



Financial Management Objective Homework

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Class #

I plan to accomplish the following objective our next class on: Decrease day supply of new cars **by**

Provide the relevant composite data

Department	Mont h	Page	Colum n
New Cars	Feb	6	6b

Action plan for achieving objective
What is the area of focus?
What is the proposed plan? How will you achieve it?
How will you track your progress? What measurements, KPI's? How often will you track?
Who are the employees that will be involved, or impacted? Will they require training or assistance?
Is there a cost, or estimated cost for implementation?
Projected date of completion?

Jan.	Feb.	March	April	May	June
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July	Aug.	Sept.	Oct.	Nov.	Dec.
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Area of Focus: Month's supply of new cars.

Proposed plan - achievement:

My proposed plan to decrease month's supply of new cars is proper information. Our dealership has now been in business for 14 months. At time of acquisition a substantial amount of new vehicles were brought into inventory. Currently we have a 9.01 months' supply (page column 6b) of new vehicles. Information is now known that the market for Buick and GMC is not what the market is for new Chevrolet's. Our other franchise is Chevrolet, located in Warrenton, VA. I was not at the dealership at time of acquisition but I have been told that there were roughly 60 N Buick and GMC's with little variety and model selection.

Plan:

1. We have a software system that was developed to look at where we are high and low in inventory situations. How many are in stock, how many we need, what 30-60-90 day turn looks are like. We can also see where we have critical shortages of. Inventory planning is now based on that 1 year of information, not on previous knowledge of other markets. Also, DX's are extremely important information to look at. Many Buick and GMC dealers do not carry the inventory amounts that Chevrolet might, probably in large part to the market that product is in. Dx's are more prevalent in this franchise. This needs to be used to our advantage, we need to win. It is a good way to get rid of older aging inventory if need be.
2. The right inventory needs to be order moving forward. We have noticed that in the market we are in, Northern Virginia, mainly Leesburg, Denali trim is more sought after. However, the right Denali packages need to be order. That has now been corrected with proper knowledge of packages and more consumers sought after items.
3. Currently there are 88 New 2017's in inventory. This is the biggest problem. We have taken almost a used car approach to this problem. The vehicles are priced accordingly on the internet. We want to make sure that we are "THE LOWEST" possibly price on the internet without lying to the customer. This means true upfront pricing on blowout 2017 models. With final pay around the corner, the next 90 days are the most crucial part for those.

The tracking of progress is by looking at our composite. Based on the information from our composite the overall month's supply of new cars has been steadily decreasing.

1. November : 11.36 months supply
2. December : 8.40 months supply (due to heavy sales of new vehicles in direct correlation to over inventory in 2017 and heavy manufacturer incentives)

3. January : 10.73 months supply
4. February: 9.01 months supply

Out of sight out of mind is not an approach to this. KPI's for this will be the amount of 2017's sold at the end of every month. With a number of 88 new 2017's in stock we have well over a 1 year supply of them. Every effort needs to be made to make sure that people who come in on specific used cars are properly given the opportunity to see if a blowout 2017 will work. Tracking of this is up to me.

The employees who are involved are the front end managers and the sales people. We need to make sure that they are aware of the deals that are going on and are able to speak intelligently about the difference between a 2 year old vehicle and a new vehicle for relatively the same cost. This must be a daily reminder to sales people. This also falls on me; sales managers need to be reminded of the remaining 2017 inventory and overall inventory of the 2018's.

There is not a upfront cost that can be calculated. Obviously, blowing out 2017 models and trying to lower overall new car inventory through a typical sales strategy is going to be hitting the bottom line hard. However, a majority of that can come back from SFE goals set by BUICK/GMC. Proper tracking of those numbers need to be implemented and everyone needs to be aware of the goal in hitting those numbers. Currently I use a excel spreadsheet that tracks each month based on the SFE goals set in place.

My projected date of completion is hard to put a number one. This is a problem that is driven by many factors. I am now working closely with our inventory manager to make sure that proper inventory is managed. I am also working with sales people to try and teach them proper techniques of selling new vehicles and a proper switch from used to new without impacting used car dept. My goal is by the end of the year be at less than a 4.5 month supply of new cars. This can be accomplished a couple ways. Mainly I believe that there is a market for BUICK/GMC's in Leesburg but many shopped elsewhere due to previous ownership mentality. Since I have been at our store (august 21st) I have been trying to develop a sense of community like I was taught at our other store. The "why do business with us" mentality. Overall attitude toward this dealership when speaking with people who "give us a second chance" was that previous ownership did not care if they sold a car or not. They more or less took the CarMax approach to pricing, and usually that price was high. There was no customer satisfaction. We are diligently working on changing that perception.

