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NADA ACADEMY

ACTION PLAN 1

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What is your goal? What do you want to achieve? From what metric? To what metric? By what date?

GOAL: Increasing the Fixed Ops & Total Absorption percentages. We intend on doing this by turning our shop in Tallahassee (my store) into a reconditioning hub for our group. This should allow us to attract personnel with more talent and self-motivation due to the increased amount of work to sustain them. We can put techs back on flat-rate-only pay plans so we're not paying people for non-productive work (saving on payroll expense), as well as increase our reputation in the area to bring more customer work back into the shop.

We want our Fixed Ops departments to contribute more to covering overall operating expenses.

Currently, we are at a 22%-28% Fixed Ops Absorption on an average monthly basis. We would like to see that precentage increase to at least a 30%-35% minimum and maintain over time within the next 1.5-2 years.

BOTTOM LINE: Benefits of Achieving Your Goal

Creating more financial stability & longevity for the dealership through increasing the profitability & efficiency of our Fixed Ops departments. These departments would be able to cover more of their own expenses (predominately payroll), instead of relying so heavily on Sales to be able to be profitable as a whole. We would be able to attract/retain managers and employees with the talent to take us to the next level. This in-turn would increase our reputation in the area, as well as CSI scores for Fixed Ops and overall. Customer recidivism would also increase due to their trust in our shop and the people running it. More work, more sales, more $$$.

Consequences of Not Achieving Your Goal

Draining the store of any money made in Sales to just be able to operate the Fixed Ops depts. Not having the Fixed Ops depts "pull their own weight" leaves us in vulnerable positions when the market is down and Sales aren't great across the board. Not being able to attract/retain the necessary personnel & talent to have in place to reach higher goals due to not being able to pay them what they deserve. Managers leave, then advisors leave, then techs leave, putting us in a position of having to settle for mediocre performance from mediocre employees, bringing us a mediocre reputation & less-than-desirable CSI scores...

When will you start?

Currently putting a new plan into action over the next few months. Starting discussion and brainstorming already.

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

Using financial statements & DMS reports over the next 1.5-2 years to track the changes we're seeing departmentally and overall. We can use the Fixed Ops & Total Absorption formulas to calculate the changes that are happening and their efficacy. This will help us gauge which changes are working and which areas need more attention. We can review monthly, quarterly, and semi-annually to give these changes time to take place and work out the bugs. We can also have regular discussions with Fixed Ops employees to get their hands-on opinions of certian process changes & how it effects their daily flow.

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

First thing we need to do is have a meeting with all department heads to get an action plan in place & have a constructive discussion about all the ifs, ands, & buts that WILL arise...

What does this change look like for us?
How is it going to effect the existing employees?
What are we doing to find more suitable employees?
What kind of expenses are we going to incur?
Is the shop in a physical state to handle the increased work load?
What are we going to do to simplify the process of A/R'ing the other stores for the work we're doing on their vehicles?
What system are we going to use to track which vehicles belong to which store, and how to avoid billing incorrectly?
How will the employees in the other stores be able to access our repair records to review what was done to a vehicle in our shop?

If we can maintain open communication between everyone involved in spear-heading this venture, we should be able to work out whatever obstacles we face as we navigate through the unknown. Between myself, the DP, the GM, the Fixed Ops Director, and the managers across the departments, we should (I hope) have enough brain power to make something great happen.

Potential Challenges?

Having to go through plenty of fuddy-duddy managers & employees before being able to put together a good team that's down to make it happen & pay attention to the details.

Billing errors & aging receivables causing recon to not be billed to vehicles in other stores in a timely fashion. This will cause unexpected losses on vehicles sold in other stores.

Taking away recon work from techs in other stores may cause them to leave to find more sustainable work elsewhere.

Poor communication skills could cause process break-downs to go unnoticed.

Potential Solutions?

Leaders staying on top of the situation while new managers and employees are being assessed. Paying attention to personality conflicts & asking for regular reporting to gauge the outcomes of changes made.

Hiring another office clerk to help manage the increased workload of billing recon work to other stores promptly. Tracking different store's vehicles with specific-colored key tags & window stickers to accurately identify them.

Increased advertisement & promotions to amp up the customer work at other stores to keep the techs and shop employees content. Possibly moving any overflow of customer work to one of our sister stores, if needed.

People friggin communicating!! Regular meetings. Shooting a text. Sending an email. Messenger pigeon? Heck, whatever gets the info out there. We can conquer any obstacle with communicationnnnn!!