



Financial Management Objective Homework

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Class #

I plan to accomplish the following objective June 4, 2018 **by**
our next class on:

Provide the relevant composite data

Department	Month	Page	Column
Used Cars	Feb	18	5

Action plan for achieving objective
<p>What is the area of focus?</p> <p>The area of focus is in the Used Car Department, specifically gross profit. The new goal will be to maintain or increase gross profit as a percentage of sales, while maintaining or increasing the # of inventory turns. Currently, we are at a YTD Gross Profit as a % of sales of 8% and we are turning 10 times. To be able to increase both, slightly, would allow us to meet the GROI guide of 144%</p>
<p>What is the proposed plan? How will you achieve it?</p> <p>The store is currently operating on a turn that has a hard drop deadline of 60 days. The proposed plan is to evaluate the sales patterns using the March statement as well as the inventory to see which vehicles are selling well and which are potentially not working for this stores demographic. By identifying these vehicles, we will have a better idea of how we can make changes. We will also implement a hypothetical deadline of 45 days.</p> <p>After identifying these vehicles, I want to take a further step into looking at how they were acquired. Were they auction purchases, trade ins, etc. With identifying these, we will be able to say which source is more reliable for the cars that we DO NOT necessarily do well with vs the cars we do very well with.</p> <p>Once the sources have been identified, having a set marketing plan for each vehicle is vital. This store already has a set pricing strategy and their online presence is excellent. Tweaking the pricing strategy will help bump them to the next level. Currently, they drop their prices every week from a range of</p>

\$500-\$1000 and are very careful of providing any further discounts in order to hold more gross. My proposed plan includes adding some VDP data from our websites into the mix. This information will allow us to separate the vehicles that are getting a large amount of VDP traffic on the website over others, indicating that they possibly do not need a significant price drop. This will allow us to make more gross and potentially turn the vehicles a bit quicker.

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

I will start with the GROI calculation on the first of the month and from there begin to try and measure the Gross as a % of sales weekly. I will also attempt to calculate turns, however this may be difficult to do until the end of the month. However, I hope to atleast see the gross as a % of sales increase with each measurement. At the end of each month I will calculate the GROI as well as document all of the changes that were made to the strategy. If the results are positive, we will continue. If the results are worse, we will re-evaluate the strategy and start from square 1 again.

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

The employees that will be involved in this are the General Manager and the Used Car Manager.

Is there a cost, or estimated cost for implementation?

There is no additional cost.

Projected date of completion? I hope that by June we see an increase in GROI by 20%

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