

ACTION PLAN 1

S Specific **M** Measurable **A** Achievable **R** Relevant **T** Time bound

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?

My goal is to increase our total absorption to 100% between fixed and pre-owned. Currently our fixed absorption percentage is 45% and our pre-owned absorption percentage is 25%. These percentages should be 60% for fixed and 40% for pre-owned. I would like to have the fixed and pre-owned absorption up to 100% by the end of the September.

BOTTOM LINE: Benefits of Achieving Your Goal

The benefits to achieving this would be more net profit. Happier sales staff due to increased commissions. Happier dealer principal.

Consequences of Not Achieving Your Goal

The consequence of not achieving this would be a loss of net income. Frustrated dealer principal which creates tension.

When will you start? **June 1st, 2022**

How will you gauge your progress? When? Using which metrics?

We can use the financial statement to track our expenses per department on a monthly basis. We will use vAuto to keep our cost to market at or below 90% when appraising trade ins.

What specific actions will you take to achieve your goal? Who can help you?

Reduce expenses and increase used car gross profit. The Service/Parts managers and our sales staff will be the most helpful in achieving this goal. We can reduce expenses by holding management accountable by tying compensation to how they manage their expenses. Work on taking vehicles in on trade at a lower cost to market. If we can take in trades at or below 90% cost to market, we will be able to continue to sell our vehicles at market value with an increased profit margin.

Potential Challenges?

- Supply chain issues disrupting parts for used vehicle reconditioning.
- Volatile used car market conditions
- Inflation causing vendors to increase rates

Potential Solutions?

- Vendor reviews
- Increased off lease purchases
- Increased trade evaluation trade in