NATIONAL AUTOMOBILE DEALERS ASSOCIATION

Stacking the Deck With Four Aces in Your Used-Car Department

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Five Market Trends – Setting the Gambler's Table

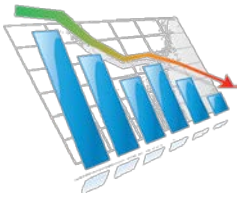
It's All About The Money

Get On Down

The Attack Mode

Life Cycle Management

The Internet



10 Winning Tips *for* Thinking Like A Coach

MARKET TRENDS

Market Trends 7

New-Car and Used-Car Sales

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
New	17.4	16.5	15.6	14.5	12.7	11.6	10.4	13.2	16.1	16.5	16.9
Used		42.0	41.9	40.5	38.7	36.8	35.4	36.5	41.4	42.5	44.1
Breakdown											
Franchise		15.6	15.7	15.0	13.8	12.8	12.8	13.2	14.2	14.3	16.4
Independent		13.9	14.2	14.0	13.7	13.0	11.7	11.7	13.1	13.7	14.2
Private		12.5	12.0	11.5	11.2	11.0	10.9	11.6	14.1	14.5	13.4

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It's All About the Money #1

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The Reality

	Amount	Gross	%
NEW			
2011	$31,576	$1,415	4.47%
2012	$31,744	$1,281	4.03%
2013	$32,398	$1,183	3.65%
2014	$33,057	$1,190	3.59%
2015			
USED			
2011	$17,557	$1,679	9.57%
2012	$17,745	$1,624	8.74%
2013	$18,184	$1,591	8.74%
2014	$18,887	$1,566	8.29%
2015			

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Note: 2015 numbers for 'The Reality' not available at time of printing

It's All About the Money #1

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Short-Term Stocks

This Ain't No Mutual Fund!

	Used-Car Sales Price	*Used-Car Gross Profit*	÷	Cost/ Investment	=	Rate of Return on Used-Car Stock	*Number of Days Stock Held*	x	Annualized	=	GROI (Gross Return on Investment)
Example 1	$14,500	*$2,500*	÷	$12,000	=	20.8%	*25*	x	14.6	=	303%
Example 2	$14,500	*$2,500*	÷	$12,000	=	20.8%	*60*	x	6.8	=	141%
Example 3	$30,000	*$2,500*	÷	$27,500	=	9%	*25*	x	14.6	=	131%
Example 4	$30,000	*$2,500*	÷	$27,500	=	9%	*60*	x	6.8	=	61.2%

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Strategy #1, It's All About The Money, *continued*

It's All About the Money #1

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Famous Last Words

"I Don't Want to Get Rid of It Because I Can't Replace It"

	Front Gross	Cost of Sale + Recon	Rate of Return	Days in Stock	Annualized	Turns per Year	ROI
1	$1,200	$15,000	8.0%	25	365	14.60	117%
2	$2,900	$15,000	19.3%	60	365	6.08	118%
3	$1,200	$15,000	8.0%	60	365	6.08	49%
4	$1,200	$15,000	8.0%	90	365	4.06	32%
5	$4,300	$15,000	28.7%	90	365	4.06	116%

Keeping a Unit Because You Can't Replace It
Is a Bad Business Model!

