



HOMEWORK ACTION PLAN

S SPECIFIC
 M MEASURABLE
 A ACHIEVABLE
 R RELEVANT
 T TIME-BOUND

Name Alison Lozeau Class # N408

Dealership Midstate Mitsubishi Date 4/2/2023

Current Situation or Challenge to be Addressed:	Our dealership's pre-owned inventory is getting old, and I would like to increase our turns, thereby increasing our GROI and overall profitability.		
Current Performance Level (include specific measure):	We currently have a 2.4-month supply of pre-owned inventory, a turn rate of 4.9, and a monthly gross profit of \$133,271.		
Goal (what do you want to achieve?):	I would like to increase our dealership's GROI and overall profitability by increasing our used car inventory turns from the current 4.9 to 8 by the end of September 2023.		
Goal Performance Level (include specific measure)	If turns are increased from 4.9 to 8, the number of retail pre-owned units delivered per month is projected to increase from 36 to 59, and the monthly gross profit for pre-owned sales is projected to increase from \$133,271 to \$187,968, which is an increase of \$54,697.		
Goal Start Date:	4/1/2023	Goal End Date:	9/30/2023
First Check-in Date:	5/15/2023	Performance Objective:	Starting with April's financial statement, compare retail pre-owned sales, turns, and GROI with March's financials, which was before these changes were implemented, and look for increased profitability.
Second Check-in Date:	7/15/2023	Performance Objective:	Compare May's and June's financial statements with March and April's financial statements, comparing the monthly retail pre-owned sales, turns, and GROI and looking for of increased profitability.
Third Check-in Date:	8/15/2023	Performance Objective:	Compare July's financial statements with March, April, May, and June's financial statements, comparing the monthly retail pre-owned sales, turns, and GROI and looking for increased profitability.
Fourth Check-in Date:	10/15/2023	Performance Objective:	Compare August's and September's financial statements with March, April, May, June, and

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			July's financial statements, comparing the monthly retail pre-owned sales, turns, and GROI and looking for of increased profitability.
How does your goal align with the dealers' vision?	Increasing profitability is our common goal. If we are able to increase monthly pre-owned retail unit sales, turns, and GROI by making certain changes, ultimately the dealership will also see an increase in overall profitability.		
What are the potential benefits of achieving your goal?	Potential benefits include: 1. The ability to accept more vehicles in trade to retail and/or wholesale. 2. The ability to buy more vehicles at auction. 3. The ability to afford more recon costs on used inventory. 4. The ability to sell vehicles for what they are worth in the market versus what we own them for. 5. Having a more accurate report of financial reporting. 6. Becoming more profitable overall by increasing pre-owned retail unit sales and turns, which will increase GROI.		
What are the potential consequences if you don't achieve your goal?	If, after implementing changes, we do not see an increase in monthly pre-owned retail unit sales, turns, and GROI, we could potentially go back to doing things the way they were before, although some of the new processes might be kept, as they may prove to be, at a minimum, more efficient.		
Why is the goal important to you?	Increasing profitability is our common goal, and one that I would like to be able to make a contribution to. If sharing the knowledge I've learned at NADA and implementing some process changes can help our store overall, then I would like to be able to make that happen.		
Potential Obstacles	The owner has a long used-car sales history and is very set in doing things in a certain way. Changes to the recon process would most likely be welcomed, as it would increase efficiency in service and decrease the time to line for the newly acquired pre-owned vehicles, but other changes to used car sales process that would need to be implemented to be truly successful in increasing turns and GROI might not be so well received. The owner prefers to consider the majority of vehicles taken in trade for retail, and he is also very committed to keeping the current \$1000 hard pack, which is used as a sort of "policy" slush fund for errors or when sold pre-owned vehicles come back with issues.		
Potential Solutions	I believe that reviewing the monthly financial statements, once these changes to process have been implemented, will show that these changes to processes will be reflected in an increase in monthly pre-owned retail unit sales, turns, GROI, and an overall increased profitability for the dealership as a whole. I would suggest that continuing to implement the proposed changes on a trial basis for a period of at least 6 months should, at that point if not before, reflect a positive change in profitability.		

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BOTTOM LINE! Financial Impact of Achieving Your Goal (expressed in dollars)	If turns are increased from 4.9 to 8, the number of pre-owned retail units delivered per month is projected to increase from 36 to 59, with the monthly pre-owned gross profit projected to increase from the current \$133,271 to \$187,968, which is an increase of \$54,697. Current yearly front end pre-owned gross profit total is then projected to increase from the current \$1,599,248 to the projected \$2,255,616, which is an increase of \$656,368.
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What specific actions or steps will you take to accomplish your goal? What will you do differently or improve? For each, be sure to include necessary resources, who is accountable, the measurable result, and dates.

