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Register Chevrolet Inc.  
N414  
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## **VO1: Homework Action Plan**

### **Current Situation or Challenge to be Addressed:**

On July 10, 2023 we received a notice from GM Certified Pre-Owned that we were deficient in selling enough CPO units to remain in the program. This letter states, that we have until July 28, 2023 to complete any open CPO business and on July 29, 2023, we will be de-enrolled from the program. On July 26, 2023, GM sent an email to deficient dealers amending the terms of suspension and allowing us to remain active with the opportunity to become compliant by the end of the third quarter of 2023. In addition, we must remain complaint through the fourth quarter of 2023. (Both letter and email attached as Exhibit A)

### **Current Performance Level (include specific measure):**

As of July 31, 2023, we have sold three CPO units. Please note, on July's Financial Statement, CPO YTD units indicate a total of four. This incorrect total is due to one unit being mis-reported.

### **Goal (what do you want to achieve?):**

Register Chevrolet's goal is to become compliant with the General Motor's CPO Program by September 30, 2023 and to continue to be compliant at year-end and thereafter. We will sell an average of twelve CPO units in the third quarter (July 1, 2023 – September 30, 2023). In fourth quarter 2023, we will sell an average of 12 CPO units as well.

### **Goal Performance Level (include specific measure):**

Our goal performance level will be to increase our CPO sold units to four CPO units a month or twelve CPO units a quarter by September 30, 2023. We will continue the same performance level in the fourth quarter 2023.

**Goal Start Date:** July 1, 2023

**Goal End Date:** December 31,2023

**First Check-in Date:** July 31, 2023

**Performance Objective:** Our Performance Objective is to sell four CPO units by the end of July. We did not meet our objective by July 31, 2023 so we will need to increase CPO sales in August and September of 2023 in order to meet our goal average of twelve by end of third quarter 2023.

**Second Check-in Date:** August 31, 2023

**Performance Objective:** Our Performance Objective is to sell four or more CPO units by the end of August in order to attain our goal average of twelve CPOs by end of third quarter 2023.

**Third Check-in Date: September 30, 2023**

**Performance Objective:** Our Performance Objective is to sell four or more CPO units by the end of September in order to attain our goal average of twelve CPOs by end of third quarter 2023.

**Fourth Check-in Date: October 31, 2023**

**Performance Objective:** Our Performance Objective is to sell at least four CPO units by the end of October.

**Fifth Check-in Date: November 30, 2023**

**Performance Objective:** Our Performance Objective is to sell at least four CPO units by the end of November.

**Sixth Check-in Date: December 31, 2023**

**Performance Objective:** Our Performance Objective is to sell at least four CPO units by the end of December to total an average of at least twelve CPO units by our goal objective date. This will allow us to be compliant with GM requirements and remain an active participant in the CPO Program.

**How does your goal align with the dealers' vision?**

My Dealer does not fully believe in the benefits of General Motors CPO Program. He feels that it cuts into the profitable gross of that vehicle; he feels that GM benefits more from the CPO Program than the dealership does. My Dealer would rather sell his own extended warranty (i.e. Protective). He would prefer to receive a retro from the underwriting profits per the extended warranty policy. My Dealer also likes to have the ability to override the claim's adjuster to take care of the customer and promote customer goodwill.

**What are the potential benefits of achieving your goal?**

The benefits of achieving my goal is to put the dealership in good stead with General Motors. It is important to be in good standing with the factory since they can adversely affect the dealership operations (i.e., ordering of vehicles, inventory levels, getting extra vehicles). If the customer has a General Motors warranty, the customer is more likely to come back to our dealership for service work. Another benefit is creating brand loyalty for down the road – CPO to New. According to studies, customers who buy a Chevrolet CPO vehicle are 58.4% likely to buy a new Chevrolet next time. Increasing your customer loyalty from 35% to 50% doubles your gross profit from your customer base. Growing loyalty from 50% to 80% quadruples your return. Another benefit to being enrolled in the GM CPO Program is that we can gain an extra 10% on top of our total EBE amount for the quarter. Lastly, a benefit of being enrolled is that we would increase our gross from selling CPO units.

**What are the potential consequences if you do not achieve your goal?**

The potential consequence of not reaching our goal is that at the end of the year, December 31, 2023, we will be suspended from the CPO Program. The dealership will not be allowed to re-enroll in the CPO Program until after a 90-day suspension. We would also lose the extra 10% of EBE funds by not being enrolled in the CPO Program. Lastly, a consequence of not being on the CPO Program is that we would not gain the extra gross from CPO units sold and brand loyalty would most likely be reduced by a possible 35% - 50%.

