Retail Performance & Inventory Management

How To Guide

Introduction

Retail Performance Management

Data is Currency.

Used car demand is strong. Used car prices are rising. Competition is increasing. Aging risk and volatile market conditions persist. An educated consumer calls the shots and the importance of having the right inventory to attract buyers has never been higher. Vehicle value and pricing are transparent online. The level of inventory exposure in terms of cost and investment, as well as visibility to both competition and customers, is enormous. The marketplace is increasingly complex and interconnected. All of these factors have created a fundamental shift in how automotive retailers manage the pre-owned operations lifecycle and the importance of excellence in inventory management.

The ability to take data – understand it, process it, extract value from it, and take action on it, separates one automotive retailer from the next. This eBook is intended to provide general managers and used car managers with a simple "how to" guide into various techniques on how to better use analytics to improve visibility, decision making, and performance of pre-owned retail operations.

Section One

The Basics

There are hundreds of numbers to measure and manage pre-owned operations: total sales, front-end gross, back-end gross, wholesale gross, VDPs, SRPs, click-through rates, conversion rates, turns, days to sale … the list goes on and on. And without question, all of these are important to your dealership. However, working over the last 15-plus years with the top automotive retailers in the industry has taught us that a few numbers stand above all others when driving the success of your dealership. FirstLook's Retail Performance Management focuses on three key metrics that drive pre-owned performance. These include:

Sweet Spot Sales
Percentage of vehicles selling between day 0-30

Aged Wholesale Give-Back
Gross profit given back from aged wholesale loss

Retail Sales Efficiency
Percentage of vehicles selling between day 0-60

By analyzing these three Retail Performance Management metrics, users can make intelligent decisions and take swift action toward meeting the dealership's goals. Comparing trade-ins to purchases using these same triggers also reveals quite a bit of information. Everyone knows that trade-ins make more front-end gross than purchases … but do you measure it? More often than not, when it is measured, the difference is astounding – sometimes as much as double the gross profit on average. This single statistic leads us down the path of working toward how to acquire more trade-ins or "trade-in like" vehicles. Next, are three sets of fundamental best practices using analytics designed to achieve greater performance across pre-owned retail operations.

The Basics

Appraisal Closing Effectiveness

It's no mystery, trade-ins often bring much higher grosses than auction cars. Therefore, finding unique ways of acquiring them is critical. Retail Performance Management (RPM) gives instant visibility into how each manager in the store is performing in the appraisal lane. For example, in the illustrations below, the manager with the lowest closing rate also has the highest grosses in both retail and wholesale sales on trade-ins. This could be a potential sign that she is underbidding trades and missing out on key opportunities. Focusing on these insights and drawing on the success of the top performers will benefit the entire store.

RPM Tip

Since trade-ins often bring much higher grosses than auction cars, finding unique ways of acquiring them is critical. Dealers should consider promoting "We-Buy" cars program. Many dealers and dealer groups have found this to be an extremely significant channel for acquiring retail inventory.

Trade-In Profitability by Appraiser (Retail)

Appraiser	# Sold	Average Gross Profit	Average Days to Sale
John Smith	39	$1,737	29
James Profit	39	$1,367	23
Jen Johnson	19	$2,194	31

Trade-In Profitability by Appraiser (Wholesale)

Appraiser	# Sold	Average Gross Profit	Average Days to Sale
John Smith	16	$550	14
James Profit	12	$345	9
Jen Johnson	35	$729	12