FixROI

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It's All About the Money #1

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ROI Reality

#	Date	Stock #	Front Gross	Cost of Sale, + Recon	Rate of Return	Days in Stock	ROI
26	1/17/15	14D645A	$2,455	$32,045	7.7%	4	699%
5	1/5/15	14D677A	$1,844	$15,955	11.6%	4	1055%
7	1/5/15	14D736A	$1,656	$20,510	8.1%	5	589%
27	1/20/15	15J037C	$292	$6,708	4.3%	7	227%
3	1/3/15	15J155A	$1,931	$19,818	9.7%	8	444%
31	1/22/15	14D621A	$1,239	$22,760	5.4%	10	199%
23	1/19/15	UL5439	$1,026	$25,263	4.1%	11	135%
6	1/3/15	15J064B	$1,682	$7,748	21.7%	13	610%
9	1/14/15	14J495M	$845	$7,510	11.2%	15	274%
4	1/3/15	15D068A	-$24	$11,663	-0.2%	19	-4%
2	1/2/15	14D210D	$1,366	$23,334	5.9%	19	112%
30	1/21/15	15J022A	$603	$9,561	6.3%	20	115%
20	1/15/15	15J157B	$821	$4,599	17.8%	21	310%
18	1/19/15	14D699B	$264	$1,490	17.7%	23	281%
10	1/8/15	15J062A	$1,408	$6,241	22.6%	25	329%
19	1/16/15	14D726B	$1,374	$10,190	13.5%	26	189%
13	1/10/15	15J037B	$1,323	$12,177	10.9%	28	142%
24	1/17/15	15J166A	$3,211	$8,510	37.7%	30	459%
11	1/10/15	14D136M	$291	$21,208	1.4%	35	14%
14	1/14/15	14D319A	-$216	$18,215	-1.2%	44	-10%
22	1/15/15	15J077A	$469	$6,530	7.2%	46	57%
16	1/14/15	14D616A	-$455	$10,154	-4.5%	50	-33%
29	1/22/15	UL5427	-$223	$18,722	-1.2%	51	-9%
33	1/21/15	15D053A	-$1,695	$16,794	-10.1%	54	-68%
1	1/2/15	UL5425	$1,833	$14,059	13.0%	54	88%
25	1/17/15	UL5426	$29	$10,970	0.3%	55	2%
15	1/15/15	15D075A	-$1,941	$37,940	-5.1%	59	-32%
21	1/15/15	14D593A	-$1,663	$19,472	-8.5%	63	-49%
8	1/7/15	15D051A	-$583	$25,382	-2.3%	63	-13%
12	1/10/15	UL5422	-$434	$11,434	-3.8%	69	-20%
17	1/14/15	15D087A	-$515	$9,814	-5.2%	73	-26%
28	1/19/15	UL5421	-$1,398	$23,997	-5.8%	76	-28%
32	1/21/15	UL5360	-$2,557	$18,707	-13.7%	99	-50%

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Strategy #1, Roll Money Roll, *continued*

It's All About the Money #1

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30/30

Dealership:

	OBJECTIVE	UNDER 30 DAYS=	70%		OBJECTIVE	OVER 30 DAYS=	30%
	ACTUAL	UNDER 30 DAYS=			ACTUAL	OVER 30 DAYS=	
	UNDER 30 DAYS				OVER 30 DAYS		
	UNITS	FRONT GROSS	AVERAGE		UNITS	FRONT GROSS	AVERAGE
Cumulative Total	0	$-			0	$-	
Stock #				Stock #			

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2016 HOT SHEET

2013 - 2012 - 2014 Hottest Models

HOT SHEET: Do this once a month. It only takes about five minutes. Put it at the desk/tower or wherever you appraise cars from. It will give you top-of-mind awareness of what is hot in your market.

Rank	Cars	Trucks and SUVs
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Get On Down #2

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Pressing Down

	Retail Sales	-	Gross Profit	=	Cost of Sales	÷	Retailed Units	=	Avg. Cost per Unit Sold
Jan		-		=		÷		=	
Feb		-		=		÷		=	
Mar		-		=		÷		=	
Apr		-		=		÷		=	
May		-		=		÷		=	
Jun		-		=		÷		=	
Jul		-		=		÷		=	
Aug		-		=		÷		=	
Sep		-		=		÷		=	
Oct		-		=		÷		=	
Nov		-		=		÷		=	
Dec		-		=		÷		=	
Totals:		-		=		÷		=	
Yearly Avg.:		-		=		÷		=	

