

Departmental Action Plan

Student Name: Richard Cates

Class & Student Number: N329

Academy Week: Variable Ops Pre-Owned

Current situation or challenge you want to address:

MY current challenge is that we need to move from being a new car dominant store to being a used car dominant store. This will be a challenge since the OEM is of course pushing us to move new cars but it has become very clear that the path to profitability is going to be in my pre-owned department.

Overall Objective and Specific Desired Results:

My overall objective is to get our pre-owned monthly number to be 65% of our total sales. With a sales goal on 120 units/month that means that I have to retail 78 pre-owned vehicles per month. This is a # that we have never done. The results of getting to this number will be increased gross profit in the sales department and the dealership as a whole.

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

#1- Get enough pre-owned vehicles to meet the retail unit goal.

#2- Develop a retail everything plan. We will retail all trades and provide customers with written documentation of recommended repairs on all of our wholesale type of units. (already implemented this and in March we sold 10 of these and had a gross profit of \$21,186.88 before pack(950) and doc(699)

#3- Create a pricing strategy that will allow me to carry more pre-owned units while still maintaining a 30-40 day turn time. (Already created a more complex pricing structure for my pre-owned units based on age and days' supply)

#4- Have a buying mindset based strictly off of data rather than off of personal opinion of a vehicle. With red bumper I have begun using a market filter that allow me to see the days' supply and profit I want to make on a vehicle before buying or trading for it.

#5- Get marketable vehicle information on my pre-owned vehicles faster (pics, description, etc). I have begun taking pictures of a trade or purchase upon arrival. I apply a text box to the picture that states: JUST ARRIVED. AWAITING SERVICE/DETAIL.

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

I have already begun monitoring the shorter term. I can clearly see that the retail everything direction is very profitable for the pre-owned department and it also allows my fixed ops department to have more vehicles to work on. This is a great plan for the entire dealership.

I have also noticed that with my new pricing strategy that we are beginning to sale more vehicles at age 15-25 than we were previously.

My long term checkpoints will be monitoring the gross results of the new processes at 60, 90, 120 days to see how it has affected our dealership. With the goal of lowering our dependency on the OEM and their Sales growth program and allowing our dealership to be profitable regardless of what the OEM is thinking.

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:** Sales staff, Service Department, and anyone who appraises.
- b. **What:** I have trained my sales managers on how to appraise pre-owned vehicles in a way that supports the new philosophy we have in the store. I have also let my sale team understand that our goal is to sell more cars and sell them quicker. They can be confident in knowing that the price that is advertised a great price. It eliminates the desire to negotiate. My

managers are more alert to the # of days a pre-owned vehicle is with the service department as it is key to get the vehicle front line ready.

- c. **By When:** Everything that has been implemented is already in effect. The only goal I still have is to increase the pre-owned inventory number. My goal is to get our pre-owned unit count up to 70 by the end of April. We currently have 58. By the end of May I want to have the pre-owned count at 80 units. With a solid 30-40 day turn time 80 units will allow us to come close to my goal. If we are able to maintain that turn time then I will increase to 90 units in June.
- d. **How:** It is already happening. I will be monitoring the auction and other outlets to attempt to increase our pre-owned inventory. My sales managers are aware that if a new car deal has a trade to do everything possible to get the unit.

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:

My sponsor is 100% on board with my goal. He and I both are fed up with the OEM.