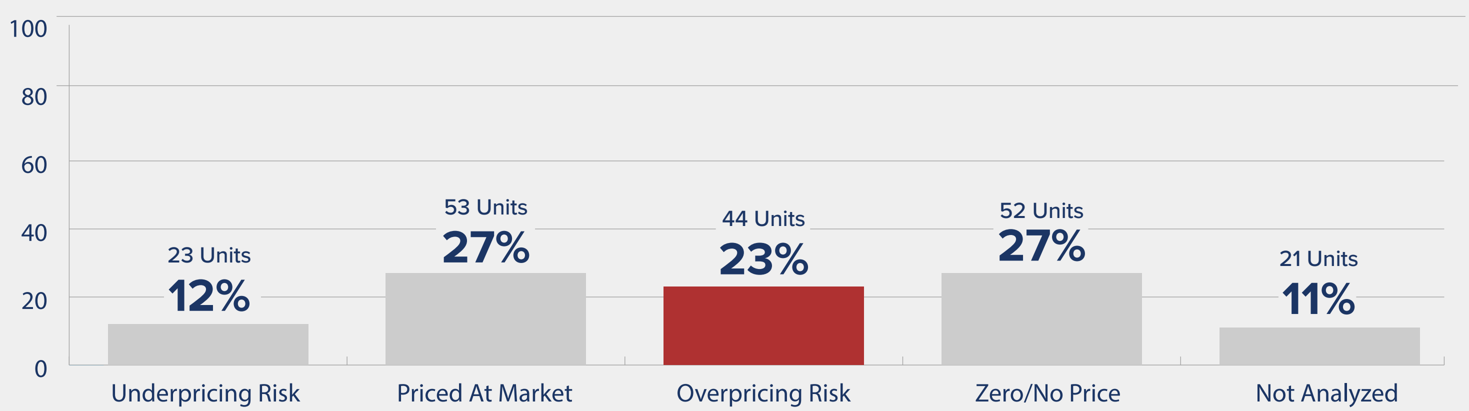
Appraisal Closing Rate Analysis

All Appraisers	Closed Trade-Ins	Total Appraised	Appraisal Closing Rate
John Smith	43	84	51%
James Profit	23	49	47%
Jen Johnson	5	24	21%

The Basics

Pricing Effectiveness

With the level of competition in the used-car market, pricing appropriately has never been more important. However, there are dealerships that have gotten into the habit of starting every car at 96 percent of market, compromising future grosses. These dealers have ignored the differences between gross and commodity cars. Every retail industry contains a combination of high-margin and low-margin products; the key is identifying the difference. RPM provides managers instant visibility into the pricing opportunities at their store based on a variety of pricing metrics. As shown in the illustration below, comparing against like vehicles in the marketplace suggests there are some vehicles that are potentially overpriced. Additionally, understanding the vehicles that are at risk of being underpriced is essential, so that dealers do not give away gross profit unnecessarily. It’s also critical to understand how effective your repricing actions are at moving your inventory. RPM also provides re-pricing effectiveness. Providing instant visibility into pricing opportunities accelerates decision-making and performance.



Age	Risk	Vehicle Description	Color	Mileage	Unit Cost	Internet Price	% of Market Avg	Change in Market	Market Days Supply	Stock Number
56		2015 Volkswagen Jetta GLI SE	White	31,551	$14,126	$16,799	104%	3%	30	RM21397A
51		2018 Chrysler 300 Touring	Velvet Red Pearlcoat	46,254	$17,979	$20,999	107%	5%	37	RF21475A
50		2017 Toyota Camry LE	Orange	31,436	$14,339	$14,995	105%	4%	74	P5080
49		2016 Kia Sportage LX	Red	36,549	$11,662	$13,425	108%	5%	48	P5068
48		2018 BMW 3 Series 320i xDrive	Mineral White	32,580	$23,721	$25,495	117%	9%	81	RF21601

The Basics

Inventory Mix

Having the right mix of inventory for your specific dealership is critical to success. But what is the right inventory? The answer is in combining the power of your unique dealership data and makeup with the top performers in the market. Having daily insight into where the gaps are in your inventory will allow you to quickly react and set your sales team up for success.

This includes having deep insight into:

Over/Under Stocking

This means knowing what the appropriate days supply is for each of the retail vehicles at your store location. In some markets where seasonality has an impact, the days supply you carry may vary based on the time of year. No matter what the season, however, you need to know exactly how many of each segment, make and model is necessary to ensure success.

Fast Sellers, Top Sellers, Most Profitable

Ask each of your managers to list the top five vehicles in each one of these categories. Most likely, you'll get some very different answers. Having this data is very eye-opening, especially when you see that many of the vehicles that perform well are actually non-core vehicles that make great switch pieces for your core inventory.

Market Performers

In order to grow, many dealers need to look to vehicles outside of their comfort zone. Having the data that reveals the best-performing vehicles in your market allows you to fill the holes in your inventory with switch cars that are proven performers.

Section Two

Group Level Analytics

Retail Performance Management provides unique capabilities designed specifically for dealership groups. This includes a centralized dashboard that provides visibility into a wide range of performance analytics of the group. Starting from a 30,000-foot view of an entire group, managers can drill right down into the analytics of a single store giving them the ability to view the successes, opportunities, and actions for every dealership within the group. This level of visibility enables you to answer the following questions:

How effective are the stores at closing trade appraisals?