↓ PRESS DOWN ↑

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Get On Down #2

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Do This Daily

vAuto MAXIMIZING INVENTORY VALUE

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Inventory Aging

Inventory Summary

Export to Excel

Type	Units	%	$$$	%	Average
Retail	86	98	$1,382,075	98	
Wholesale	2	2	$17,905	2	42
Totals	88		$1,400,080		20

Aging of Retail Units

Days	Units	%	$$$	%	Average Cost/Unit
0-30	8	9	$75,088	5	$9,386
31-60	55	63	$818,180	59	$14,876
61-90	5	6	$89,095	6	$17,819
91-120	10	13	$202,280	16	$20,228
120+	8	9	$197,432	14	$24,679
Totals	86		$1,382,075		$16,070

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Sort Top Ten Most Expensive Each Day . . .

The Attack Mode #3

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Investment Detail

Stk #	R/W	Year	Make	Model	Trim	Color	Mileage	Condition	Days	Score	Book	Investmen	Water $	Water %
000P6273	R	2007	TOYOTA	FJ CRUISE	4D Utility 4	Missing	12654	Average	52	0	0	25423	0	0
0007189A	R	2005	TOYOTA	PRIUS	4D Hatchba	Missing	18444	Average	45	56.61	20450	24699	4249	17.2
00P6294A	R	2006	DODGE	CHARGER	R/T - 4D S	Missing	19116	Average	29	86.98	21875	22582	707	3.13
0007202A	R	2005	TOYOTA	PRIUS	4D Hatchba	Missing	39773	Average	42	63.02	19125	22493	3368	14.97
000P6338	R	2006	ISUZU	ASCENDE	Limited - 4	Missing	7275	Average	6	-103.94	300	22000	21700	98.64
000P6314	R	2007	MAZDA	MAZDA3	s - 4D Sed	Missing	5	Clean	9	0	0	21400	0	0
0T06141A	R	2003	DODGE	RAM 2500	SLT - Quad	Missing	40028	Average	13	85	20250	21150	900	4.26
000P6317	R	2004	TOYOTA	TACOMA	Limited - D	Missing	31280	Average	9	105.58	21425	20132	-1293	-6.42
0D06046B	R	2005	MINI	COOPER	S - 3D Hat	Missing	9205	Clean	9	115.45	21800	19500	-2300	-11.79
M07001AB	R	2004	MERCEDE	C-CLASS	C240 - 4D	Missing	54937	Average	13	83.89	18475	19456	981	5.04
000P6311	R	2006	VOLKSWA	PASSAT	Base - 4D	Missing	12612	Average	9	94.07	19125	19049	-76	-0.4
0007228A	R	2005	TOYOTA	PRIUS	4D Hatchba	Missing	38582	Average	6	102.39	19125	18214	-911	-5
000P6337	R	2005	MAZDA	MPV	ES - 4D W	Missing	1039	Average	6	65.08	15175	18000	2825	15.69
0C06094A	R	2005	MERCURY	MOUNTAIN	4D Utility 4	Missing	19083	Average	71	88.64	17250	17716	466	2.63
0B07021A	R	2006	DODGE	CARAVAN	SXT - Wag	Missing	4070	Average	121	40.82	12475	17679	5204	29.44
0007257A	R	2004	HONDA	ACCORD	EX - 4D Se	Missing	41365	Average	8	81.57	16050	17200	1150	6.69
0006840A	R	2002	TOYOTA	4RUNNER	Limited - 4	Missing	61363	Average	38	73.56	15175	17102	1927	11.27
000P6272	R	2005	TOYOTA	CAMRY	SE - 4D Se	Missing	28569	Average	61	82.17	15675	16751	1076	6.42
000P6295	R	2002	TOYOTA	TACOMA	Base - Xtra	Missing	51293	Clean	29	85.43	15925	16685	760	4.55
000P6313	R	2004	MINI	COOPER	S - 3D Hat	Missing	52265	Average	9	90.98	16275	16500	225	1.36
000P6269	R	2005	DODGE	DAKOTA	SLT - Quad	Missing	30855	Average	62	82.97	15125	16104	979	6.08
0007289A	R	2005	TOYOTA	CAMRY	LE - 4D Se	Missing	11474	Clean	8	83.51	15075	16000	925	5.78

