



Financial Management Objective Homework

**Student
Class #**

ADAM STEIN

Name:

N326

Academy

I plan to accomplish the following objective by our next class on:

INCREASED FIXED
ABSORPTION TO
ABOVE KIA CANADA
AVERAGE

**Provide the relevant
composite data**

Department	Mont h	Page	Colum n
	MAY	29	2

Department	Mont h	Page	Colum n
SERVICE /PARTS	MAY	29	9

Department	Mont h	Page	Colum n
SERVICE /PARTS	MAY	35	10

	Action plan for achieving objective		
What is the area of focus?	SERVICE	MAY	33 2
THE AREA OF FOCUS IS THE PARTS AND SERVICE DEPARTMENT IN CUTTING			

CONTROLABLE EXPENSES, AND EXPANDING GROSS PROFIT PERCENTAGE TO INCREASE THE ABSORPTION OF ALL DEALRSHIP EXPENSES BY THE FIXED OPERATIONS

What is the proposed plan? How will you achieve it?

THE PLAN TO ACHEIEVE THIS STARTS WITH CUTTING SOME CONTROLABLE EXPENSES. A FEW EXAMPLES INCLUDE BRINGING UNIFORM PROGRAM IN HOUSE TO CUT THE WEEKLY CLEANING AND REPLACMENT EXPENSE. ALSO, SPENT TIME ANYLIZING SOME OF THE PARTS COMPUTER SYSTEMS WE PAY TO USE (OR TO NOT USE) AND FOUND A FEW EXPENSES THAT COULD BE CUT. ALSO, IN BEING A SMALL DEALERSHIP, I HAVE DECIDED TO CROSS TRAIN CERTAIN INDIVIDUALS, WHICH WILL ALLOW US TO DECIDE ON THE POSSIBILITY OF CUTTING SOME EMPLOYEE EXPENSES. IN INCREASING GROSS PROFIT, EMPHASIS HAS BEEN PUT ON PROPER GROSS PROFIT PERCENTAGES IN PARTS AND SERVICE. ENSURING ALL SUBLET COMES THROUGH THE SERVICE DEPT AND IS PROPERLY MARKED UP. NO DISCOUNTS FROM PARTS TO INTERNAL, AND HAVE ALSO RE-DONE THE MATRIX IN THE PARTS SYSTEM TO ATTAIN MORE GP ON LOWER PRICED ITEMS. LASTLY LOOKING TO CAREFULLY TIE SERVICE DISCOUNTS INTO THE ADVISORS PAYPLAN, BUT STILL IN THE PRELIMINARLY STEPS OF MAKING THAT CHANGE. WE HAVE ALSO STARTED THE PROCESS OF ADDING CUSTOMER LINK TO OUR WEBSITE. A SIMPLIFIED WAY FOR CUSTOMERS TO CREATE THEIR APPOINTMENTS THROUGH OUR WEBSITE. ALL CUSTOMERS WILL BE SET UP AND TRAINED ON THIS PROGRAM AT THE TIME OF NEW VEHICLE DELIVERY AS WELL AS WHEN VEHICLES ARE IN FOR SERVICE. THIS WILL ALLOW FOR BETTER SHOP LOADING AND CUT DOWN THE AMOUNT OF MISSED INCOMING PHONE CALLS ALLOWING THE ADVISORS TO FOCUS ON THE CUSTOMER IN STORE. THE LAST AREA OF THE PLAN IS OUTSOURCING OUR SERVICE APPOINTMENT REMINDERS/FOLLOWUP/BDC TO AN OUTSIDE COMPANY TO ENSURE THIS IS DONE WITHOUT FAIL AND EVERY CUSTOMER IS CONTACTED WHEN THEY SHOULD BE

How will you track your progress? What measurements, KPI's? How often will you track?

FOR PARTS WE WILL TRACK GP% BROKEN DOWN BY SEGMETNT (CP, WARRANTY, INTERNAL) TO ENSURE % MEETS INDUSTRY GUIDELINES. THESE WILL BE TRACKED THROUGHT THE MONTH. I WILL ALSO TRACK TOTAL GP AND NET MONTHLY TO BE SURE THE CUTTING OUT OF SPECIFIC PROGRAMS ARE HAVING A POSITIVE IMPACT ON THE BOTTOM LINE.

