

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?

Goal obtain a breakeven operating profit in our Used Department by year end with a goal of operating at or above GA starting January 2024 and moving forward.
 Used Dept Operating Profit as % of Gross YTD -10.97% vs GA 13.06% YTD with a YTD low in June of -86.13% a YTD loss of -\$63,597.
 Objective 1 - obtain breakeven by 12/31/2023 Objective 2 - January 1, 2024 GA or above

BOTTOM LINE: Benefits of Achieving Your Goal

Increased overall dealership profitability and stabilization of the Variable operations management team. The management team is currently struggling to obtain their income goals. Stabilizing their department will also assist them in obtaining a more desirable level of income.

Consequences of Not Achieving Your Goal

Decreased dealership overall profitability and the potential loss of our Variable operations management team.

When will you start? August 1, 2023

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

Progress will be gauged using the NADA KPI composite in conjunction with the dealerships financial statement.
 NADA KPI YTD Trend Analysis line - Used Operating Profit % Dept Gross Dealership Financial Statement PG 2 Line 53

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

Beginning August 1st we will add a new GSM to our Variable Operation. Although this will increase our compensation and seems counterintuitive to our goal, adding the department manager will allow us to split the department into a GSM and SM. By splitting the department the GSM and SM will have the singular focus of working directly with our sales team to maximize every customer opportunity. The existing GSM will transition into a newly formulated position called the "Vehicle Asset Operations Manager". The Vehicle Asset Operations Manager will have the singular focus of all things inventory for the Variable Operation. Vehicle Asset Operation Manager duties will include obtaining and maintaining a preowned inventory of 150-200 units, with a minimum 25% being brand CPO units, within a 60 day turn window. The Asset Manager will be responsible for acquisition, recon, pricing, merchandising, disposition of aged assets, etc... The Asset Manager will also be responsible for maintaining the appropriate mix and selection of preowned inventory. The GSM, SM, and VAOM will all initially be compensated off of GP with the GSM eventually transitioning to a Net Departmental Profit Pay Plan.

Potential Challenges?

Our new GSM is stepping out of a GM role, out of state, and new to our group. Adding a new external face to the dealership can have a transitional period and our timeline starts now.

The VAOM role is a completely new role to our dealership and we need to transition well.

Obtaining the right vehicles at the right price is a pivotal part of our plan. In transitioning we would like to limit our dependence on auctions and transition to new forms of acquiring preowned inventory. This will be a new challenge.

Potential Solutions?

Transition well with well written job descriptions, set expectations, and departmental goals.

Set up weekly non negotiable meetings with all Variable Department Managers to discuss progress and navigate the new challenges.

Continuously challenge the Variable operations team to increase key metrics, ie.. VAOM time to line, Sales Team time to turn.

Explore all avenues of preowned inventory acquisition, available.