### **Why is the goal important to you?**

As a dealership we always try to remain compliant on all GM Programs. This contributes to a good relationship between the dealership and “the factory.” I personally feel more comfortable putting a customer into a CPO vehicle because of the 172-point vehicle inspection and reconditioning efforts performed on each CPO. This gives the customer more confidence in a “like new” purchase. Also, selling a CPO vehicle helps “plant the seed” for down the road when it is time to buy another vehicle – hopefully it will turn into a new vehicle sale! We want to increase our brand loyalty and have our customers continue to come back to us for sales and service work. Customer satisfaction is always a priority.

### **Potential Obstacles:**

One obstacle is that my Dealer does not fully believe in the CPO Program; he prefers to sell his own extended warranties and aftermarket products. Another obstacle is our sales team; our salesmen do not have proper training in selling CPO vehicles. The reconditioning cost can also be an obstacle to certifying used vehicles for the CPO Program as these costs can vary greatly from vehicle to vehicle.

### **Potential Solutions:**

I need to have a discussion with the Dealer Principal concerning the need to remain on the GM CPO Program. I will show him the financial impact of selling CPO's as well as convincingly present the additional benefits of being in the program. My dealer is a realist and understands the need to be compliant with GM programs. I will contact our CPO Performance Manager to schedule time to have our sales staff receive appropriate training on selling CPO vehicles affectively. In order to cut down reconditioning costs, we will avoid putting older vehicles into the CPO program. The vehicles we would be including in the CPO program would be vehicles having a recently expired factory warranty. Leased vehicles should be considered as candidates for the CPO Program because they are newer vehicles and tend to have lower mileage.

### **BOTTOM LINE! Financial Impact of Achieving Your Goal (expressed in dollars):**

In Autosoft, I ran a Used and Certified Vehicles Report for the month of July showing the Gross Profit on each vehicle. I added up the three CPO vehicles sold and calculated an average gross of \$3,412.36 per CPO. Next, I added up all the other Used General Motor vehicles sold (26) for the month of July and divided by those 26 units to get an average gross of \$2,705.07 per used vehicle. I subtracted the average used vehicle gross from the average CPO gross for the month of July and it shows that we made \$707.29 more on average selling CPO units for the month. Next, I took the \$707.29 and multiplied it by GM's required 4 units per month and the 6 months left in the year (July – December 2023) for a total of \$16,974.96. As long as we stay compliant with selling at minimum 4 CPO units per month through December 2023, we will gain \$16,974.96 more by selling CPO units vs. used vehicles. If we annualize the \$707.29 per average CPO unit, we will make \$33,949.92 for the year (July 2023 – June 2024). These results are significant and really put the value of selling CPO units into perspective for myself as well as our Dealer.

**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:**

1. Have a meeting with our General Sales Manager and Assistant General Sales Manager to discuss the deficiency notice we received July 10, 2023 and what our plans are moving forward to correct this.
  - a. **Necessary Resource(s):**
    - The deficiency letter from GM regarding CPO units, June 2023 Financial Statement, myself, Dealer, General Sales Manager, and Assistant General Sales Manager
  - b. **Accountable Person(s):**
    - Dealer and myself
  - c. **Expected Result:**
    - Discuss and put a plan in place to increase CPO units sold and to be compliant with the GM CPO Program.
  - d. **Completion Date:**
    - July 14, 2023
  
2. Go onto Global Connects CPO Resource Center to get the contact information for our CPO Performance Manager. I will call him and set up in-person training for our Salesmen and Sales Managers to learn how to better market and effectively sell CPO vehicles.
  - a. **Necessary Resource(s):**
    - Global Connect, CPO Performance Manager
  - b. **Accountable Person(s):**
    - Myself
  - c. **Expected Result:**
    - The expected result will be to get training set up for the Salesmen and Sales Managers.
  - d. **Completion Date:**
    - I will get in contact with our CPO Performance Manager by July 18, 2023 and have training completed by August 15, 2023.
  