Which stores have aging issues?

Where do pricing opportunities exist across the group?

How effectively are stores retailing cars from both a gross profit and turn perspective?

Are there opportunities to transfer vehicles within the group and how profitable have transfers within the group been?

The following are five focus practices dealer groups are using to improve pre-owned retail performance group-wide with robust benchmarking tools and analytics.

1 Appraisal Closing Effectiveness

With Retail Performance Management, dealer groups can easily stack rank the appraisal closing rate for each store. From this view, dealers can see where each store ranks, how profitable immediate wholesale cars are, and how often each store is utilizing the system. With insight into Appraisal Closing Rates, group general managers can make swift and effective decisions to improve the performance at various stores. For example, in Illustration 1.1, the bottom ranking stores show opportunity with regards to how they are bidding trades. As the report indicates, they are making high immediate whole-sale grosses which could be a sign they are underbidding cars. Focusing in on these insights and drawing on the success of the top stores will benefit the entire group.

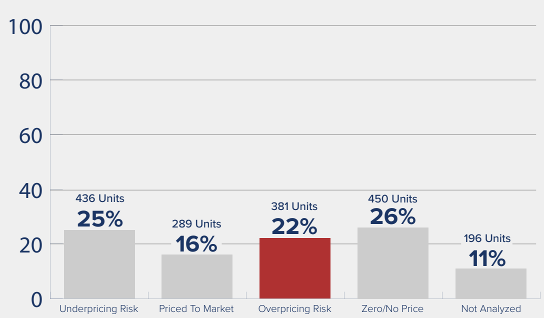
Appraisal Closing Rates
Average previous 4 weeks

In-Group Rank	Dealership	Appraisal Closing Rate/Target	Trade Analyzer Usage	Avg. Imm. Wholesale Profit/Loss
1	Windy City Chevrolet	61% Target: 60%	100%	$430
2	Windy City BMW	58% Target: 60%	100%	$267
3	Windy City Honda	57% Target: 60%	94%	$330
4	Windy City Toyota	54% Target: 60%	93%	$299
5	Windy City CJD	52% Target: 60%	98%	$333

Illustration 1.1

2 Pricing Effectiveness

Inventory Pricing Risk



Dealership	In-Group Rank	% Inventory Units with Potential Overpricing Risk	Vehicle Count	Avg. $ Per Unit	Book vs. Cost
Windy City BMW	1	31%	39	$826,059	$25,214
Windy City Mercedes	2	30%	81	$1,065,314	$2,217
Windy City Honda	3	29%	25	$353,504	($6,204)
Windy City Lexus	4	28%	33	$570,725	($9,275)
Windy City CJD	5	23%	51	$865,191	($97,033)
Windy City Chevrolet	6	20%	64	$1,335,388	($51,301)
Windy City Hyundai	7	19%	26	$440,980	($66,830)
Windy City Ford	8	18%	12	$237,690	($19,590)
Windy City Nissan	9	15%	21	$251,036	$111,880
Windy City Toyota	10	10%	29	$540,577	$15,748
Whole Group	-	21%	381	$6,486,474	($329,587)

Illustration 1.2

Dealers who recognize the profit potential of their vehicles and communicate their value to consumers will be able to move inventory while securing higher margin. To turn invento-ry quickly and still generate strong gross profits – dealers should evolve their practices from “price-based selling” to “value-based selling.”

Retail Performance Management provides group general managers centralized visibility and stack ranks each store based on a variety of pricing metrics. As shown in Illustration 1.2, the BMW, Mercedes and Honda stores have the most potentially overpriced vehicles. This could indicate they have competitive pricing opportunities. Additionally, understanding the vehicles that are at risk of being underpriced is also essential, so that dealers do not give away gross profit unnecessarily. Providing instant visibility into pricing opportu-nities accelerates decision making and performance of the entire group.

