



## Financial Management Action Plan Homework

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

**Student Name:** David Baker

**Academy Class #:** N358-03

**Composite Data Reference: Department: Total Dealership Expense Page: 1 Column: 4D Line: Total Expense**

### GOAL WRITING

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

**What is your Goal?** Reduce total monthly expenses by at least \$30,000.00 per month.

**from?** \$891,864.00 **to?** \$861,864.00 **by?** December 31<sup>st</sup>, 2019

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

My primary focus will be on four main accounts, both advertising accounts E-Commerce and Conventional Advertising, Information Technology, and Outside Services. (63 - 65 - 68 - 69) We will engage all our vendors requesting renegotiation of contracts or payment vacations, coupled with the threat of cancellation. Ask every Department Manager to assess which expenses in their department that they can do without. Assign targets and keep going until we get them.

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

Progress will be tracked individually by expense account. Pull contracts, stay engaged until you get the answers you need. Compare 2020 forecasted expenses to 2019 actual ensuring the reductions necessary.

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

A \$30,000.00 reduction in monthly expenses that does not adversely affect sales or customer experience will result in a \$360,000.00 improvement to the bottom line year over year.

**Take Action!**

**Potential Obstacles**

**Potential Solutions**

People -employees do not like change.  
benefits of an improved bottom line.

Show them the

Resistance from suppliers - venders.  
understand something is better than nothing if you were to cancel the contract.

Make them

Making 'hard choices'.  
be 'mentally' tough.

We will need to

Moving on from long term costly employees.  
packages.

Payouts - retirement

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

All members of the Management Staff; the Dealer, CFO, and all Department Managers to start. Additionally, it may require 'key' employees being asked to take on more responsibility and duties that will allow for deeper cuts.

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

**What?**

**Expected Completion**

**Completed**

Pull all current vendor contracts.  
October 10, 2019

October 15, 2019

Divide up contracts and have Department Managers contact.  
October 31, 2019

October 20, 2019

Set up meetings, webinars, write letters of termination.  
Most are done.

November 15, 2019

**Complete negotiations and have new agreements in place. December 15, 2019**

**December 31<sup>st</sup>, 2019**

**Note(1): One major vendor has committed to a four month payment vacation for the new Vehicle Department, and has made a commitment to a 'revised' contract for the Pre-Owned Department, but as of January 31, 2020 we have yet to finalize this contract.**

**Note (2): Now that the majority of these have been completed, we have elected to monitor the effect on our business before we cut further. I do expect more will be needed.**