



Financial Management Objective Homework

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Class #

I plan to accomplish the following objective MARCH 5, 2018 ***by***
our next class on:

Provide the relevant composite data

Department	Month	Page	Column
USED	NOV	21	9

Action plan for achieving objective
What is the area of focus?
Used vehicle average GP per unit
What is the proposed plan? How will you achieve it?
Plan: Increase gross profit per car from \$1144 per car to \$1410 per car by the end of first quarter, March 2018
Result: \$266 more per car on a budget of 485 cars for 2018 would result in \$129,010 gross profit
Action: Control discounting - create a spreadsheet and be more aware of individual reps discounting habits, train on our pricing philosophy, price to market, present comparison to market vehicles early in the sales process, implement aged based discount, add rep discounting to the sales meeting as a comparison tool so the reps are aware who must discount most (create a contest) Wholesale - our store currently has a policy of retailing every unit that it traded, however our store has been unsuccessful with CD segment luxury vehicles once aged over 30 days, retail CD segment cars for 30 days and then wholesale quickly after to save from aged discounting with heavy losses Time to market - monitor 72-hour plan more closely, hire new headcount for service internals dedicated to pre owned reconditioning, utilize Pipefy (our internal tracking) to monitor time to market on new units and make sure the process is running smoothly to have the cars photographed, reconditioned and on the lot asap Buying - review all prior day trade appraisals, ensure all appraisers stay within Vauto guidelines and the trade ins are properly assessed, re assess trade ins

incoming on factory orders (which have resulted in big pre owned losses in the past)

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

Tracking: Per deal GP vs budget, weekly data pull from vauto or 180 can show the discounting per rep for comparison, monthly financial statement results for final GP vs budget

Measurements: Avg discount, age of inventory, gross profit per car after the deal is closed, used retail gross per unit on financial statement variance to budget

Frequency: Daily tracking of each deal, weekly tracking of discounting by rep and month to date delivery gross profit, monthly review of end of month gross profit per vehicle

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

Employees involved: Pre owned reconditioning team (internal advisor, technician, photographer, Pre Owned Manager, Salespeople, buyers)

Training: Pre owned manager will need to work more actively with each rep, provide additional training if needed in order to close deals with less discounting, further training regarding pricing philosophy and handling price specific objections. Service staff may need support in the form of apprentice etc to push the cars through faster.

Is there a cost, or estimated cost for implementation?

There is no additional cost to implement the processes and checks listed. If needed the training could potentially have a cost if the Brand Specialists require more assistance with objection handling as many are junior reps.

Projected date of completion?

I would like to see us hit this goal by the end of the first quarter, but the budget is the same all year, so the completion date would be Dec 31, 2018 as I hope to maintain the used car gross profit at budget for the year.

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