IN SERVICE, A NUMBER OF ITEMS WILL BE WATCHED. FIRST, I WILL BE SURE DMS DATA IS ACCURATE SO WHE KNOW WE ARE LOOKING AT ACCURATE NUMBERS. FROM THEIR WE WILL TRACK GP% BROKEN DOWN BY SEGMENT AND BY ADVISOR. WE WILL ALSO TRACK THE SHOP LOADING AND INCOMING PHONE CALLS TO ENSURE CUSTOMER LINK IS PROVIDING AN ADDED BENEFIT TO THE DEPARTMENT. I WILL BE TRACKING NEXT APPOINTMENT BOOKING, ENSURING THAT ADVISORS ARE BOOKING ALL CUSTOMERS NEXT SERVICE APPOINTMENTS AND SALES ARE BOOKING NEW CUSTOMERS FIRST SERVICE APPOINTMENTS WITHOUT FAIL, AND THAT ALL NEW CUSTOMERS ARE WALKED THROUGH CUSTOMER LINK TO UNDERSTAND HOW IT WORKS SO THEY CAN EASILY BOOK SERVICE APPOINTENTS ONLINE. LASTLY WILL ALSO PROPERLY TRACK DISTRIBUTON OF WORK FOCUSING

ON A FEW KEY AREAS. LOW GP ITEMS GOING TO APPRENTICES AND NOT MASTER TECHS, APPRENTICES TAGGING THEIR OWN WORK, LIMITING UNAPPLIED TIME, AND THE USEFULNESS OF THE CROSS TRAINING CERTAIN STAFF AND DECIDED IF ANY EMPLOYEE EXPENSES CAN BE CUT. ALL OF THESE ITEMS WILL BE REVIEWED IN THE WEEKLY SERVICE MEETING.

Who are the employees that will be involved, or impacted? Will they require training or assistance?

ALL SERVICE AND PARTS STAFF WILL BE INVOLVED. FOR THE MOST PART, IN THE CARRYING OUT OF THE PROCESSES. THE EMPLOYEES NEED TO BE SHOWN THE DIRECT POSITIVE IMPACT ANY CHANGES WILL HAVE ON THEM , TO BE SURE THEY BUY IN TO THE INITIATIVES. TRAINING ON THE NEW APPOINTMENT SYSTEM WILL BE REQUIRED FOR THE SERVICE AND SALES STAFF.
- CUSTOMERS WILL NEED TO BE TRAINED ON THE NEW APPOINTMENT PROGRAM AND BE SHOWN THE USEFULNESS AND SIMPLICITY.

Is there a cost, or estimated cost for implementation?

THERE IS A COST ASSOCIATED WITH THE IMPLEMENTATION OF THE NEW ONLINE APPOINTMENT SYSTEM AND THE OUTSOURCING OF THE BDC. THERE IS ALSO COST CUTTING INVOLVED WITH SOME OF THE SYSTEMS THAT ARE NOT BEING USED CURRENTLY.

Projected date of completion?

AS IT IS AN ONGOING PROCESS THERE IS NO SPECIFIC COMPLETION DATES, BUT THERE IS A TIMELINE FOR SPECIFIC PHASES OF THE PLAN.

JUNE 1- CROSS TRAINING OF SERVICE AND PARTS ADVISORS. CHANGING OF UNIFORM PROGRAM. OUTSOURCING OF BDC

- Track possibility of using this cross training to allow for lower employee cost. Decide if it is something that will cut cost while still having the ability to provide optimal service.
- Track CSI, Daily appointments and BDC Reports

JULY 1- HAVE NEW PARTS MATRIX IN PLACE AND SPECIFIC GUIDELINES WITH STAFF TO KEEP PROPER GP PERCENTAGES IN EACH SEGMENT

- Track GP percentages and the impact it has on the bottom line at the end of the month. Ensure staff sees the impact of the new policies on their own pocket.
- Track low GP ROs being distributed properly, and the limiting of unapplied labor.

AUGUST 1- IMPLIMENTATION OF NEW ONLINE APPOINTMENT BOOKING SYSTEM AND NEW DIGITAL WALKAROUND.

- Track usage of online booking and training of customers to utilize THE PROGRAM
- Track the limiting incoming phone calls and the impact it has on advisor time and hours/ro.
- End of August when everything has been in place, begin to analyze the direct effect all these programs are having on the fixed absorption percentage of the dealership and decide on if any parts of the plan need to be changed or altered.

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