

Deepak Matharu

N408

Name: _____

Class #: _____

Porterville Ford

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Dealership: _____

Location(s): _____

5

How many people participated in this meeting? _____

What is your vision?

Customer for life <input type="checkbox"/>	Gross profit domination <input type="checkbox"/>	Both <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
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Explain:
 We want to focus on creating an atmosphere to advise the client on the products most beneficial to them and their lifestyle. This is vital in order to generate customer loyalty and minimize unnecessary chargebacks. However we also want to focus on maximizing gross due to the high ROI from F&I.
 Thus, the vision is to maximize gross under the constraint of ensuring the product fits the customers lifestyle as well providing the benefit it's advertised to have. It is conterproductive to prioritize customer retention and then sell the

Identify a minimum of three strengths, weaknesses, opportunities, and threats.

<p>Strengths</p> <ol style="list-style-type: none"> 1. Lack of Micro Management, clear lines of communication 2. Aggressive Finance Managers 3. Tight control over funding delays and short funding times 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. Lack of total available products 2. Our ESC products do NOT cover certain units in our used car inventory (I.E. Teslas, Alfa Romeos etc.) 3. Outdated tech in the finance office decreases efficiency and increases the time it takes to type a deal
<p>Opportunities</p> <ol style="list-style-type: none"> 1. E-Contracting 2. Work with the service department in order to offer ESC to clients outside of manufacturer warranty 3. Utilization of leasing 	<p>Threats</p> <ol style="list-style-type: none"> 1. High ESC gross increasing the risk for substantial chargebacks 2. Lending Restrictions on advance; Limits backend due to high cost in used vehicle inventory in relation to book values 3. California has an increasingly strict compliance environment



How will you improve or solidify your strengths?

1. Our finance managers understand what is expected of them in terms of compliance, funding and performance. If they are unable to hang a deal or have any issues they get the sales desk involved. We can solidify this by maintaining clear and open communication as well as weekly meetings in order to ensure everyone is on the same page.
2. Over the course of this year our finance department has averaged 2150 PVR. Both of our finance managers are aggressive and maintain a high PVR. We can help maintain this performance through providing our finance managers with the tools and training they need. Providing them with the products they believe in and can sell as well as monthly reviews to track progress and provide training when necessary.
3. A short funding turn around is vital to store health and is subsequently taken seriously by both of our finance managers. All sales managers, finance managers, and office personnel have access to our heat sheet on google docs. The real time tracking helps us stay up to date on deals and keeps aging deals as a priority. In addition to the heat sheet we conduct weekly meetings with finance to go over the unfunded deals and see what is pending and why. All personnel from sales to finance to the office understand their role in ensuring quick funding of deals and what their expectations are.

How will you address and improve any weaknesses?

1. 88% of our product gross is manufactured through 2 products: ESCs and GAP. Other products such as paint protection or wheel and tire is limited at best. Thus, in order to increase our products per deal we're introducing new tire and wheel packages as well as windshield and dent packages. Our maintenance programs through Ford provide excellent value on new Ford products but fail to provide that same value on used inventory. As a result we're packaging a dealership program for maintenance to utilize for our used car inventory. Through these products our finance managers will have a larger assortment of products to offer and will be able to tailor a bespoke bundle for the client.

2. After continuing to observe our GROI after class 4 it's become evident that on the used side, non brand inventory returns a considerably higher GROI than same brand inventory. However on a high ratio of these units we are unable to provide any warranty coverage for them thereby limiting our F&I potential.

We have reached out to several 3rd party warranty providers to test which one would be the best fit for our store and provide our client with the best value on off brand inventory.

3. The main complaint from our finance managers was the continued use of dot matrix printers. We still use dot matrix printers that are connected to our DMS via Dealertrack servers. However issues arise when the printer is unable to connect with the server disabling it. Other issues arise if the printer is not calibrated leaving forms with misaligned printing. Exasperating the problem, the majority of our forms needed for funding as well as compliance disclosures utilize our dot matrix printer.

In order to overcome this issue, we are introducing laser jet printed forms to print directly from our DMS to a standard printer. This will reduce the complication of servicing the dot matrix printer as well as increase our finance managers efficiency.

How will you maximize or improve your opportunities?

