



## Financial Management Objective Homework

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

**Provide the relevant composite data**

Department	Month	Page	Column
Used Car Department	04	3	Line 61

<b>Action plan for achieving objective</b>	
<b>What is the area of focus?</b>	Used Car Operating Profit to \$1,000,000.00 by year end
	Through April we are sitting at &\$81,836.00 We had a terrible March and lost \$70,000.00 so that pushed us off pace. Having said that we rebounded in April and posted \$109,000.00 profit. This put us back in the positive. We will need to have a few strong months to get our operating profit back in line with our forecast of \$1,000,000.00.
<b>What is the proposed plan? How will you achieve it?</b>	Keeping a focus on our Turn. Currently at 11.2 Turns through April. We need to get that turn over 12 so stocking the right inventory as to what is selling in the market will be crucial to drive that number up. Also keeping an eye on the frozen capital of our used car department. Currently have \$168,000.00 in frozen capital in used inventory so getting that money working for us will also help. Implementing a Cheque singing meeting so that we can keep a closer eye on expenses and how we are utilizing those expenses. Let's only keep the necessary expenses.
	We are also going to have to work with our team to drive more appraisals. By hitting our appraisal goal of 3500 appraisals for the year we will be able to win enough trades to stock our lot sufficiently to have enough inventories to sell. Without that we will not have enough inventory as the vehicles at auction's here in Canada are ridiculous prices.

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

For Inventory we are going to stock what we are selling. Keep a close eye on ensuring we are only stocking a 30 day supply of inventory. It will be checked daily. We will have to continue our focus on driving more appraisals into the dealership. Calculate our frozen capital and review with our management team. We will hold monthly meetings after month is closed and work through these scenarios together as a team

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

Sales Managers, We will need our sales management team to drive that appraisal culture to hit out marks. We need to make sure that working every deal hard and maximizing gross while not allowing customers to walk. Our sales team will be impacted and require some training on the appraisal culture. We will train twice a week on this specific area learning new word tracks to help us develop that culture. Appraisals equals conversations and conversations equal sales.

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

No cost. Training will be conducted and held by our sales managers.

**Projected date of completion?**

My goal is to put \$1,000,000.00 into the bottom line in our used department this year. If we hit our KPI's being the appraisals of 3500, Gross front and back \$ 4500.00 PUVR, and inventory turn 12.0 turns or more per year we will accomplish that goal. I understand it is a lofty goal based on our past years however I believe that we have the committed team in place to make this goal achievable.

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

