Stacking The Deck With Four Aces In Your Used Car Department





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Stacking The Deck In Your Used Car Department

Market Trends – Setting The Gambler's Table #1 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



Questions



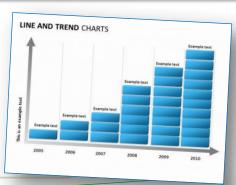
How many of you struggle to make gross on those units over 60 days old?

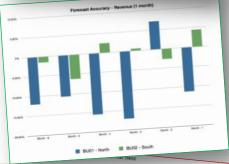


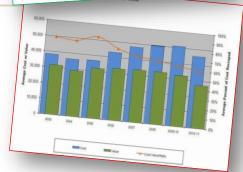
Is it fair to say the grosses on 45to 60-day old units pull your average down?



Have you analyzed the gross on a 20-day old car versus a 45- to 60+-day old car?







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Two Simple Questions





Are You Maximizing the Used-Car Opportunities in Your Market?

How Does That Relate
to Maximizing Your
New-Car Opportunities?

It's a Fact!



The Used-Car Department is the Key to Doing New- and Used-Car Retail Volume



Most Used-Car Managers Are Trained by Other Used-Car Managers and Local Wholesalers



With Such Training, They are Asked to Manage Millions of Dollars of Inventory

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	d (42.0	41.9	40.5	38.7	36.8	35.4	36.5	41.4	42.5	44.1
Brea	akdown											
Fran	nchise		15.6	15.7	15.0	13.8	12.8	12.8	13.2	14.2	14.3	16.4
Inde	pendent		13.9	14.2	14.0	13.7	13.0	11.7	11.7	13.1	13.7	14.2
Priva	ate		12.5	12.0	11.5	11.2	11.0	10.9	11.6	14.1	14.5	13.4

It's All About the Money



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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			

Short-Term Stocks

>	This Ain't No Mutual Fund!	1	Used-Car Sales Price	Used-Car Gross Profit	÷	Cost/ Investment	=	Rate of Return on Used-Car Stock	Number of Days Stock of Held	κ Ann	ualized	=	GROI (Gross Return on Investment)
	Example 1		\$14,500	\$2,500)÷	\$12,000	=	20.8%	25	(1	.4.6	=	303%
	Example 2		\$14,500	\$2,500)÷	\$12,000	=	20.8%	60	c (6.8	=	141%
	Example 3		\$30,000	\$2,500	÷	\$27,500	=	9%	25	(1	4.6	=	131%
	Example 4		\$30,000	\$2,500) ÷	\$27,500	=	9%	60	«	6.8	=	61.2%

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%

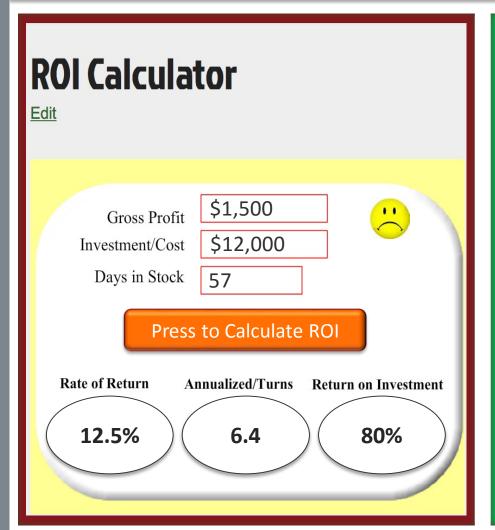
Keeping a Unit Because You Can't Replace It Is a Bad Business Model!

