



Financial Management Objective Homework

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Academy Class # N333-39

I plan to accomplish the following objective by our next class on: 2/5/2018

Provide the relevant composite data

Department	Month	Page	Column
Finance - Variable	November	5	2 - Line B

Action plan for achieving objective
<p>What is the area of focus?</p> <p>For both October and November of 2017 our Days Supply of Contracts-in-Transit was 8.57 and 8.66 days, respectively. This means it takes our dealership an average of 8.6 days to process a car deal. The guide for prime lending is 3 days and for sub-prime lending is 8 days. Our store does very little sub-prime lending. On average our store takes an extra 5 days above guide to process car deals. According to the November composite, \$479,986 of the store's cash is tied up 5 days longer than necessary which creates a financial weakness (frozen capital). We could be using those funds in our CMA account with Ford Credit to lower inventory expense. This is preferred over using those funds to allow extra time for the processing of paperwork in the finance manager's/accounting office. Our staff should complete these tasks in a more efficient time frame due to their extensive experience in the position (8 years plus) and competitive pay plans.</p>
<p>What is the proposed plan? How will you achieve it?</p> <p>A meeting will be held on 1/9/18 at approximately 10:00 AM following the usual Manager's Meeting. It will contain our Sales Manager, Finance Manager, Office Manager, Admin, Controller and Dealer Principal. The Dealer Principal will explain his expectations for the staff to have the car deals processed within 3 days of the sale date, going forward. He will explain that all contacts and supporting documents must be completed and brought upstairs by the Finance Manager to the Admin by EOB of the vehicle sale date. The Admin must record on an electronic log on Google Sheets the date the deal was placed on her desk. She must update this log every morning when she comes in at 7:45 AM. All involved parties will be able to check this log on Google Sheets in real time. The Office Manager must check behind the Admin each morning and verify the logged dates with what is physically on the Admin's desk. She will complete this task at 8:10 AM every morning. Once the deal is physically on the Admin's desk, her part of the process must be completed by EOB for the date immediately after the sale date. For example, if the vehicle is sold on 1/1/18 then phase one (Finance Manager) must be complete by 1/2/18 and phase two (Admin Desk) must be complete by 1/3/18. The Controller must check the electronic log and make sure the Office Manager (phase three) completes her piece by EOB,</p>

for example 1/4/18. This excludes Sundays when the store is closed. The Dealer Principal will check the log each morning as well. For any deal that took more than one day with one staff member he will make note of it and email a brief status report to that employee. For the admin staff, if more than 20% of a weeks' worth of deals took over a day with their portion then on the following Monday they will be expected to sit down with the Controller and Dealer Principal to discuss the bottle neck. If one of the office staff (Admin or Office Manager) is out sick or on vacation, then 2 days is allowed in the metric. For the Finance Manager, every deal not moved onto the Admin's desk by EOB will be tracked. For any deals not completed on time she will be penalized 25% of her commission for those specific contracts. If her performance slips she will be notified via email each morning by the Dealer Principal of the current standings of penalties. If needed a discussion will be held. As of 1/9/18 the Sales Manager will be cross trained on completing the finance portion of deals. If the Finance Manager is out sick or on vacation, then the Sales Manager is expected to complete phase one (bringing up to the Admin) within 2 days. Because sometimes the customer does not provide the correct paperwork or is not available after purchasing the unit there will be a grace period for the Finance office before the penalties come into play. The Finance Manager will be allowed to carry 10 deals over a day of processing within one month. Any deal that takes more than one business day to be processed (over the first 10 processed inefficiently) will start the threshold of the 25% penalty to commission. The record of penalties will be cross checked by the Controller. The same applies to the Sales Manager if the Finance Manager is out of the office.

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

Progress will be tracked on the Google Sheet. Staff members will contribute to this log daily. The log will be a working document where each person contributes a date once the deal is placed on their desk by the previous staff member. The Dealer Principal will hold the staff members accountable for completing the log as they work through the deals. He will make sure the log is completed in a timely manner and email each staff member if they fall behind. He will also keep track of the penalties and performance discussions if needed. Paul will check in Google Sheets at the same time every morning (approximately 8:30 AM) and report to staff accordingly.

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

As stated previously, those involved will be Jamie the Controller, Paul the Dealer Principal, Felicia the Finance Manager, Will the Sales Manager, Carrie the Office Manager, and Stephanie the Admin. They will not require additional assistance for it's a reasonable expectation for the deals to be done in 3 business days by the staff. They will require training regarding filling out the working log of car deals with the appropriate date for when they complete their part. Training for this will be held in the meeting when the new expectations are presented. The Sales Manager cross training will be held after the initial discussion of expectations on 1/9/18.

Is there a cost, or estimated cost for implementation?

There is no cost associated with this plan. The employees will be expected to perform more efficiently at their current wages/salaries.

Projected date of completion?

The Days' Supply of Contracts-in-Transit is projected to be 4 days for the month of January. This means the date of completion will fall on January 31, 2018 which is the week before Week 2 of NADA Dealer Academy.

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