

Management Action Plan – VO1

Specific – Measurable – Achievable – Relevant – Timely

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Dealership: Honda of Seattle

Class & Student Number: N385 / 26

Current situation or challenge you want to address (narrow your focus):

We need to grow our used car dept, specifically our volume. Our dept is run well but the volume has always been the struggle. We have a few different ways to acquire vehicles currently. Off lease (we lease at about 46% so this is a big source), our equity mining program, tv and digital advertising and a 80ft banner on the front of the store. But this has proven to not be enough. We really don't buy at the auction, but it is looking like we really need to if we are going to get our volume up. While this is what a lot of dealers say this has been a constant struggle and it is time, I ensure a change happens

Overall objective (goal) and specific desired results:

Goal: Acquire 10 vehicles from the auction every month. Starting in January.

Desired results: Increase our used vehicle sales to 75 per month.

By June 31st, retail 75 used vehicles per month. We currently average 65 used retail per month. YTD we are running \$4,125 per used vehicle in gross. This average will be going down if we are getting our cars from the auction. I am thinking that we will start by acquiring 10 vehicles from the auction per month to start. Even if our average on those vehicles is only \$2,000, that will be an additional \$20,000 per month plus the trades in we get from those vehicles.

10 extra retail units per month x \$2,000 x 12 months = \$240,000.

Describe your action plan in detail (including before and after measurements):

Timeline:

This will start on Monday, December 20th. I will meet with our used car manager to review this action plan and put our process in place. I will be a part of this weekly to ensure we are buying 10 cars per month.

We will have a weekly meeting on Tuesdays to review the past weeks purchases and review the upcoming week.

We will have a month end meeting each month to review all purchases, recon, sales and any issues we ran into or changes we would like to make. This will include looking past our local auctions to see if there are other markets we should be buying from.

Meeting with Stakeholders (dealership personnel):

1. Who: Myself and Phillip our used car manager.
2. What: Weekly meetings to ensure we are both buying cars from the auction.
3. By When: Start date will be our first meeting on Dec 20th and then weekly meetings to follow. We will do a review at the end of each month.
4. How: I will be a part of this process to ensure we are buying the right cars we need; I will personally be buying cars as well.

This is going to be key to our growth in 2022, our used car manager does not like the auction and neither do I but I feel this is a must if we are going to increase our used car volume. We currently spend about 10K per month in advertising that we want to buy cars. If Phil and I can both chip away at buying cars and purchase at least 10 per month, then we could probably lower that advertising budget. By putting myself in the process and being a part of the buying I feel there will be a greater focus on this and much more accountability. I am also going to make a change to Phil's pay plan so volume is a bigger component but also have it tied to gross so we are not just buying cars to hit the objective.

For me this is the single biggest change that needs to happen in our pre-owned dept, it seems generic but for years we have retailed between 55-65 vehicle per month, it is time that number increased to 75 per month.