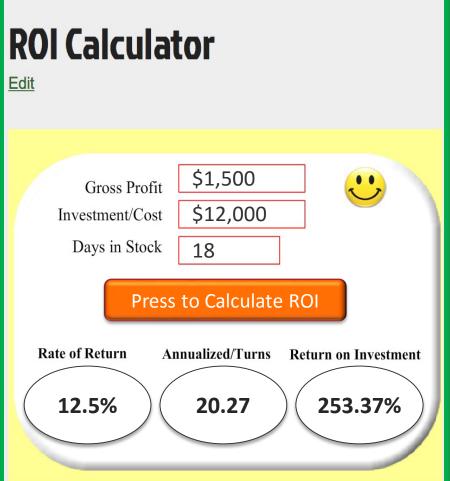


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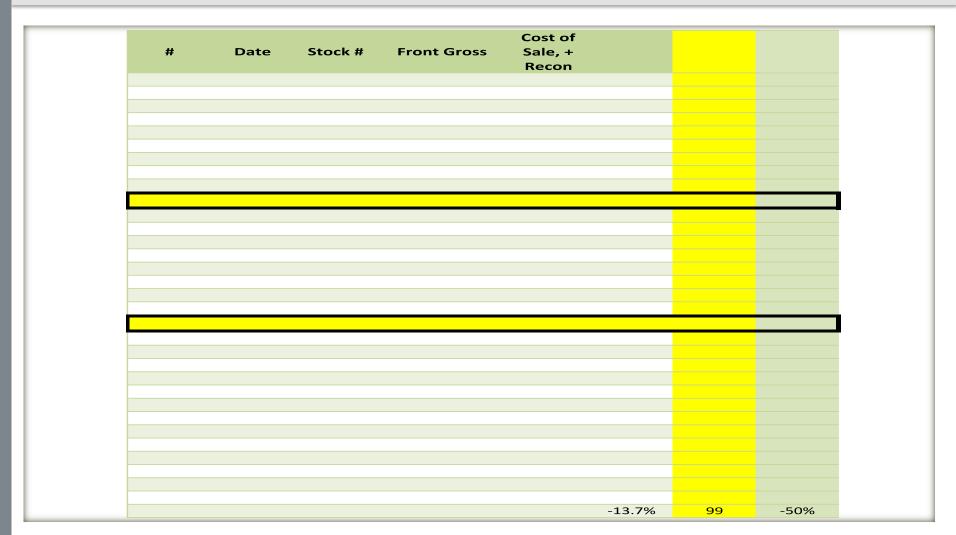