1. Currently we only E-contract deals with Ford Credit creating a sizeable opportunity. Excluding credit unions, the majority of our lenders do utilize E-contracting. By E-contracting with our remaining lenders we will be able to reduce our average funding time, as well as minimize rewrites. We need to provide training to one of our finance managers to familiarize him with the process and setup of e-contracts.
2. We utilize the service department for the sales department in order to prospect for car deals. A large opportunity exists for our finance department to harness the traffic from service and offer ESC to clients without any warranty. We would need to loop our service advisors in and have them connect with our finance managers on potential clients. We would spiff our advisors on each ESC contract sold out of the service department.
3. Over the first five months of this year, only 8% of new car deals were leases. Leasing represents a phenomenal opportunity to promote customer retention and increase our new car volume. In order to increase our leasing penetration, we're introducing weekly meetings with sales staff for lease training. We'll also be introducing A/B pencils on the first pass to at least present the lease as an option. The push for leasing starts at the sales desk and a culture that believes and supports the concept of leasing must be formed.

How will you address and overcome any threats?

1. We cannot eliminate our chargebacks but we can work to minimize them. As of now the majority of F&I gross is achieved through ESC sales. As a result chargebacks due to repossessions, trade ins and other cancellations can have a severe impact on the profitability of our F&I department. Over the first 5 months our F&I department has generated \$462,142 in gross; after removing finance reserve, we have generated \$333,184 gross from products. However ESCs account for 75% of the gross generated from product sales. Once you factor in GAP; that number moves to 88%.

In order to minimize the effect of chargebacks we need to increase our products per deal and increase the ratio of non cancelable products. There will be a greater focus in packaging products which will help move some of our ESC gross to other products. Bonus structures will be introduced for finance managers to promote a higher products per deals.

2. Due to an evolving economic conditions, many banks are acclimating to the post COVID market by tightening lending guidelines and reducing advances. However the wholesale market continues to command high pricing in relation to book values. As a result purchasing inventory through auction results in a high adjusted cost to market. This can position us unfavorably in the market based on price and limit potential gross due to capped front end advances.

We are working on increasing our purchases via the service department to help limit the quantity of inventory purchases made via auction.

3. California has continued to increase regulations in relation to consumer privacy and disclosures over the past several years. As a result proper disclosures and customer acknowledgement is vital to ensure compliance. Deals are regularly audited on a monthly basis to ensure all paperwork is compliant. We've hired a 3rd party vendor to ensure our compliance and revamp our email servers.



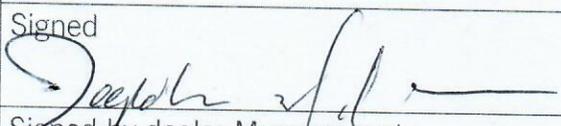
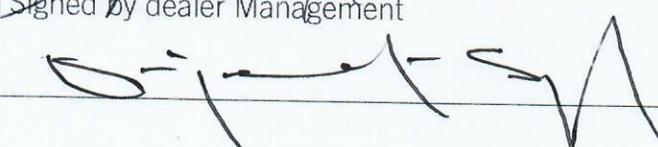
What is your expected time frame to achieve desired results? Months? By what date?

The technology focused changes such as implementation of laser jet forms would have a short turn around time of a month (End of June). Adding new warranty vendors or creating new maintenance packages would be a more time intensive endeavour and thus would set a time frame of 2 months (End of August). Maintaing compliance with regulations is an ongoing endeavor and changes must be implemented and satified in the time frame set by the regulation.

What performance metric will you track to determine successful change? PVR? Products per? CSI?

Main performance metrics to track include products per deal, CSI and ESC gross in relation to overall gross. By looking at our products per deal and our ESC gross we can determine if the ratio of ESC gross is too large or acceptable. CSI will help us determine the customer's experience in F&I.

Who participated in this SWOT?

Name Rob Bowles	Title General Sales Manager
Name Rami Nesheiwat	Title Finance Manager
Name Joel Cruz	Title Finance Manager
Name Parm Matharu	Title General Manager
Name Deepak Matharu	Title Sales Manager
Signed 	Date 6/16/2023
Signed by dealer Management 	Date 6-16-2023