



Financial Management Action Plan Homework

Homework is due the Monday of the week before you return for Parts Class

Student Name: Dustin Deery

Academy Class #: N347

GOAL WRITING

Example: I decrease my 5K run time from 30 minutes to 21 minutes by June 15, 2019.

What is your Goal? My goal is to decrease my average unit age in inventory (used vehicles)

From? 72 days

To? 55 days

By? December 31st, 2019

How do you plan to achieve your goal:

A lot of the classmates I talked with during the first week of class explained how they have a strict 60 or 90 day turn rule. I don't want to implement a specific rule about when we send cars to the auction, because we will never do that. However, we need to turn our inventory over much quicker. My plan is for a more aggressive pricing structure. Once it hits 60 days, disregard what you own the vehicle for or what your profit is and price it at 92% of the market (using v-Auto).

How will you track your progress? What measurements, KPI's? (think about current vs past measures)

The big problem we have right now is we've never tracked this. We never worried about this. We never worried about 120 day old units that are just taking up lot space. We'd hold onto it until someone would buy it for a profitable deal. As the example used in class, I want us to turn into a "Turn R Us" store rather than a "Gross R Us". If we focus on turning the inventory over faster, we'll get our gross and then some. I'll track our inventory turns - right now we are at 4.8 turns per year. I'll continue to track

that and hopefully see the number go higher. I'll also track our average age of our in-stock inventory. Once again, focusing strictly on used inventory as I'm the used car manager.

The benefits of achieving this goal will be:

Our bottom line should increase, which is what matters the most to me. Our gross per unit will decrease but the additional sales we make should make up for that and more. More turns means more reconditioning work for my service department, more opportunities for my F&I department and less headaches for vehicles we've had for way too long.

Take Action!

Potential Obstacles

- Weather The weather in the winter can affect lot traffic. Explore all online opportunities.
- Sales Managers Get them on board. Share the Turns R Us and Gross R us example
- Sales persons Spiff old age inventory. Give them motivation to sell older units
- Dealer Principle/father In his eyes, we sell everything too cheap.

However he loves to purchase cars so the more we sell the more he'll get to restock us!

Potential Solutions

Who on you staff will need to be involved to accomplish this goal:

Mainly my other sales managers and salesmen. The salesmen will be easy because I can spiff for older age inventory. Therefore, they are rewarded well to sell old units, just like they are to sell fresh units with gross. My other sales managers will be tough. However, I am the one pricing the vehicles so I can control that. I just need them to understand the up count in sales (hopefully) and the additional gross we get from more trades, more service work and my F&I opportunities. More Deals = More opportunities.

Specific Action Steps: *What steps need to be taken to get you to your goal?*

What?

Expected Completion

Completed

Pricing - 100% fresh, 96% 30 day, 92% 60 day

Start 2/1/19

Compensation for old age units

Start 2/1/19

Outsource Details (we're behind)

3/15/19

Price Reductions Calls by salesmen Mandatory

Start 2/1/19

Stock what we sell

6/1/19