



Financial Management Objective Homework

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I plan to accomplish the following objective our next class on:
February 12th
by

Provide the relevant composite data

Department	Month	Page	Column
New/Used Sales	Oct.	4	7

Action plan for achieving objective
<p>What is the area of focus?</p> <p>Expense control needs to be our primary focus, our numbers are completely out of line with Best of Class for Honda and its concerning that we are working so hard to give away so much profit. The two major areas in expense control will have to be both advertising and compensation. All pay plans need to be reviewed in depth as to why. Our expense to gross is over 97% in new cars and over 100% in used cars. A best in class Honda store is only at 83%. If we can get to that level it will automatically mean an increase in the bottom line.</p>
<p>What is the proposed plan? How will you achieve it?</p> <p>We will do an in-depth expense meeting once a week with all department heads. We will have to go back and review where we are at in pay plans and we will have to look at all variable expenses and see where we can immediately improve. After reviewing for two months, we will have to implement a plan to change pay plans without losing valuable employees. We will also have to review advertising expenses and see if we are recouping all possible co-op. Determine where we can cut spending in certain advertising mediums.</p>
<p>How will you track your progress? What measurements, KPI's? How often will you track?</p> <p>We need a little more time to track this since a lot of expenses are one a month</p>

expenses. We will have to review each week but then in totality at the end of November and the end of December

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

Our General Manager and Sales Managers will be directly involved to see where costs can be cut. They will also have to have their pay plans reviewed to see if they are overpaid. We are currently holding on to an extra sales manager which might be part of the problem for control. We may have to evaluate if that position needs to be downsized or eliminated. If we can run lean and mean or if we need the extra person to get the job done will be a big consideration.

Is there a cost, or estimated cost for implementation?

There should be no cost for this, there should just be cost savings. The only cost that I could foresee is if we were to lose personnel because they would be upset for a change in pay plan. Turnover always costs the store a lot so it will have to be handled in the proper way. However, if the fixed absorption of the dealership doesn't go up then we will have to downsize the staff anyways.

Projected date of completion? January 31,2018

Jan. Jan. 18	Feb.	March	April	May	June
July	Aug.	Sept.	Oct.	Nov.	Dec.