Financial Management Objective Homework

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I plan to accomplish the following objective by our | January 22, 2018 | *next class on*:

Action plan for achieving objective

What is the area of focus? When considering the Used Vehicle Retail Gross Analysis it became apparent that our average recon expense for these vehicles is too high. Gross through October is $1,616,168. Recon expense is $632,560. An average of $802 per vehicle.

Department	Month	Page	Column
Used Vehicles	October	1	2

What is the proposed plan? I am proposing a 10% reduction in the average recon expense.

How will you achieve it? First, I will conduct a comprehensive RO review to familiarize myself with the recon process, technician documentation and repair order authorization. Next, I will meet with my Executive Manager and our Service Manager to implement policy that ensures that no one benefits unfairly from unnecessary or inflated repairs. To that end, we will establish a standardized list of services, including labor times and parts costs, that we all agree *may be* necessary. We will require technicians to properly document their findings and include their diagnostic comments including brake measurements, battery test results and tire tread depths when recommending work. We will require that all used car repair orders be signed by a member of sales management prior to performing any work. Sales Managers will use the standardized list to determine if work is required and to verify the cost of repairs. Any item not on the list or any discrepancy in pricing will be discussed with the Service Manager immediately.

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

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

I will spot check repair orders daily and monitor the DOC. I will review the accounts and the financial statement at the end of each month. I will measure the average cost of recon prior to establishing the new policy to the average cost after the policy is implemented. The KPI will be a reduction of $80 in the average cost of used vehicle reconditioning.

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

Executive Manager, General Sales Manager, Sales Managers, Service Manager, and Service Technicians will be impacted. Training will be required. We will train the technicians how to properly document their findings on a repair order. We will train the sales management team how to identify which items need to be addressed so as not to inflate the cost of the recon.

Is there a cost, or estimated cost for implementation? There is no cost associated with this action other than the negative gross impact on the service department. As an off-set, the Internal Labor Rate is being increased from $82hr. to $125hr. to match the Customer Paid Labor Rate.

Projected date of completion? I expect to achieve the objective by **March 31st, 2018** but the benefits of achieving that goal do not end on that date. I expect to maintain the 10% reduction in recon expense moving forward.

Provide the relevant composite data