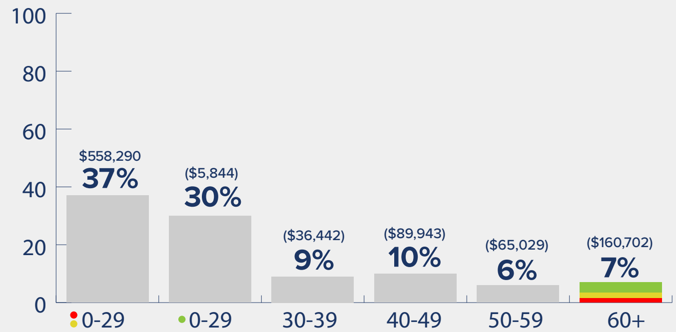
3 Average Aging Appraisal

Does your group have an aging policy? We have found that our top performing groups keep a pretty tight grip on how vehicles age, focusing on Retail Sales Efficiency and selling their vehicles in the period where the most gross potential exists. Retail Performance Management displays the current aging profile of the entire group and then allows users to drill into the analytics at each store. Each day users gain access into the potential aging opportunities in every store.

As shown in Illustration 1.3, the BMW, Honda and Mercedes stores all have potential aging bubbles. From here, General Managers can drill down further to isolate the problem and take appropriate action. For example, users can combine this aging information with the previous Pricing Report (Illustration 1.2) to see if these aging vehicles may also have potential overpricing issues. As seen in this example the three stores with the highest percentage of overpriced vehicles, also have the highest percentage of vehicles over 60 days old. Additionally, users can also isolate aging issues based on a store's inventory mix. For example, the stores in question may not be stocking the best mix of cars for their store and market. With this level of visibility, Retail Performance Management enables groups to isolate aging issues quickly and expose opportunities for continuous improvement.

Current Inventory

by Inventory Age in Days



60+ Day Old Inventory

In-Group Rank	Dealership	% Inventory	Vehicle Count	Avg. $ Per Unit	Book vs. Cost
1	Windy City BMW	13%	16	$16,827	$5,798
2	Windy City Honda	11%	36	$24,526	($46,510)
3	Windy City Mercedes	11%	15	$14,073	($28,268)
4	Windy City Lexus	11%	7	$25,064	($9,745)

Illustration 1.3

4 Redistribution Options

Transferring vehicles between stores within a group can help reduce aging risk and increase gross profit opportunity. This can be a difficult program to facilitate without a tool to help identify the opportunities, as well as something to measure the success of vehicles that do transfer. Additionally, the dynamics between stores sometimes makes it difficult to convince them why this is such an important program to institute. However, with increased competition and an expensive wholesale market, why would you ever want to sell your hard earned vehicles to your competition at the auction? Retail Performance Management will identify redistribution opportunities daily within the group based on where cars are most optimal.

For example, in Illustration 1.4 and 1.5, if the Toyota store has an aging Volkswagen Jetta that is a top grossing/turning vehicle for the Volkswagen store, Retail Performance Management will indicate that it is a good candidate for transfer.

With this insight, groups can facilitate an "auction" amongst the stores, or shift inventory around based on where they fit best. This will also indicate how profitable the transfer of vehicles is within the group. What we have found is that it makes a significant gross profit impact across the entire group by eliminating large aged wholesale losses and keeping that hard earned retail inventory in the group.

Group Level Redistribution Opportunities

Windy Toyota

Risk Level	Vehicle Age	Year	Make/Model	Trim	Mileage	Stock Number	VIN	Risk / Dealership / Stocking Level
R	21	2018	Honda Odyssey Van	Touring	56,714	T9947A	5FNRL38805B076949	R/R North Honda 2018 Understocked by 1 North Honda 2017 - 5 Green Light(s) in stock South Honda 2017 - 5 Green Light(s) in stock East Honda 2018 - 3 Green Light(s) in stock
Y	75	2017	Volkswagen Jetta Sedan	Wolfsburg	24,196	PV3555A	3VWRJ7AJ4AM097106	G/G Windy Westside Volkswagen - 2017 Understocked by 3 Y/Y Windy Westside Volkswagen - 2017 Understocked by 3 G/G Windy City North Motor Cars - 2016 Accurately Stocked Windy Westside Volkswagen 2018 - 13 Green Light(s) in stock Windy Westside Volkswagen 2017 - 11 Green Light(s) in stock Windy Westside Volkswagen 2016 - 5 Green Light(s) in stock
Y	55	2016	Chevrolet Cruze Sedan	LT w/1LT	5,994	PZ361	1G1PF5S97B7228392	G/G Windy Chevrolet - 2016 Understocked by 3 G/G Windy City North Motor Cars - 2016 Understocked by 3

