Central, Appraisal, Acquisition, Pricing HQ Planning and Development

My action plan is to develop a centralized team for appraisals, acquisition and pricing. In breaking down our appraisal and acquisition results, there is an opportunity to improve our execution in order to grow our used vehicle market share and GROI. Significant improvements are necessary with sight unseen, service lane and we'll buy your car sources. For January 2022, look to book was at 25%, 20% and 36% respectively. My action plan is to improve our results by end of year by a minimum of 15% in each source category.

Cochran Auto Group Appraisal - Trade			
Appraisal Count	LTB	Taken In	Avg Profit Objective
1424	47%	668	$2,008.41

Cochran Auto Group Appraisal - Unseen			
Appraisal Count	LTB	Taken In	Avg Profit Objective
702	25%	179	$2,058.07

Cochran Auto Group KBB - ICO			
Appraisal Count	LTB	Taken In	Avg Profit Objective
150	39%	58	$1,810.02

Cochran Auto Group Service Lane			
Appraisal Count	LTB	Taken In	Avg Profit Objective
180	20%	36	$1,996.89

Cochran Auto Group We'll Buy Your Car			
Appraisal Count	LTB	Taken In	Avg Profit Objective
380	36%	136	$2,083.90

S pecific - What specifically will I achieve?

At the end of the quarter we will go in front of the Executive Team and present what we would see as a successful used car centralized model. Could be 1, 2, or more models. Our goal is at the end of the quarter we will determine Go or No-Go on the next step of further exploration and analysis.

Questions that we will answer at the end of the Quarter:

1. What work will be done?

- Centralized Appraisals for all acquisition opportunities

- Centralized Non-trade source inventory acquisition

- Centralized Pricing for inbound acquisition, aging and transfer units

- Title Disposition

2. What does the model look like?

-   It could be One, Two or Three Large Centralized Hubs

3. Where are they located?

-   What are the quadrants that support us today, but also allow for expansion down the road

4. What logistics will we need to support the model?

-   Additional Team Members: internal and external candidates

-   Software: ability to appraise, acquire, price, transfer vehicles remotely

5. What does the staffing look like?

-   Schedules:

o   Potential Shift work for continuous coverage for all hours of operation

o   Varying schedules – Night Shifts, Alternating, etc

-   Compensation Considerations

M easurable - How will I measure completion?

-   Proposal developed with several options in presentation format that outlines the following

o   The Models - Structure and Locations

o   ProForma – Cost and Expenses

♣   Acquisition growth outside of trade channel

o   Human Capital Needs – Staffing, Management, Schedules

o   Estimated KPI Improvements

-   Final Outcome of GO or NO-GO towards next steps

A chievable - Is it achievable by me or team now?

This will require focus by myself as well as key support by the following team members:

- Operations: Denny, Danny, Joe

- HR: Aaron Herbick

- IT: Jim Dye, Ed Helbling, Jonathan Perrigo

- Marketing: TBD (Maybe potential internal marketing needs)

R elevant - How is it relevant to our vision, our goals?

Yes – in order for us to grow our Used Car Operations for both today's market as well as for future stand-alone vehicle operations, we have to increase acquisition opportunities and sources through accurate appraisals. Accurately price units day one to promote retail and reduce aging. We also need to identify a more uniform and streamlined way to identify best fit stores for our inventory – this helps to quantify and clarify the intent of those objectives.

T ime-Frame - What are key dates, what is the final date?

Milestone 1: Feb 20, 2022

- Share initial high level concept with Denny

Milestone 2: End of February

Begin to meet with the ACHIEVABLE Team

- Outline the Objective

- Develop a more functional timeline

- Set a working schedule to meet the measurable by end of the Quarter

Plan to have a initial discussion outline potential solutions for the following – this is a high level explorative and generative discussion where many answers are thought without limiting for feasability

- What does the model look like?

- Where are they located?

- What logistics will we need to support the model?

- What does the staffing look like?

Milestone 3: End of March

Have real concise clarity, with definable outcomes, measurables, expectations, for each of our 4 major questions:

- What does the model look like?

- Where are they located?

- What logistics will we need to support the model?

- What does the staffing look like?

Clear Outlines of the following:

o   The Models - Structure and Locations

o   ProForma – Cost and Expenses

o   Human Capital Needs – Staffing, Management, Schedules

o   Estimated KPI Improvements