

Departmental Action Plan

Student Name: Jason Anderson

Class & Student Number: N331-31

Academy Week: Variable – Pre owned

Current situation or challenge you want to address: Our pre-owned dept is in very good shape for the most part. HOWEVER - Acquisition is a problem for us. We have most of the processes set up for maximum turn. Which means we sell them FAST! We have inventory in spurts. Which causes stress during low periods. It also causes “reaching”. Meaning we buy a few cars for too much money or a few cars we shouldn’t have. Solely because we need them so badly and make a poor decision.

Overall Objective and Specific Desired Results: My objective would be to eliminate inventory inconsistency. Which I feel would eliminate bad purchases. Which of course is a direct link to gross profit. To put a specific desired result on this would be to stay at an inventory of 75-85 pre-owned retail vehicles throughout the entire year. Also to raise our preowned front end average from a YTD avg of \$664 to \$750.00 plus pack.

Describe your action plan in detail

CURRENTLY As of 4-27 we are at 79 retail units in stock. We are currently at \$664.00 per preowned vehicle sold YTD.

With three managers able to desk deals, appraise trades, and buy vehicles. I feel we need to structure our days better to allow time for 1 or 2 managers to focus on finding and acquiring more preowned inventory. Rather than all diving in and ignoring everything else when we get low.

At our store, we haven't labeled managers as Used/New managers because we like having the "whatever it takes" mentality. It's resulted in an amazing culture. Its weakness is that there can't be 100% accountability for some tasks. We don't want to lose our culture, to me that's more important than anything we could ever do. So here are a few small things I'm going to implement effective May 1st to potentially eliminate the dips in preowned inventory and reduce the number of "Bad" purchases.

1. Mondays, Thursdays and Fridays all three managers are here all day. On these days from 8 – 12 we will have 1 manager for desking while the other two work on vehicle acquisition from the 3 major online auctions. (OVE, Smart, Adesa)
2. Proxy bidding - Were going to put together a schedule of auctions through the week. We will assign each manager several auctions through out the week. It will be their responsibility to check the auctions run list and place bids on vehicles needed/wanted. Using our appraisal process with VAuto.
3. Were going to start tracking appraisal closing percentages and look to book. I have already put together a report that is emailed to all managers every morning. To see if there is coaching opportunity. Maybe we can make a few more deals and help our preowned inventory at the same time!
4. Lastly, were going to investigate our service drive opportunities a little more. We know there is inventory out there. We need to find a process that fits our store, and our personnel.

Timeline: Daily check points with a monthly review / recap meeting.

Check points will be very easy, both short and long term. We currently have inventory meetings every morning at 8:45. We have V auto on our screen at that time. We can see exactly where our inventory levels are. We will now be talking about "in transit" vehicles in that meeting also. Just to have total awareness of our preowned department.

Monitoring the gross average is obviously done in the DMS. We monitor the average each day. We send an email to Ownership each evening with a break out of the gross average. Used/New/Front/Back. The short term tracking will be very easy to keep an eye on.

Were also going to do a month end recap meeting with Sales/finance managers in order to discuss any obstacles. I also believe that sometimes the best plan A is a good plan B. If we're a month or two into this and we realize we need to make some small adjustments, we will. Being careful not to get too far away from our objectives. A lot of times, just awareness of an area will improve it. Just paying attention to it will help a ton!

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: **This is all on our managers. Daily planning and communicating will be VITAL. We need to have the "If it's to be, it's up to me!" mentality!**
- b. What: **The "what" here is just the management team's function of being more efficient in our day to day activities and Carving out time for vehicle acquisition. Prioritizing time in the morning to run auctions and time to put in proxy bids at their designated auctions each week.**
- c. By When: **This can be implemented instantly. We do know that in order for it to become "routine" or a "habit". It could take 45-60 days. So as the GM it's my responsibility to monitor the plan being laid out each day in our morning meetings. To ensure we are ALL sticking to the plan and doing our part.**
- d. How: **How we do this is everyone stick to the plan. No steering away from the daily plans. IF there is someone not sticking to the plan, we need to catch it and coach/train accordingly. Just like a good sports team, everyone has to do their part. Linemen can't be catching passes, and receivers can't be playing quarterback. Again, these more defined daily routines will take some getting used to.**

So I will have to monitor this and hold everyone accountable! Once we start to see the results, I'll be sure to point it out to create even more buy in!

I will monitor this by checking our auction accounts to make sure each manager is actually placing proxy bids as planned. I can also match up the vehicles in V-auto to see how they are being appraised. I can coach/train accordingly.

The daily report will show me our look to book. Again I can coach/train as needed.

Our daily inventory levels and preowned front end average will be the main performance indicators.