Illustration 1.4

In Group Transfer

Dealership	Given	Given FEG	Taken Sold	Taken FEG	Taken Inventory
Windy Chrysler Jeep Dodge	1	$977	1	$997	0
Windy City Chevrolet	2	($1,313)	0	$0	0
Windy City Chevrolet	2	($1,313)	0	$0	0
Windy City BMW	2	($1,259)	1	$940	0
Windy City Honda	0	($0)	0	$0	1

Illustration 1.5

5 Retail Benchmarking

Behind the Numbers
Average previous 4 weeks

In-Group Rank	Dealership	Sweet Spot (Day 1-30)	Retail Sales Efficiency (Day 1-60)	Retail Gross Profit Give Back From Aged Wholesale Loss	Avg. Front End Gross	Avg. Immediate Wholesale Profit/Loss
1	Windy City Chevrolet	67%	87%	-4%	$1,921	$142
2	Windy City BMW	62%	87%	1%	$1,236	$704
3	Windy City Honda	61%	78%	2%	$1,876	$345
4	Windy City Toyota	56%	90%	-4%	$1,483	$165
5	Windy City CJD	56%	84%	4%	$1,247	$527

Illustration 1.6

After properly stocking, pricing and merchandising the vehicles across all stores, the most important numbers to manage are those pertaining to retail success. What we have found is that the top groups benchmark their stores on Sweet Spot Sales (Cars Retailing between days 1-30), Retail Sales Efficiency (Vehicles Retailing between days 1-60), and how much profit they are giving back in aged wholesale loss. The benchmarks these groups strive for are 65% of vehicles selling in the Sweet Spot and 85% Retail Sales Efficiency. These benchmarks are extremely important because the top groups who focus on Retail Performance Management make virtually every dollar of gross profit on the vehicles that sell in the Retail Sales Efficiency window. As it is shown in Illustration 1.6 the RPM Groups stack rank their stores based on these metrics. Additionally, they can compare the top three bench-marking metrics with the average front end gross profits being achieved. With this insight Group Level Executives can quickly identify which stores have opportunities to address, as well as top performing stores in the group that can serve as role models for training and expanding best practices.

Daily Pre-Owned Cadence

This daily cadence is designed to help the Used Car Manager balance efficiency and profitability with administrative overhead. For best results, try to complete all items on this list within *45 minutes* of walking in the door. That frees up the rest of the day for buying and selling cars.

1. Process Yesterday's Trades: Set up all vehicle acquisitions so they are available in inventory. Make sure to enter an Actual Cash Value (ACV), even if it is just a set-up number. Complete bullpen walk-around on all new trades, make retail/wholesale/service decisions. Verify yesterday's trade units are now available in inventory, if not process to take into inventory.

On MAX Platform: Use the trade analyzer for all vehicle acquisitions to assist in ACV entry and retail/wholesale/service decisions. You may always use the "Take Into Inventory" button to have inventory available in MAX immediately.

2. Check for Missed Opportunities: Review the previous day's missed trade-in opportunities. Are there deals on understocked vehicles that you may want to revise the offer on? Have sales reps follow up on these high potential vehicles first with any revised offers, leveraging each vehicle's value proposition to close potential missed opportunities.

On MAX Platform: Use either the Trade Analyzer or the Make-A-Deal tool to see your list of missed opportunities. The Make-A-Deal tool is preferred as it highlights understocked vehicles to review the previous day's missed trade-in opportunities. Have sales reps follow up on these high potential vehicles first with any revised offers on trades. MAX My Trade can help give the customer a better understanding of the elements of the trade valuation and close any perceived value gap with the customer.

3. Dial-In Pricing (and create or update ads): Plan all new pre-owned units for either retail or wholesale. Set target pricing for retail units, using market comparisons at similar mileage for similar packages so that your dealership price is competitive within the market. Prepare each vehicle's online ad with factual, detailed, relevant information so the vehicle is ready for online merchandising. Review any vehicles pricing as they change age buckets, crossing the 30-day threshold for example. This daily review strategy helps you selectively re-evaluate your pricing strategy in manageable chunks.

On MAX Platform: Click on Quick Planning button to access Inventory Management Plan (IMP) and work all units in the planning tab from top to bottom. Plan all new pre-owned units for either retail or wholesale. Then for retail units, use the Profit MAX tool to analyze the market and price each vehicle on the list. Profit MAX looks like a set of crosshairs on the IMP. While in Profit MAX, you can view and approve each vehicle's online ad by clicking on the Approval tab with complete vehicle options and automatically optimized descriptions (Key information, Certified Info, Book Outs, Condition, etc). When the left side of the page displays all green check-marks, click REGENERATE AD, then APPROVE AD and move to the next vehicle in the list. The Planning Tab lists all of your "bucket jumpers" and units in the oldest-aged bucket with recurring reminders every seven days. This is your daily to-do list to reprice or confirm these cars as they appear in the planning tab.

