



Financial Management Objective Homework

**Student
Class #**

MICHAEL GRAVES

Name:

329

Academy

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

October 16,2017

by

**Provide the relevant
composite data**

Department	Mont h	Page	Colum n
FINANCE	JULY	9&19	5

Action plan for achieving objective
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<p>What is the area of focus? Finance Dept: Vehicle Service Contract Penetration is my immediate area of focus. This one area of focus can have an immediate impact on the total income produced within the department. The long-term impact is customer retention in the service department, and overall service experience satisfaction that the service contract provides the customer.</p> <p>What is the proposed plan? How will you achieve it? My proposed plan is to implement a pay plan that is aggressive in compensation to the F&I contractor but has a VSC penetration component that demands top performance in the F&I office to max out their individual compensation plan. My secondary proposal is to bring in a third F&I contractor to take some of the pressure off of the two current F&I contractors. Our two contractors are currently signing 125-140 deals per month. I want to bring that number down to 85-95 per month. This will allow more time in the office with each customer and lead to a higher VSC penetration for each contractor because they won't be rushed. This will be achieved by the overall expectation of everyone to raise their individual performance with each opportunity that the sales department brings us.</p>

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

I keep a log of every deal that is signed in our F&I department. The measurements are the penetration numbers being tracked and reviewed on a daily/weekly/monthly basis. It would be more valuable, in my opinion, to use it for comparison on a month/quarterly basis, however, because we all have ups and downs throughout the month. One of our F&I contractors may not sell a VSC on 10 deals in a row. Then the next 15, they might sell it on every single deal. I prefer looking at it monthly, while still tracking each deal individually so that the F&I director can keep up with where each individual F&I contractor is at any given time in the month.

I tracked the 72 deliveries that we did during our Friday and Saturday closeout for the month of September, and let the contractors know that I would be tracking their results. As stated earlier, I do not prefer to look at each individual deal. However, by using these two days in order to track and measure performance, it seemed to raise the competition of each individual within the department. After each deal, each contractor would come to my office and rather than explaining to me how their *own* deal went (I would still see this information when I logged their deal) they were asking for information about how the *other* two contractors did on their last deal (to see how they stacked up). No one wanted to come into my office without a service contract on their last deal. Competition within any department brings out the best effort for individuals in the dealership.

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

The employees directly involved are the F&I contractors within our dealership. We have two full-time contractors and are looking to add a third. With the plan we have laid out, and by raising the overall performance of our F&I department, the impacted employees will be the sales consultants, the General Sales Manager, the dealer, and myself. At our store, the sales consultants' pay plan pays them 10% of all backend profit on their deals. Raising the performance of our finance department will have an immediate positive impact on their pay.

Is there a cost, or estimated cost for implementation? The only cost that I foresee with the implementation is the initial cost to bring on the third F&I manager because all individuals will be paid on their individual performance. If the performance does not improve for any or all of the F&I contractors, I will propose finding training that the individual can be sent to in order to improve their approach to warranty penetration. That cost would not be incurred for at least three months as we have just begun tracking the individual's performance.

Projected date of completion? The proposal that I have made to raise the expectations within our F&I department will have a monthly, quarterly and yearly time frame. It is well-known in our business that we are only as good as our last month, quarter, or year. We strive for excellence in all departments in our dealership, but with this new emphasis, (F&I implementing the new pay plans and measuring our performance) I believe this will help us achieve our goals.

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

