane Pre-Owned buy back program.**

**Overall Objective and Specific Desired Results:**

My objective is to increase our Pre-Owned Sales volume from an avg of 107/mo thru Oct '17 to 117/mo avg or a 10% YOY growth. Our YTD Avg. Front End PVR on Used stands at \$1395. With the 10% increase in monthly Pre-Owned Sales, I forecast an equal gain in PVR by 10% to \$1535.

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

- With the goal of increasing our visibility of our pre-owned inventory, we have taken steps to increase our exposure with Autotrader.com. We have added ALL of our vehicles to Premium listings. This has taken our monthly cost from \$3000 to \$4700.
- We changed our pricing strategy within VAuto. Here is a quick synopsis of what we did with our pricing strategy:

	Before	After
0-15	108%	102%
16-30	105%	100%
31-45	100%	100%
46-60	100%	96%
61-89	99%	95%
90+	98%	91%

This pricing strategy varies on vehicle to vehicle basis, with the above #'s being an Avg. of the group as to how they are priced. By utilizing & implementing this strategy, we realized our BEST pre-owned sales month of the year in November with 129 units. We experienced a year over year growth of 42 additional units. Along with the described strategy and additional monies spent on Autotrader.com, if we receive an offer on a pre-owned vehicle that is over 30 days, I have instructed mgmt to dive into that vehicle in V-Auto. I want them to look at Days Supply and Price to Market. I also want them to look at MMR on the vehicle as well. In short, I implore them to make a educated decision on the offer in relation to our cost.

- In addition, we are tracking our pre-owned inventory from the day we take the vehicle in on trade in Google Docs. This allows us to track our Used Cars Days to Lot. It has a column showing the Day it was taken in, the Day it went into the Shop, and the Day it Hit the Lot. We are currently averaging 4 days to lot from the time we take the vehicle in. We are now within 1 day of NADA guide. Our prior time frame was 6-8 days. With the implementation of this, it holds our Pre-Owned Mgr accountable to be on top of the fresh trades/off lease purchases/customer purchases/auction purchases. When the salesperson takes a vehicle in on trade, they write the date in grease pencil on the windshield so it can be tracked by the pre-owned mgr. Once done in the shop, it is marked done by the shop mgr and it then goes to detail. Once done in detail, it is brought to the Pre-Owned mgr to be inspected prior to going to the lot. It is then professionally photographed and labeled and marketed for sale.
- Lastly, we are also in the process of installing a Service Lane Vehicle Acquisition Associate. This is to combat the need for Auction purchases on a regular basis. They will use the wish lists that are in our CRM to look for specific vehicles that we may have the opportunity to purchase. My pre-owned mgr will also provide a Top 10 list of vehicles that he is looking for.

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

**As for a timeline on this project, much of it is underway as I type this email.**

- We immediately implemented the pricing strategy in V-Auto. We wanted to be the most competitive priced vehicles on the market/web.
- We implemented the Google Docs Days to Lot tracking system. It provides a clear picture of each vehicles journey from trade to lot. It also makes the Pre-Owned Mgr and Svc Mgr accountable for any delays that a vehicle has making it to the lot.
- Each month starting January 1, I will begin handing out the Sales Gross Analysis by Age report to each Sales Mgr to review. This will provide them with a clear picture of the profitability of our pre-owned vehicles and the importance of turning them with as much profit as possible and as quickly as possible.
- As for increasing our monthly pre-owned sales by 10%. I will do this both monthly & quarterly so as to be able to see what our Year over Year growth is and where any additional opportunities lie.

### **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: Used Car Mgr, Svc Mgr, Sales Mgrs.
- b. What: Pre-Owned Dept, Svc Dept, and Recon.
- c. By When: Now. After sitting down with my GM and discussing what was learned in week 4, and looking at the data, we put the plan together and implemented immediately.
- d. How:

### **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:

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