SPECIFIC ACTION/STEP	NECESSARY RESOURCE(S)	ACCOUNTABLE PERSON(S)	EXPECTED RESULT	START, END, & CHECKPOINT DATES
Treat used inventory like a financial investment account. Following a written pricing strategy, make the decision at time of acquisition to either keep the car or wholesale. Extreme part delays, subpar condition, or duplicate used units warrant immediate wholesale.	Create and refer to a written pricing strategy detailing the levels of pre-owned inventory (Bronze, Silver, Gold, and Platinum), and the age in days of existing inventory to determine when to wholesale.	Myself and the used car sales manager.	Decide if newly traded in pre-owned vehicle will be wholesaled or appraised for retail at the time of acquisition to keep used car inventory fresh.	Implement this process change beginning in April 2023 and continue until end of September 2023, checking each month's financial statement for notable increases in profitability.
Consider the GROI potential to simply wholesale a vehicle quickly rather than investing precious time and money into a "bronze" or "silver" level car.	Reference the written pricing strategy.	Myself and the used car sales manager.	Utilize the written pricing strategy that details out the levels of pre-owned inventory (Bronze, Silver, Gold, and Platinum), to help judge if and when units of pre-owned inventory should be wholesaled.	Implement this process change beginning in April 2023 and continue until end of September 2023, checking each month's financial statement for notable increases in profitability.
With the used car manager, establish a process to take pictures of newly acquired pre-owned inventory prior to	Admin access to the dealership's webpage in order to post photos of new inventory.	Myself, the used car sales manager, and the business development or marketing manager.	Take photos of newly acquired pre-owned inventory prior to recon and post them to the website to get early exposure of new	Implement this process change beginning in April 2023 and continue until end of September 2023,

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recon and post to the website. Add additional photos after recon has been completed.			pre-owned inventory without waiting for the recon process to be completed, and then add additional photos after recon has been completed.	checking each month's financial statement for notable increases in profitability.
Consider pushing inventory feed to aggregators such as Autotrader and/or CarGurus.	Access or subscription to Autotrader and/or CarGurus.	Myself, the used car sales manager, and the business development or marketing manager.	Utilize aggregators such as Autotrader and/or CarGurus to increase pre-owned inventory exposure.	Implement this process change beginning in April 2023 and continue until end of September 2023, checking each month's financial statement for notable increases in profitability.
Work with the service manager and the used car sales manager and set up a written tiered process to standardize different recon expectations. Establish one person responsible in either department to hold accountable for this process, empower a C level technician to handle all service work, and set a predetermined dollar amount for recon that does not need authorization from the used car sales manager.	Create written tiered recon process to standardize recon expectations.	Myself, the used car sales manager, and the service manager.	With the utilization of the newly written tiered process that standardizes the different recon expectations, includes a predetermined dollar amount that does not need authorization from the used car sales manager, has a technician dedicated solely to this work, and also has one person assigned as accountable to ensure that this new recon process is followed, newly acquired pre-owned vehicles should be able to get through the shop and the	Implement this process change beginning in April 2023 and continue until end of September 2023, checking each month's financial statement for notable increases in profitability.

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			recon process much faster and with much more efficiency.	
Propose to reduce the pre-owned inventory hard pack from \$1000 to \$300, with the potential to eliminate it further down the line.	DMS access to change the hard pack that is automatically included when adding newly acquired pre-owned vehicles into the used car inventory.	Myself, the owner, and the used car sales manager.	Reducing the hard pack on pre-owned inventory better enables the dealership to sell vehicles for what they are worth in the market versus what they are owned for.	Implement this process change beginning in April 2023 and continue until end of September 2023, checking each month's financial statement for notable increases in profitability.
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As you work toward your goal, it's important to have interim check points with specific, measurable objectives so your team can hold themselves accountable. If everyone knows the goal and objectives, you don't have to spend your valuable time micromanaging.

Once you've accomplished your goal, added or adjusted policies, procedures, and behaviors, now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

Six months after the above changes to the pre-owned retail sales processes and recon processes have been implemented and have demonstrated that they do in fact increase the dealership's monthly retail pre-owned unit sales, turns, GROI, and overall profitability, the new processes should be routine and can be taught to new hires as the process in place.

Describe any planning or implementation meetings conducted as part of development of your plan.

A meeting with the owner, used car sales manager, and controller will be needed to detail out the suggested changes to process in appraisal, including the creation, implementation, and benefits of utilizing a pricing strategy to aid in a speedy decision to wholesale; changes in the marketing of pre-owned vehicles; and the reduction of the pre-owned inventory hard pack; as well as expected outcomes to be looking for on each subsequent monthly financial statement.

A meeting with the owner, used car sales manager, and the service manager will be needed to discuss and create a comprehensive tiered written process for recon.



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Sponsor Signature: _____