



Financial Management Objective Homework

**Student
Class #**

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Name:

A01 Asbur y

Academy

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

August 21, 2017

by

**Provide the relevant
composite data**

Department	Mont h	Page	Colum n
Used Vehicle	6/201 7	21	7,9

Action plan for achieving objective
<p>What is the area of focus?</p> <p>The area of focus that I would like to improve is Used Car volume and gross profit while minimizing wholesale loss. The goal of 100 plus units consistently at an average front end gross profit above 1650 per unit. With an average used car finance gross of \$1350 per unit it will yield a total of \$3000 per unit or \$300,000 total used car departmental gross profit. The used car wholesale gross goal is to be above \$0.</p>
<p>What is the proposed plan? How will you achieve it?</p> <p>The plan is to train, motivate, and hold our used car manager accountable for daily process implementation. I would like him to focus on keeping the inventory at or near 30 days' supply and to increase our inventory turn rate. We will be able to reach our goals by doing the following:</p> <ol style="list-style-type: none"> 1. Appraise each trade accurately and setting ACVs according to market trade-in value with proper reconditioning factored. This will also reduce wholesale loss. 2. Designate trades as wholesale or retail at time of appraisal in

order to setup retail recon or wholesale process efficiency.

- 3. Transport wholesale vehicles to auction at the earliest possible time in order to turn wholesales quickly. This will reduce our daily cost of inventory, reduce days supply, and increase cash flow.**
- 4. Initiate recon process for retail units immediately after vehicles are cleared in finance. The used car manager will check with finance two to three times daily to minimize lost time.**
- 5. Drive reconditioning process for speed and efficiency. Check each repair order prior to work being completed and minimize cost of recon. Ensure the service cycle time is a maximum of two days including full detail. At times we will reverse the recon process and start at detail in order to take photos and minimize time to post to the internet.**
- 6. Maintain used car inventory at or near 30 DSI with the proper inventory mix in order to maintain velocity. This will also reduce our daily cost of inventory and increase turns.**
- 7. Monitor SVPs and VDPs daily in order to check for web activity of our vehicles and adjust pricing accordingly. This will ensure we maximize internet, phone, and floor traffic.**
- 8. Manage and train our desk managers to focus on building value in our cars based on vehicle history, condition, trim levels and equipment. Justify pricing based on that information and minimize discounts to an average of less than \$500 PVR.**
- 9. Train and manage sales staff to build value in our vehicles based on vehicle history, trim levels, equipment, and posted prices.**
- 10. Revise used car manager pay plan to re-direct his focus primarily on used car gross.**
- 11. Gross will have to be managed and monitored on a deal by deal basis in order to achieve the minimum goal of 1650.**

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

Units and gross profit will be tracked using our daily desk log and Qlikview/Financial statement. I will be measuring the following:

- vehicle average days to service
- average days in shop/detail
- average cost of recon
- aged inventory
- percentage of inventory with photos
- percent priced to market
- total units in inventory
- inventory mix
- days' supply
- internet lead count and closing ratio
- wholesale units and gross
- Total units retailed, front end PVR
- finance PVR
- total gross profit net of wholesale

Increasing net profit in the used car department is obviously the ultimate goal. All of these items will be measured daily.
Who are the employees that will be involved, or impacted? Will they require training or assistance?
<p>The person that will be impacted the most is the used car manager. He will have to be diligent at his daily tasks to maintain a solid inventory and stay on top of the internet stats. That will enable us to price cars correctly and increase sales and gross profit. All desk managers will have to take a different approach to desking used car deals. They get continuous training and coaching along with the sales staff to build value and reduce the average discount. They will utilize information such as vehicle history reports (Carfax), average price to market, market days' supply, and vehicle mileage and condition.</p> <p>Also, our lot staff will have to assist in moving pre-owned vehicles through the reconditioning process. They will help monitor vehicles in service and detail and inspect them for proper recon mechanically and physically.</p>
Is there a cost, or estimated cost for implementation?
The only cost is time and focus. This is about focusing on process in order to improve performance.
Projected date of completion? I would like to reach our goal by EOM August 2017.

Jan.	Feb.	March	April	May	June
July started implementation	Aug Goal to be reached by EOM	Sept Maintain goals moving forward....	Oct.	Nov.	Dec.