



## Financial Management Action Plan Homework

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

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**Academy Class #:** NADA350

**Composite Data Reference: Depart:** Used department **Page:** 6 **Column:** 8 and 9 **Line:** A and B

### GOAL WRITING

**What is your Goal?** Increase Pre Owned Vehicle Calendar year inventory turns from 7 to guide of 12 by December 2019

**How do you plan to achieve your goal:**

Through developing an aggressive reconditioning and merchandising process and by implementing a rigid aging and pricing strategy

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

Will use Pre-owned vehicle inventory \$ and average YTD pre-owned vehicle retail cost of sales to track month/days supply of preowned vehicle inventory and then calculate turns at the end of each calendar month

**The benefits of achieving this goal will be:**

The benefits will be less frozen capital in the used car dept, this capital can then be used to produce more gross profit in internal recon, more gross profit in used car sales, more gross profit in F&I, and leading to an increase in gp return on sales

**Take Action!**

**Potential Obstacles**

Losses on currently aged pieces

**Potential Solutions**

recoup those losses through replenishment of inventory

Stocking what sells	monitor if cost of average preowned unit in inventory compares with average cost of preowned sold
Speed of recon and merchandising	Daily reporting on progress, dedicated staff member taking initial photos of cars as the land
Low GP potentially leading to sales ppl avoiding certain units escalators	Incentivize used car volume with

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

Service Manager, Internal Service Advisor, Marketing Manager, Inventory Coordinator, General Sales Manager

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

<b>What?</b>	<b>Expected Completion</b>
<b>Completed</b>	
Identify what sells	July 1/2019
Implement standardized trade appraisal process	July 1/2019
Utilize auctions as additional source of target inventory	July 1/2019
Implement 72 hour recon deadline process	July 1/2019
Implement 24 hour merchandising process	July 1/2019
Implement set aging pricing strategy	July 1/2019
Incentivize used car volume with sales ppl	July 1/2019