3. Host a sales meeting with all Salesmen, Sales Managers, and myself to discuss the expectations of selling 4 or more CPO units a month and to announce there will be additional live training by GM by August 15, 2023. Salesmen must also complete online CPO training in Global Connect by July 24, 2023. There will be a \$100 SPIFF given to the Salesman who sells the most CPOs in each month.
  - a. **Necessary Resource(s):**
    - Salesmen, Sales Managers, myself, Global Connect, and \$100 SPIFF
  - b. **Accountable Person(s):**
    - General Sales Manager
  - c. **Expected Result:**
    - The expected result is to encourage Salesmen to sell more CPO's in a month. We must sell 4 CPO units or more per month to be compliant with GM.
  - d. **Completion Date:**
    - Host meeting July 17, 2023. Complete online trainings through Global Connect by July 24, 2023.

4. Update advertising to include what a CPO is and the benefits of having a General Motors warranty.
  - a. **Necessary Resource(s):**
    - Radio Ads, Social Media platforms, Dealership Website, TV Commercials
  - b. **Accountable Person(s):**
    - Paul, our F&I Manager (for radio), Heather, our Internet Manager (for social media, dealership website), Greg, our General Sales Manager (for TV Commercial)
  - c. **Expected Result:**
    - To make the community more aware of what a CPO is and that there are different types of warranties available for used vehicles. We want to let the community know there are "like new" vehicles available that go through additional inspection and reconditioning to qualify as a CPO vehicle with GM. Another expected result is to bring in potential customers who are interested in learning more about CPO's and hopefully buying one.
  - d. **Completion Date:**
    - Social Media and dealership website uploaded by July 31, 2023, Radio Ad running by August 4, 2023, TV Commercial airing by September 15, 2023
  
5. We must always maintain a minimum of 5 CPO units in stock in order to be compliant with GM. I will meet with our General Sales Manager to make sure we are compliant and if not, that we become compliant ASAP.
  - a. **Necessary Resource(s):**
    - General Sales Manager, myself, Autosoft, used vehicles that recently had GM's factory warranty expire, and leased vehicles that are traded in
  - b. **Accountable Person(s):**
    - General Sales Manager and Assistant General Sales Manager
  - c. **Expected Result:**
    - We will maintain 5 CPO units in inventory at all times
  - d. **Completion Date:**
    - Completed by July 21, 2023 and daily going forward
  
6. Once a week I will look at the used car board and ask one of the Sales Manager's if any of the vehicles sold are CPO's.
  - a. **Necessary Resource(s):**
    - General Sales Manager and Assistant General Sales Manager
  - b. **Accountable Person(s):**
    - General Sales Manager and Assistant General Sales Manager
  - c. **Expected Result:**
    - By checking once a week, the Sales Manager's are held accountable
  - d. **Completion Date:**
    - July 21, 2023 and weekly going forward

**As you work toward your goal, it is 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 do not have to spend your valuable time micromanaging.**

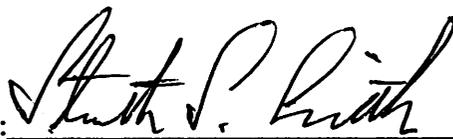
**Once you have accomplished your goal, added, or adjusted policies, procedures, and behaviors, now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.**

Going forward I will continue to ask the Sales Managers weekly how many CPO units we have sold in order to keep them accountable. Bi-monthly I will personally conduct a CPO inventory count to make sure we have 5 or more CPO units in stock. Monthly, the Dealer and I will observe EBE to make sure we are in compliance with the CPO Program. The Dealer and I will personally acknowledge the Salesman who sells the most CPOs each month and earns the \$100 SPIFF.

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

As mentioned earlier, I will meet with the Dealer to discuss the importance of having a CPO Program. I will point out the pros and cons as well as the potential gross (\$33, 949.92) we will gain by having this program in place. The Dealer and I will meet with the General Sales Manager as well as the Assistant General Sales Manager to discuss the requirements needed in order to comply with the CPO Program through September 30, 2023 and thereafter. The Sales Managers and I will meet with the Salesmen to express our expectations, indicate that there will be additional training – both live and online, and announce a \$100 SPIFF to be earned by the Salesman who sells the most CPOs in each month. I will meet with our Internet Manager regarding our social media and website. We will need to elaborate on the advantages of a CPO and having a General Motors warranty. We will have a video of a Salesman posted online discussing these benefits in detail. I will meet with our General Sales Manager and F&I Manager to include CPOs in our tv commercials and radio advertising.

Sponsor Signature: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "Keith S. Smith", written over a horizontal line.