



Qualitative S.W.O.T. Analysis

Strengths:

1. We excel at presenting all of the products and offering them to our clients all of the time.
2. Appearance Protection penetration is 9% VS 6% T7 avg.
3. Loan Protection penetration is 14% VS 4% T7 avg.
4. Prepaid Maintenance penetration is 43% VS 32% T7 avg.
5. Very low cancellation and charge back rate
6. High customer CSI
7. In house Leasing program with available low interest rates
8. Very loyal customers base - We have many customers that have been working with us for years and only trust our F.S.Ms for Leases and financing - no matter where they source the vehicle from.
9. Robust repeat and referral business
10. Very strong approval rates
11. Highly experienced and seasoned FSMs
12. Great white label (Diamond Care) program through LGM Financial

Weaknesses:

1. Mechanical Breakdown Protection penetration 20% VS T7 27 %
2. Lease deal ratio - Lower than other dealers, and a great retention tool - missing opportunities because of this
3. CoC Setup for turnover and deal desking is poor
4. CoC inconsistent processes for Turnover - These must be standardized from Van Mits.
5. Weak monthly reporting and accountability for expectations
6. Insufficient accountability re. reporting and goal setting
7. Inefficient structure and communication between sales, service and finance.
8. Cash to Finance & Lease deals ratio is way too high
9. Understaffed need to hire junior FSM
10. Unusual Business Structure with multiple locations and virtual deliveries

Opportunities:

1. Excess Wear and Tear (for lease)
2. More lease deals = more excess wear and tear packages
3. Mechanical Breakdown Protection penetration numbers are low - lots of opportunity to improve.
4. Training Salespeople about the benefits and tax deferral opportunities for lease deals.
5. Growing In House Lease portfolio
6. Disproportionate amount of cash deals - opportunity to improve - convert them to financing or preferably lease.
7. Mechanical Breakdown Protection penetration is 20% VS 27% T7 avg.
8. SPIFF program to influence Salespeople to introduce F&I products and set up FSMs for success
9. Hiring new sales manager to assist with desking and FSM set up.
10. Training, standardization, and process mapping

Threats:

1. Poor or inefficient workflow because of multiple locations
2. Only 2 F.S.M.s - not enough depth
3. Too many single points of failure - not enough overlap
4. PDIs and UVIs are sometimes backed-up or taking too long - Hard to schedule deliveries
5. Lack of or back ordered accessories holding up deliveries
6. Rising Interest rates hurting luxury market
7. Poor economy
8. Inflation driving interest rates even higher
9. Lenders abandoning and pulling out of the market
10. Very limited third party lease options
11. Loss of lending partners (RV, boats and powersports)
12. Inventory is still thin and deals are hard to keep together



OVERVIEW / SYNOPSIS

Vancouver Mitsubishi has a unique set of challenges that must be considered before reviewing or implementing a change plan for our Financial Services Office. We earned our reputation as a luxury boutique pre-owned dealer and received our dealer code in March of 2020, on the eve of the COVID19 shutdowns. Our business models are dramatically different from each other but share a management team. We have not experienced a “normal” market as a franchise dealership. COVID, followed by shut downs, and supply chain issues have made it very difficult to forecast and budget for the future. Recently, rising interest rates have placed significant downward pressure on luxury vehicle sales which was a significant portion of our business. The positives are that we saw New Car Sales volume increase by 277% in MY2021, again by 47% in MY2022, and is currently trending to increase by over 127% for MY2023. We anticipate having close to 1500 UIO by the end of fiscal 2024. What was in place in 2020 does not meet the standards of what is required for the future. Currently our Finance Department is staffed by two experienced but overworked FSMs. Although both team members are very experienced, one FSM is underperforming and needs assistance getting back on track and sharpening his skills. Although we have seen steady growth and improvement since acquiring our dealer code in 2020 we are still hovering near the middle of the pack when comparing our performance with the other twelve Mitsubishi dealers in the province.

OBJECTIVES / STRATEGIES / TACTICS

Objectives

1. Improve lease penetration + third party and captive and IHL
2. Increase Mechanical Breakdown Protection sales.
3. Improve communication and awareness about the finance office for all team members
4. Streamline PDI/ UVI friction points - implement a due bill process for F.S.Ms
5. Grow I.H.L portfolio units and dollars
6. Decrease cash to finance and lease ratio
7. Implement ongoing training structure for all salespeople and FSMs
8. Redesign compensation plans for FSMs and Salespeople to encourage more collaboration and teamwork.
9. Enhance Staff efficiency and workflow
10. Hire another Sales Manager / Junior Finance Manager with a 3 year comp plan for development
11. Explore venturing back into non prime finance
12. Mitigate risks associated with rising interest rates and economic downturns.

Strategies / Tactics

1. Modifying compensation plans for salespeople and F.S.M to share gross.
2. Conduct a gap analysis to determine the reasons behind low M.B.P sales.
3. Gift Cards - as part of turnover - only redeemable in finance office
4. Turnover sheet | need one with the plans / packages that we offer
5. Enhance our presentation to be more visual when menu selling
6. Bundled packages for accessories and protection plans
7. Oil changes for life (As a preloaded pack) - to qualify for it, you have to get a M.B.P
8. Gift Cards only useable at the finance office for the last quarter
9. Devise special offers / promos ONLY to incentivize lease and finance penetration. (\$995 oil for life package for cash deals but FREE on Finance and Lease deals)
10. Finance specific Weekly Sales training - meeting : Salespeople to get familiar with products, plans and terms that F.S.M are using in the business office
11. Monthly goal setting
12. Monthly tracking / review of FSM + SP + SM
13. Implement more structure, process and accountability
14. Lease retention program
15. Implementing a secret shopper program to assess the competition

ACTION PLAN

Task	By Whom	Completion Date
Conduct a gap analysis for MBP.	Finance Manager	Oct 20th, 2023
Organize MBP-specific training sessions for salespeople.	Sales Manager	Nov 5th, 2023
Create SPIFs for MBP promotion.	Director of Finance	Nov 10th, 2023
Develop a comprehensive training program for salespeople to learn about leasing.	Sales Manager & FSM	Nov 15th, 2023
Launch a customer awareness campaign about the benefits of leasing	Marketing Manager	Dec 1st, 2023
Organize educational seminars/webinars for customers on finance benefits.	Finance Manager	Nov 20th, 2023
Hire a new Sales Manager.	General Manager	Dec 15th, 2023
Evaluate and, if needed, restructure the finance department.	General Manager, Finance Manager	Dec 5th, 2023
Develop a three year comp plan for a Junior FSM	Director of Finance	Dec 1st, 2023
Hire Junior FSM	General Manager, HR Manager	Dec 15th, 2023
Standardize the CoC setup / process for turnovers.	General Manager, Finance Manager	Dec 10th, 2023
Implement a structured monthly reporting system.	Finance Manager, IT Manager	January 1st, 2024
Refine the accessories inventory system.	General Manager, Sales Manager, Service Manager	January 10th, 2024