4. Ensure your full inventory is frontline-ready online: What are your dealership's standards for time to market? How do you define frontline-ready? Top dealerships can get a trade online in as little as 2-3 days with over ten pictures. Identify your dealerships current average and strive to improve performance here.

On MAX Platform: Review the MAX Dashboard - any vehicles below your dealership set standards will be noted for action. On the left side, clear all "Vehicles with Online Alerts" by clicking on the specific alert and taking the required corrective action. On the right side, review all "Vehicles with Merchandising Alerts" by clicking on the specific alert and ensuring that any suggested action possible has been taken to drive the highest possible traffic to your online inventory.

5. Check for Service Lane Opportunities: Share your stocking guide targets each week with your service manager. Daily, have the service manager provide the pre-owned manager with a list of desired units that will be in for service that day. Run appraisals on any desired units and have ready for the service manager or dedicated sales rep to present to service customers.

On MAX Platform: Print out the Over/Under Stocking Guide for that week and provide to the service manager prior to first appointment Monday.

6. Do a Recon Walk: Walk all cars currently in RECON. Be sure cars are moving through all zones efficiently, so that you have as much time in the sweet spot for sales as possible.

Weekly Pre-Owned Cadence

This cadence should be part of a weekly meeting between the General Manager and the Pre-Owned Manager(s). Building this management cadence into your process helps to instill a culture of accountability and a healthy and efficient pre-owned operation.

1. Check Pricing: Review each unit that is either potentially OVER or UNDER priced. Remember pricing does not need to be adjusted as long as there is a story behind each of these units. There no one size fits all strategy for every vehicle. View critical information around the price of your inventory by AGE, RISK, SEGMENT, YEAR, MAKE, OR MODEL.

On MAX Platform: Use the Profit MAX pricing summary on the First Look home screen. Select “Pricing Risk” from the “Current Inventory By” dropdown & “Retail Inventory” from the “Show:” dropdown to review each pricing outlier. Clicking on the “$” icon on the cars in the bottom of the page opens the Profit MAX market pricing tool for that car, if pricing needs to be adjusted. Use Pricing Analyzer to view all key pricing segments and the search function to create your own pricing levels based on the needs of your business.

2. Check Market Days of Supply & Pricing Competitiveness: Keep a special focus on your Aged Inventory. Sort by Market Days of Supply highest to lowest and focus on any high market days of supply units, especially where Market Days Supply is higher than your aging policy. Repeat check for pricing competitiveness with Aged Inventory.

On MAX Platform: While in the Profit MAX pricing summary, select “All” from the “Current Inventory By” dropdown menu and sort by “Market Days Supply”(Highest to Lowest). Check pricing competitive-ness of any high market days supply units (Especially units where MDS>Aging Policy). Do the same Aged Inventory by sorting by the “Age” Column (Oldest to Newest).

3. Check Inventory Levels & Mix: Check Inventory levels of your highest volume, highest grossing and quickest turning units. Drill into any high volume units that are grossing less than your target to tweak your purchasing strategy for those units. View stocking levels by SEGMENT, YEAR, MAKE & MODEL and better understand the gaps in your inventory when considering the purchasing plan for the coming week.

On MAX Platform: Select “Inventory Manager” from the “Reports” drop down in FirstLook to review the inventory levels of your top sellers, most profitable, and fastest sellers and build your targeted purchase strategy. Use Under Stocking Report / Core Inventory Report to have quick visibility into the stocking levels at your location.

4. Spot Check Merchandising & Sales Metrics: Make sure that you are tracking the time to market online for all the key merchandising factors. Have you set a target for the number of pictures you should have online within the first 48 hours a vehicle is on your lot? Being aggressive here, helps your dealership have more time with that vehicle in the sweet spot. Ensure that your sales team is supported and prepared to share the full value of every vehicle in your inventory, so they can close through a transparent process, providing additional information beyond what the customer has already researched online.

