# FINANCIAL MANAGEMENT HOMEWORK – ACTION PLAN

S Specific  M Measurable  A Achievable  R Relevant  T Time bound

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?
Example: *"I will decrease my 5K run time from 30 minutes to 21 minutes by June 15, 2020."*

S M T

Goal: To Reduce Warranty Claims Receivable days' supply from 39 to 30 days

> Reference Page 1, Line 12 of the financial statement. Warranty receivables equal - $329,129 @39 Days' Supply
> Utilizing Schedule 16 - Account 26320- the Service Manager, Warranty Administrator and Business Manager will review the progress of submission and accuracy of warranty claims on a weekly basis.
> Improvement will be measured from Schedule 16 - Account 26320 / warranty claims
> A Measure decrease is expected by April 30, 2020

How does this goal align with or support your dealer's vision?
What are the BENEFITS of achieving your goal? What are the CONSEQUENCES if you don't?
Why is this goal important to you?

R

Our Dealer Principle supports our team with the infrastructure and business tools to operate a profitable automotive business. In accordance Manufacture Policy and the Dealer agreement, the dealer is responsible to keep accurate and profitable business records. The Service Department is responsible for monitoring and collecting on warranty claims submitted to the manufacture. It is extremely important that warranty claims do not exceed the manufacture guidelines of submission time.

Meeting these guidelines maximizes profitability potential through warranty repair opportunities and frees up the dealers cash.

The consequences of a poorly run warranty department can result in unnecessary expense, write-offs, charge backs, warranty audit exposure and excessive frozen capital.

As Fixed Operations Director, it is my responsibility to protect my Dealers investments. After reviewing Warranty Claims Receivable Days' supply and how it ties into Frozen Capital, it was clear that this was an area that we could improve without added expense, personnel or equipment. We simply needed to establish policies, procedures and hold accountability meetings to move the needle.

NADA ACADEMY

What specific actions or steps will you take to accomplish your goal? What will you do differently or improve? For each, be sure to include necessary resources, who is accountable, the measurable result, and dates.

S M A T

| SPECIFIC ACTION/ STEP | NECESSARY RESOURCES? | WHO IS ACCOUNTABLE? | EXPECTED RESULT? | EXPECTED COMPLETION DATE? | ACTUAL COMPLETION DATE? | CHECK OFF |
|---|---|---|---|---|---|---|
| RUN SCHEDULE 16 | CDK | Barbara / Lita | CLEAR 61 PLUS AGED CLAIMS | DAILY | DAILY | ☐ |
| REVIEW CLAIMS IN REVIEW | CDK / DEALER CONNECT | Barbara / Lita | resubmit claims in review | Daily | Daily | ☐ |
| RUN SCHEDULE 16 | CDK | BARBARA | REVIEW AGED CLAIMS | DAILY | DAILY | ☐ |
| RUN SCHEDULE/ CLAIMS REGISTER | CDK / DEALER CONNECT | SERVICE MANAGER | 61 DAYS AND OLDER CLAIMS REVIEWED | WEEKLY | WEEKLY | ☐ |
| MATCH SCHEDULES WITH DEBITED | CDK / REPAIR ORDERS | SERVICE MANAGER / BUSINESS MANAGER | RESOLVE DEBITS AND JV WRITE OFFS | WEEKLY / WEDNESDAY AFTER | " " | ☐ |
| Process begins each week--> | | | | | | ☐ |
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# FINANCIAL MANAGEMENT HOMEWORK – ACTION PLAN

How will you track your progress? Where will you find the information? How often will you check in?

S M A T

WE WILL TRACK OUR RESULTS ON SCHEDULE 16-ACCT26320
THE INFORMATION FOR WARRANTY IS ON SCHEDULE 16 AND IN DEALER CONNECT (FCA MANAGEMENT TOOL)
WE WILL MEET DAILY TO REVIEW CLAIMS REQUIRING ADDITIONAL INFORMATION AND ADJUSTMENTS

Potential Obstacles?

A

CLAIMS DELAYED DUE TO FIELD REP AVAILIBILITY
CLAIMS DELAYED TO WARRANTY DEPARTMENT IN DETROIT
SUBLET BILLS AND MISSING DOCUMENTATION

PARTS RETURNS

Potential Solutions?

A

EMAIL DAILY AND STAY CONSISTENT
KEEP CLEAR COMMUNICATION WITH FCA AND SERVICE TEAM
ADVISE VENDORS OF NECESSARY DOCUMENTATION NEEDED TO SUPPORT WARRANTY CLAIMS AND HAVE THEM SIGN AGREEMENTS TO SUPPORT DEALERSHIP POLICY
SET POLICY FOR TECHNICIANS AND ADVISORS

BOTTOM LINE! What is the financial impact (expressed in dollars) of achieving your goal?

S M R T

Ref January Financial Statement- Warranty Receivables total 329,129 - 63,908 of that number are 31 days and older. The goal is to operate 90% of warranty receivables at 1-30 days. 10% of the remaining receivables 31-60. By executing this process, warranty receivables will decrease by 57,500 per mmonth

CONGRATULATIONS! You've accomplished your goal! You added or adjusted policies, procedures, and behaviors. Now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

S A

All Process steps and guidelines have been implemented in writing. The Daily and weekly meeting schedules are submitted in an Outlook calendar. Each member of the Service Warranty process team is included in the invite to the meetings. The meetings are set as reminders for each meeting. Each week, the Business Manager and Service Manager review Schedule 16 Account 26320 and resolve any outstanding warranty claims with the warranty administrators. the Service Manager uses the data from the claims to coach and train the Service Advisors and Technicians.