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Life Cycle Management #4

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Life Cycle Factors

- ACQUISITION TO SHOP
- POSTED ON INTERNET
- SHOP AND PARTS ISSUES
- PRICING
- NOT WILLING TO REROUTE
- GROSS PROFIT
- PHOTOS - QUALITY AND QUANTITY
- PAY PLANS

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Life Cycle Management #4

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Life Cycle Factors

1. Slow Turn
2. Aging
3. Volume
4. Gross
5. Poor ROI
6. Attitudes
7. Ability to Trade at the Door
8. Future Acquisitions

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Strategy #4, Life Cycle Management, *continued*

Life Cycle Management #4

1

Enact EWR When

_____

_____

_____

_____

_____

_____

_____

_____

_____

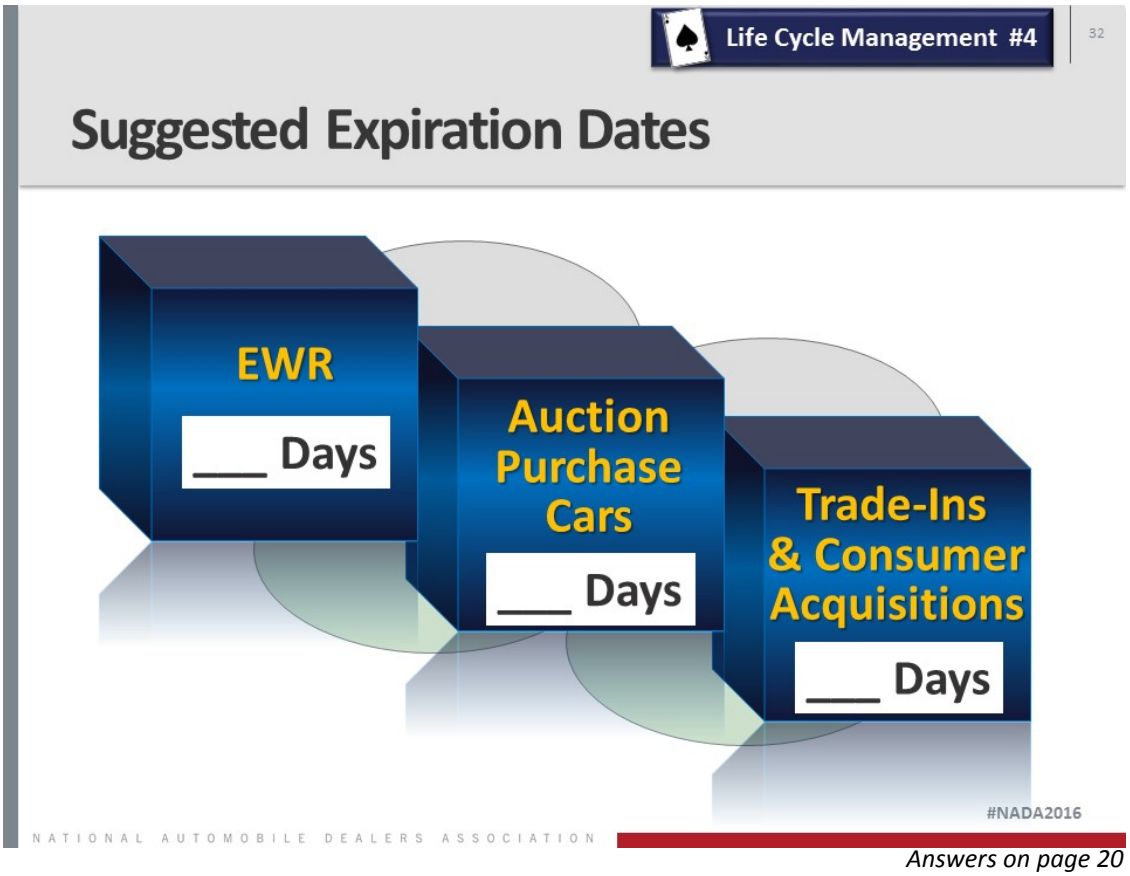
_____

_____

_____

Answers on page 20

Strategy #4, Life Cycle Management, *continued*



Answers on page 20

Strategy #4, Life Cycle Management, *continued*

Life Cycle Management #4

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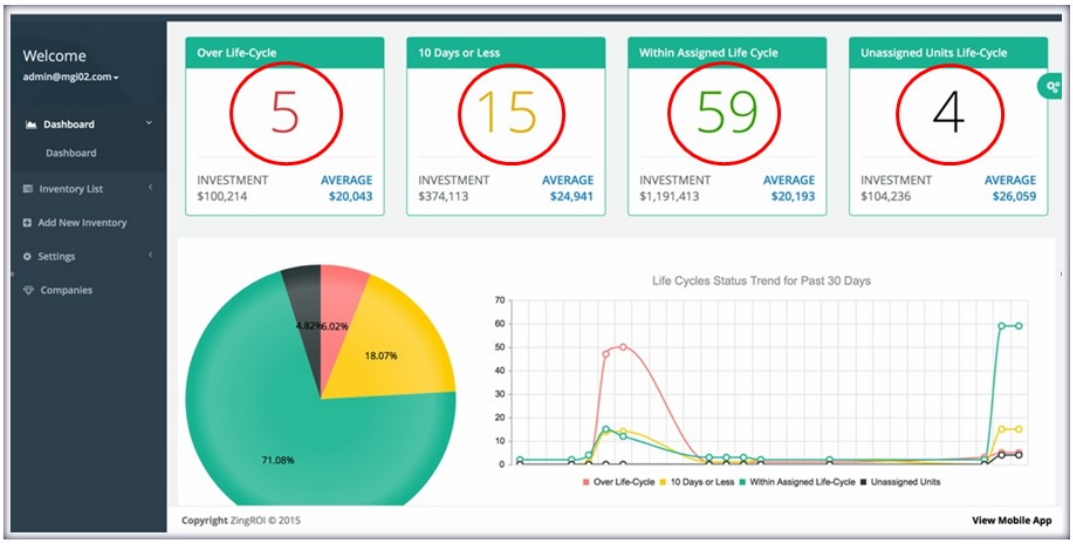
Strategic Decisions Improve Accountability



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Life Cycle Management #4

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Life Cycle Management

Life Cycle Management

. . . Starts with the Trade Walk

- Creates a Sense of Urgency
- Intensity Goes Way Up
- Aging Occurs on Day One --- Not Day 61
- A Very Simple Discipline

What Will Life Cycle Management

. . . Do For You?

- Control Your Destiny
- Faster Overall Turn
- Volume Goes Up
- Reduces Wholesale Losses
- Gross Goes Up

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The Internet #5

37

Why Customers Aren't Showing Up

1 _____

2 _____

3 _____

The Showroom is No Longer the Showroom

A Photo Booth is Critical in Today's Market

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Answers on page 20

Joker – Wild Card #5

38

What Is Your Price-Change Frequency?

1 Every Week?

2 Buckets?

3 30 Days?

4 When the Mood Strikes You?

5 Panic Time?

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Strategy #5, The Internet, *continued*

The Internet #5

39

90% of All People Have a Personal Device *such as SmartPhone, iPad, etc.*

Did You Know?

