



## Financial Management Objective Homework

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**Class #**

***I plan to accomplish the following objective our next class on:***

Improving my Dealerships cash flow from 43.8 days supply to 60.

**by**

**Provide the relevant composite data**

Department	Month	Page	Column
Overall Dealership	Decemb	5	2

<b>Action plan for achieving objective</b>
<b>What is the area of focus?</b>
Frozen Capital
<b>What is the proposed plan? How will you achieve it?</b>
Reducing Pre-Owned Vehicle inventory down to guide. In December 2017 we are over guide \$709,259.
We will need to wholesale inventory out that is not right for our market. Currently, the average cost of
A vehicle in our Pre-owned inventory is \$19,000 but the Avg sale price at our dealership is \$36,000. If we move out the inventory that is "too cheap" for our Market we will be able to turn our pre-owned inventory more efficiently. This will free up that frozen capital and improve cash flow.
<b>How will you track your progress? What measurements, KPI's? How often will you track?</b>
I will track my progress by performing a Frozen Capital Month Supply calculation twice a month to see how the dealership is tracking towards the guide of 1 month. I will also perform an AVG YTD Used Vehicle Sales Price calculation twice a month to insure we are stocking the right vehicles for our Market. Next, I will perform a Inventory turn calculation for Used Vehicles monthly. This will show me how often we are turning our inventory and whether or not adjustments need to be made. Finally, I will perform a Cash Days Supply calculation monthly too see how these changes affect our overall cash position.

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

Dealer, Sales Manager. This will require some training in the form of a change in focus. This can be done through a sales meeting demonstrating the above calculations. I also think it would be beneficial to provide bonuses to salespeople for selling "older" inventory in order to move it more quickly.

**Is there a cost, or estimated cost for implementation?**

The cost to improve our frozen capital issues in Pre Owned Inventory should be minimal. There could be some marginal losses on vehicles we wholesale out. We also will have an additional payroll cost for bonuses on "old inventory"

**Projected date of completion? June 2018**

<b>Jan.</b>	<b>Feb.</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June X</b>
<b>July</b>	<b>Aug.</b>	<b>Sept.</b>	<b>Oct.</b>	<b>Nov.</b>	<b>Dec.</b>