On MAX Platform: Open up the MAX Dashboard and make sure “Online Alerts” and “Merchandising Alerts” are at acceptable levels. Check “Time To Market”(TTM) and address any potential holes in your onboarding process by drilling into “View Details” and evaluate high TTM units with the used car manager. Click on “Showroom & Website 2.0” in the center section of the dashboard. Ensure steady utilization of Digital Showroom by sales associates. Total Digital Showroom Views should be at least equal to the number of ups for the week.

5. Understand Sales Performance With Discounts: Ensure that overall discount is within acceptable limits for your sales strategy. Drill into any reps that are negotiating away large grosses and review individual deals. Ensure they are using all tools at their disposal to sell value and hold gross. Work with Sales Managers as necessary to ensure proper sales process is being executed consis-tently.

On MAX Platform: Select “Stop The Drop” from the Reports drop down on the MAX dashboard. Sort the “Ranking By Salesperson” section by “Average Sales Discount”.

6. Keep an Eye on Appraisal Closing Rates: Review appraisal lane performance for the last 4 weeks to the last 6 months. Drill down to a specific user’s performance to manage this critical piece to the NEW & USED car sales process.

On MAX Platform: Select “Closing Rate Analysis” sort by user performance.

Monthly Pre-Owned Cadence

This cadence should be part of a monthly meeting between the General Manager and the Pre-Owned Manager(s) in conjunction with monthly financial reporting.

1. Ensure a healthy Trade Lane: Check Appraisal Closing rate against your benchmark (we recommend 40%). Check Average Immediate Profit/Loss. Is it outside of the +/- $250 range? If so, assess the business impact of buying deals or losing retail transactions due to under-bidding trades. Discuss process with the used car manager, if necessary.

2. Check your Unit Profitability and Sales Velocity:
Making the most of your inventory investment means supporting the strongest profitability while understanding the diminishing value and increased holding costs over time. We recommend monthly review here using a consistent most recent 13 weeks of data for perspective. To calculate inventory turn take, see simple equation below.

(365 days)/(Average Days to Sale) = Annual Inventory Turn.

Check front end profitability as units age to ensure pricing strategy is being adhered to as you look at the monthly results.

On MAX Platform: Under “Performance Management Reports”, click on “Gross Profit by Days in Stock” to easily view the impact of inventory age on gross profit. This report also shows front end profitability as units age. Also review your “Water Report” to identify leaks in profitability and value.

3. Check Your Retail Sales Efficiency: Check Retail & Aged Wholesale percentages as well as Average Front End Gross and True Average Front End Gross. Ensure that Aged Wholesale losses (retail failures) are not eating too much into profits. Next, check percentage of units and Average Front End Gross for each aging bucket. Where do you stack up against your benchmarks (65% under 30 days, 20% 31-60 days, <10% +60 days, Aged Wholesale)? Check Average Days to Sale for the 60+ and Aged Wholesale buckets to ensure aging policy is being adhered to. Check % of Green Light units being sold in these last two buckets as well. Why are you struggling with those units?

On MAX Platform: Under “Performance Management Reports”, click on “Retail Inventory Sales Analysis” which highlights all of these opportunities.

4. Reign in Aged Wholesale Losses (if applicable):
If there are substantial aged wholesale losses or a large percentage of inventory is winding up in this bucket, review individual units and strategize with the used car manager and/or buyers on how to avoid repeating past failures. Conversely, strategize with the sales managers and sales teams on how to get better at selling problem units. Is there a different sales strategy, a bargain lot, for example that can help these current losses play a more positive role within your mix as you bring your inventory back in balance?

On MAX Platform: Pull a “Wholesale Breakdown” report under “Performance Management Reports” for analysis to support the discussion.

5. Check overall revenue and profitability: Review Business Development Center lead quality. Optimize mix towards higher performance rates based on summary of all leads by source with closing rates. Review full department expenses with the general manager. This monthly line item review ensures consistency and maximizes product assortment.

If your team is struggling with any metrics or needs help benchmarking for success, the MAX Digital team is available for guidance & user process training.

Founded in 2011, MAX Digital was born from a rich history of innovation and continues the pioneering spirit of FirstLook by delivering the professional tools needed to help dealerships thrive into the future. MAX Digital empowers thousands of dealerships to transform their retail processes to sell more cars more profitably through award-winning inventory management and people friendly digital retail solutions. MAX Digital was named Dealer's Choice top inventory management system for 2019 in Auto Dealer Today.

For more information visit maxdigital.com

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