_____% *of the People* Looking for a Used Vehicle	_____% *of the Shoppers* That Come on Your Lot
SHOP THE INTERNET	**DON'T TELL YOU**

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Answers on page 20

The Internet #5

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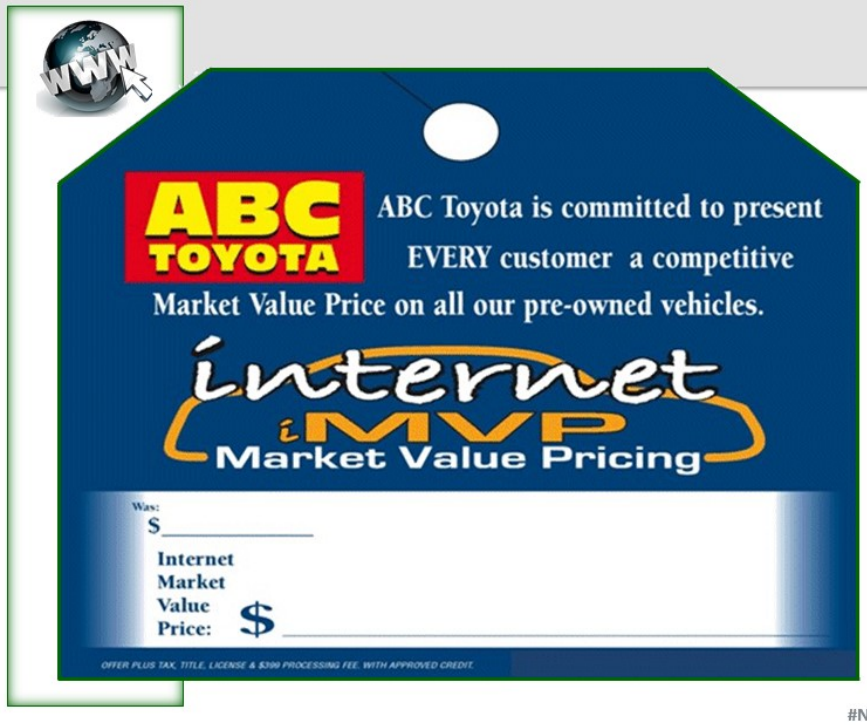

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Strategy #5, The Internet, *continued*

The Internet #5

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Tracking GAP

_____

The Difference Between

_____

and

_____

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Answers on page 20

The Internet #5

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Tracking GAP

M16

	A	B	C	D	E		G	H	J	
1		Dealership								
2	#	Date	Salesperson	Stock #	Customer	Internet $	Transaction Amount		GAP $	GAP %	Running Average
3	1	6.10.10	Davis	2345P	Stewart	$14,000	$13,500	✗	-$500	-3.6%	
4	2	6.11.10	Stevens	2442A	Owens	$14,000	$14,000	✓			-$250
5	3	6.12.10	Stevens	2249B	Kelly	$14,500	$14,000	✗	-$500	-3.4%	-$333
6	4	6.13.10	Davis	2339A	Stovall	$24,000	$23,500	✗	-$500	-2.1%	-$375
7	5	6.14.10	Davis	2545P	Monroe	$24,500	$23,500	✗	-$1,000	-4.1%	-$500
8	6	6.15.10	Stevens	2262P	Berstein	$24,500	$24,500	✓			-$417
9	7	6.16.10	Stevens	2295A	Strickland	$25,000	$25,500	✓	$500	2.0%	-$286
10	8										
11	9										
12	10										

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The Internet #5

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Internet-Based Pay Plans

Pay Plan	
Sold For Internet Price	**Pays**
1-10 Days	$800
11-20 Days	$600
21-30 Days	$500
31-45 Days	$300
45+ Days	$200

Will Pay Plans of the Future Look Like This?

Transaction Discount	
Up to $100	10%
$101 to $300	20%
$301 to $400	30%
$401 to $500	40%
$501+	50%

This is the discount given off the Internet asking price. The percentages are against the pay based on days in stock.

