



Financial Management Objective Homework

Student David Dragisic **Name:** N325 **Academy**
Class #

I plan to accomplish the following objective June 12, 2017 **by**
our next class on:

Provide the relevant composite data

Department	Month	Page	Column
New Vehicle Sales	Apr	6	6B

Action plan for achieving objective
What is the area of focus?
The area of focus for the objective is New Vehicle Inventory Days Supply. The current days supply in
months for my dealership is 3.08 (BOC is 3.30) and my objective is to lower the days supply to the guide,
which is 1.5-2 months (45-60 days) supply. Even though we are slightly lower than the BOC, this is still
a major opportunity for our store. This will lower the amount of frozen capital (in floorplan dollars).
What is the proposed plan? How will you achieve it?
The purpose plan is to lower our days supply of new vehicles from our current YTD average of 3.08
months to the NADA guide of 1.5-2 months days supply. The plan to achieve it is:
---Complete a monthly inventory flow chart that shows the 90 day rolling average sold for each model,
how many cars of each model are on the ground, and how many cars of each model are coming in for
each month all the way though the build cycle.
---Update the flow chart when TAP, BAA, and DECADE allocations are given
---Monitor TAP, BAA, and DECADE allocations when they are given, along with using the flowchart.
This will allow the opportunity to turn back some inventory to the manufacturer if they give too many
allocations of certain models for that cycle, based on days supply and rate of sale.
---For models that are heavy, target the marketing and prospect calls made by

sales consultants
towards those models. Also, when doing dealer trades, try and trade out heavy inventory and do
not take any models back that have excessive days supply, unless it is for a future allocation
of that model that will not create excess future days supply issues.
---Feature models on lot/showroom floor that are heavy in days supply, oldest first.
---Possibly create special pricing/leases for models of excess days supply and post on hang tag in car.
---When ordering inventory, make sure color and equipment levels match client demand and previous
sale levels for 12 month rolling history.
How will you track your progress? What measurements, KPI's? How often will you track?
Track progress monthly when calculating days supply based off of inventory levels and the flow chart.
Measurements will be current days supply and also rolling 3 and 12 month sales history. This will be
be measured at least twice a month, once at beginning of month and also around mid-month once
all allocations are given.
Who are the employees that will be involved, or impacted? Will they require training or assistance?
The employees involved are GM, Sales Managers and sales consultants. They will require training/
coaching assistance to ensure proper plan is communicated and followed, and that it is understood.
Is there a cost, or estimated cost for implementation? The cost of implementation would be any
marketing costs and pricing specials implemented to reduce inventory levels down to proper days
supply levels.
Projected date of completion? Projected date of completion is ongoing, this is an area that requires
constant attention. If not, the days supply level will spiral out of control.

Jan.	Feb.	March	April	May	June
July	Aug.	Sept.	Oct.	Nov.	Dec.

