

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 the Gross Profit Return on Sales for New and Used.
- *Current Metric YTD for Jan and Feb = 3.44% for New and 9.12% for Used.
- *I would like to Achieve NADA Industry Guide Line % of:
5% plus for New and 12% plus for Used
- *Timeline = End of 2nd quarter

BOTTOM LINE: Benefits of Achieving Your Goal

If I am able to achieve my goal, I would be able to increase our Earnings Before Taxes. This will increase our bottom line and help us absorb more expenses.

I am competitive and as GM of MB Fairfield, my store EBT is compared to other MB stores owned by PAG. Increasing our bottom line will move us up our ranking.

Lastly, employees will be happy as it means more gross earned and higher commission checks.

When will you start?

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

I will gauge my progress using our Monthly Trend Reports. At the end of March, I will add up the Retail GP and Retail Sales Dollars for both new and used and see if there is an uptick in our %'s. Same for April, May and June. The goal is to be trending in right direction. My progress each month will determine how we end up at the end of the 2nd Quarter.

Consequences of Not Achieving Your Goal

We will not be able to grow our business the way we want. My plan is to add more money to the bottom line so I can start to increase spend on marketing campaigns.

With out increasing the bottom line in sales, we will not be able to expand our marketing. This will make selling more cars difficult.

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

- 1) Hold to MSRP on New Car Sales
- 2) Hold to Interent prices on Used Car Sales
- 3) Manage costs on Used Car Recon
- 4) Hold back on trade values, when possible, to increase Gross
- 5) Maximize every opportunity in Finance. Give the F&I ample opportunity to sit with the client and go over aftermarket options
- 6) Pre-Pack Ceramic Coating on New Cars to drive locked in back end
- 7) Train the Sales Staff on how to hold gross and sell for profit. To hold gross and maintain client satisfaction is an art. Sales needs to not waste the clients time. They need to be prepared to handle all concerns and objections. Explain features properly. Build rapport. Do a needs assessment. Get all necessary info to finance the first time. Make sure car is ready for delivery. Do not let cars sit on the ground, deliver ASAP. Time kills deals and gross.
- 8) Get more vehicles that can make us money. AMG, GLS and Maybach. On the new side these vehicles have great holdback, high in demand, and make the most profit. This will also allow us to take shorter deals on the volume cars.
- 9) Pay attention to our appraisal numbers.
- 10) Try to increase our Pre Owned Inventory with the vehicles that retain better gross
- 11) Get rid of aged inventory sooner. With high interest rates, Floor Plan has increased dramatically. The faster we turn cars, the more profit we can retain.

Who can help me with these goals:

Sales Consultants, Inventory Manager, New and Used Sales Managers, F&I, Service Manager, O.E.M. Rep with hard to get cars.

Potential Challenges?

Challenges we can face would be:

- 1) Interest Rate hikes continue. This would increase our floor plan rate and would continue to deter lease/finance with increases in cash deals.
- 2) Supply shortages on the vehicles in demand. Cant force OEM to get us cars we need to make the big profits with.
- 3) Recession. More banks failing and recession on the horizon will cause Banks to limit auto finance... Clients might want to hold their car longer... Discounts would be needed to close more deals.

Potential Solutions?

- 1) Continue to monitor expenses. Spend on need and value. Lower expenses can help bottom line.
- 2) Negotiate with OEM Bank to help with financing Mercedes Benz paper to deter use of outside financing.
- 3) Give clients, who want to cost cut, options not typically exercised before. Longer Lease and Finance terms. Expose clients to retired loaners instead of brand new.
- 4) Raise Doc and Pack Fees to help bottom line.

New Vehicle Department Gross Profit Return on Sales

Jan & Feb 2023

YTD New Vehicle Retail Gross Profit

\$ 205,939

Reference

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YTD New Vehicle Retail Sales Dollars

\$ 5,984,551

P12-12B

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YTD GP Return on Sales

Guide
5%

3.44%



Guide: 5% or greater.

Note: The New Vehicle retail gross profit includes front and back gross profit, as well as below-the-line factory money and DOC fees.

Pre-Owned Vehicle Department Gross Profit Return on Sales

Jan & Feb 2023

YTD Pre-Owned Vehicle Retail Gross Profit

\$ 456,770

Reference

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YTD Pre-Owned Vehicle Retail Sales Dollars

\$ 5,005,009

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YTD GP Return on Sales

Guide
12%

9.12%

P18-5B



Guide: 12% or greater.

Pre-Owned sales and gross profit includes F&I.