Example:
11-day-old car pays $600, but a discount of $400 was given. Salesperson now makes $420 versus $600.

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The Internet #5

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Still Paying On Gross?

Amount			
Salary: $1,500			
Units	**Pays Per Unit**	**What It Means**	**Avg. Per Car**
0 to 6	$0	$ 1,500	$250
7 to 10	$200 Retro to 1st Unit	$ 3,500	$350
11 to 15	$300 Retro to 1st Unit	$ 4,500	$400
16 to 20	$400 Retro to 1st Unit	$ 9,500	$475
21 to 25	$450 Retro to 1st Unit	$12,750	$510
26 +	$500 Retro to 1st Unit	$16,500	$550

60 or 90 Day Running Average	Bonus Per Car
10	$100
11 to 15	$150
16 to 20	$175
21 to 25	$200
26 to 30	$300

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10 Winning Tips for Thinking Like A Coach

1	**Have A Real Strategy**		**What Strategies** **Can You Take Back to The Store?**
2	**You Must Execute**		**Execution Wins** **Eliminate The Evaporation Factor**
3	**The Will To Win**		**Most People Want to Win** **Very Few Have the Will to Win**
4	**Encourage Redundant Training**		**It Ain't Redundant Until You're Perfect** **Blocking and Tackling Wins Games**

10 Winning Tips for Thinking Like A Coach, *continued*

5	**Eat The Frog First Mentality**		**"Do Those Things First Each Day** **that You Least Want to DO"**
6	**Pick Up The Pace**		**It's Not the BIG that will Eat The Small** **It's the FAST that will Eat The Slow**
7	**Be Consistent**		**Do What You Say You're Going To Do** **When You Say You're Going To Do It**
8	**Discipline**		**The Pain of Discipline** **or The Pain of Regret . . .**
9	**Be Enthusiastic**		**Enthusiasm Sells** **Sometimes You Have to Fake It**
10	**Gimme Five**		**Look for Opportunities** **to High Five !!!**

The Winning Hand!

#1 How Many Turns are You Getting?

#2 Do You and the Team Know the Average Cost Per Unit in Stock?

#3 Where Are Your Ten Most Expensive?

#4 LCM Creates a Unique Action Plan

#5 Can You Improve Your Internet Strategy?

You Hold The Winning Hand – You Just Have To Play It

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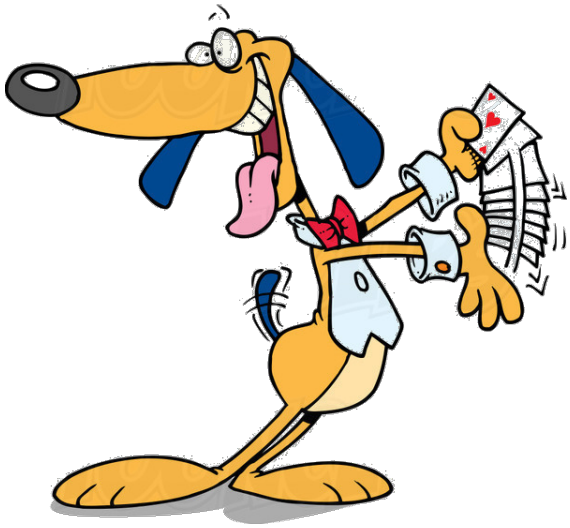

Need to Check Your Answers to the Fill-Ins? ***...here they are!***

Handout Page		Presentation Slide #	*'Fill in the blanks'* Answers
Strategy #4	**Pg 10 Top**	**31**	
Strategy #4	**Pg 11 Top**	**32**	
Strategy #5	**Pg 14 Top**	**37**	
Strategy #5	**Pg 15 Top**	**39**	
Strategy #5	**Pg 16 Top**	**42**	