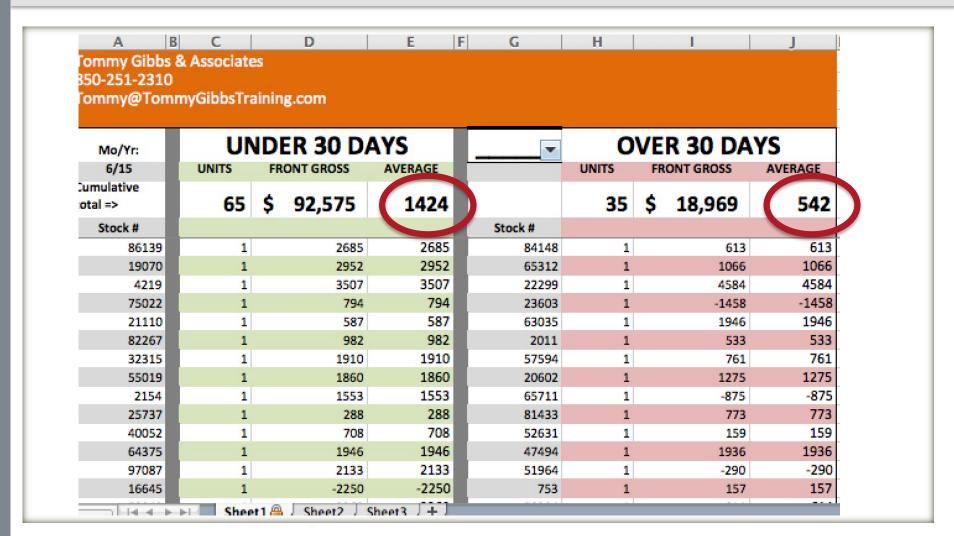
Fix Roi

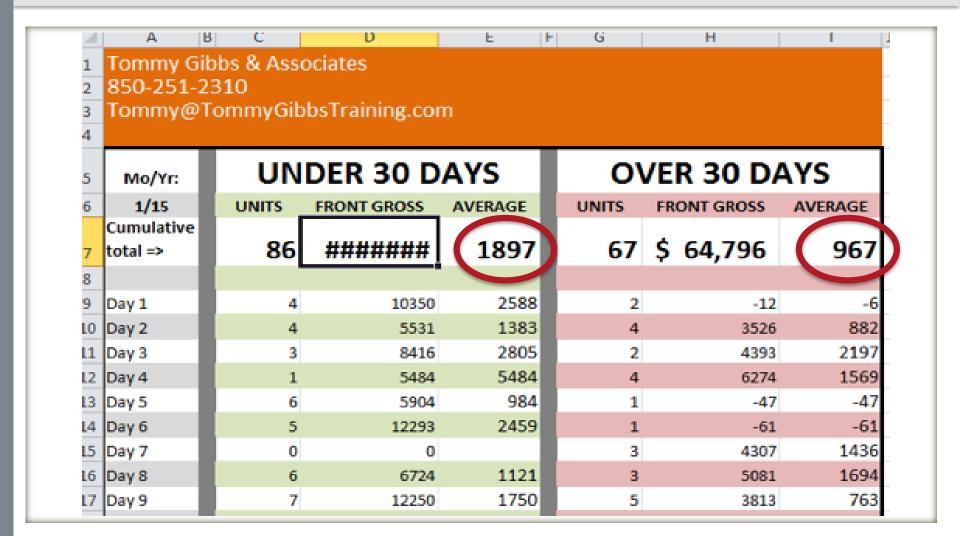


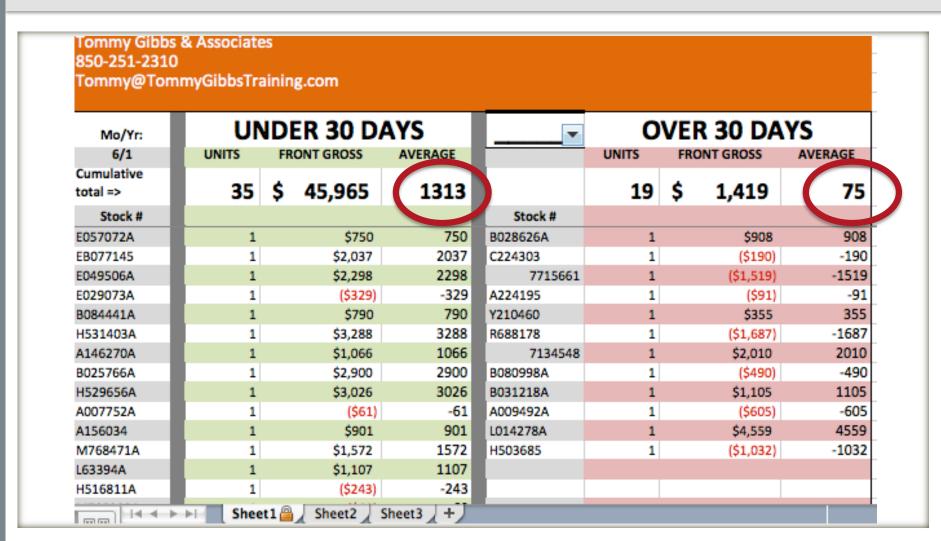


ROI Reality











See Sample In Your Handout (top of pg 6)

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Mo/Yr:	UI	NDI	ER 30 D	AYS		0	OVER 30 DAYS					
5/15	UNITS	FR	ONT GROSS	AVERAGE		UNITS	FR	ONT GROSS	AVERAGE			
Cumulative total =>	19	\$	26,727	1407		17	\$	18,863	111			
Stock #					Stock #							
W7833A	1		1475	1475	W7678B	1		1,971	197			
N7939A	1		2562	2562	WPR2183	1		-474	-47			
WPT2277	1		514	514	W7731B	1		1510	151			
W1460A	1		2173	2173	W8003A	1		634	63			
WPB2141A	1		919	919	WPR2221	1		433	43			
W8034A	1		2533	2533	W7717A	1		3117	31:			
W8070A	1		2132	2132	WPR2233	1		373	37			
WPT2173	1		518	518	W7914A	1		1822	182			
WPR2240	1		1003	1003	W7907B	1		849	84			
WPL2255	1		-50	-50	WPR2196	1		1037	103			
VPB2235	1		1990	1990	W8078A	1		1426	147			
N7389A	1		1618	1618	W8030A	1		1448	144			
N7977A	1		1418	1418	W7938A	1		1730	173			
N7788A	1		3874	3874	WPR2234	1		1120	117			
WPR2256	1		1556	1556	WPR2198	1		705	70			
WPR2250	1		770	770	WPT2211A	1		702	70			
WPT2250	1		960	960	WPR2219	1		460	40			
A/DT227G	1		-142	1/12								

Review Model by Years

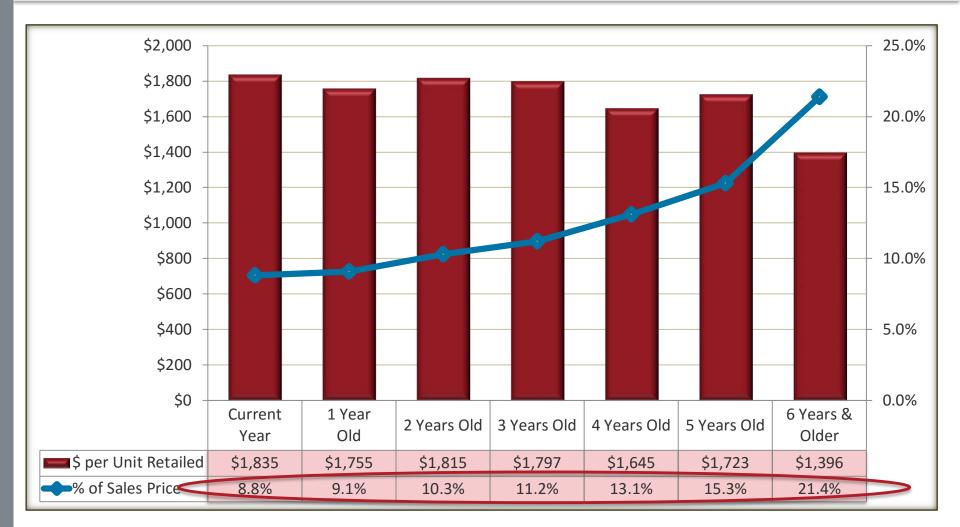
Rank	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
2	2000	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3	1998	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014

2016 Hot Sheet

2013 - 2012 - 2014 Hottest Models

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

Front-End Gross Profit by Model Age for Franchised Dealers



#2



Get On Down



#2

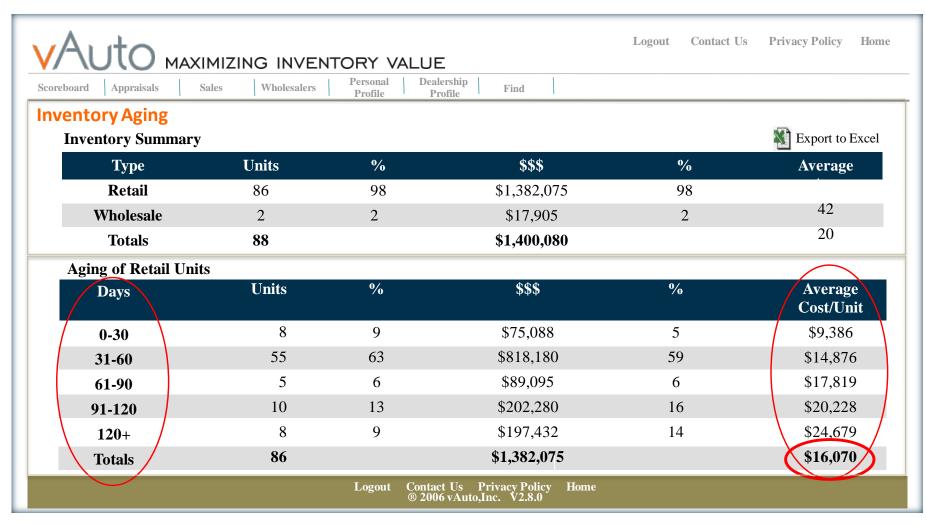


Pressing Down

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

#2





The Attack Mode



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Contact Us

Logout

Do This Daily...



Sales

Wholesalers

Dealership Personal **Profile**

Find

Inventory Aging

Scoreboard

Inventory Summary

Appraisals

Avg. # Days in Stock: 31

Total Water: \$30,754

Water %: 2.76

Privacy Policy

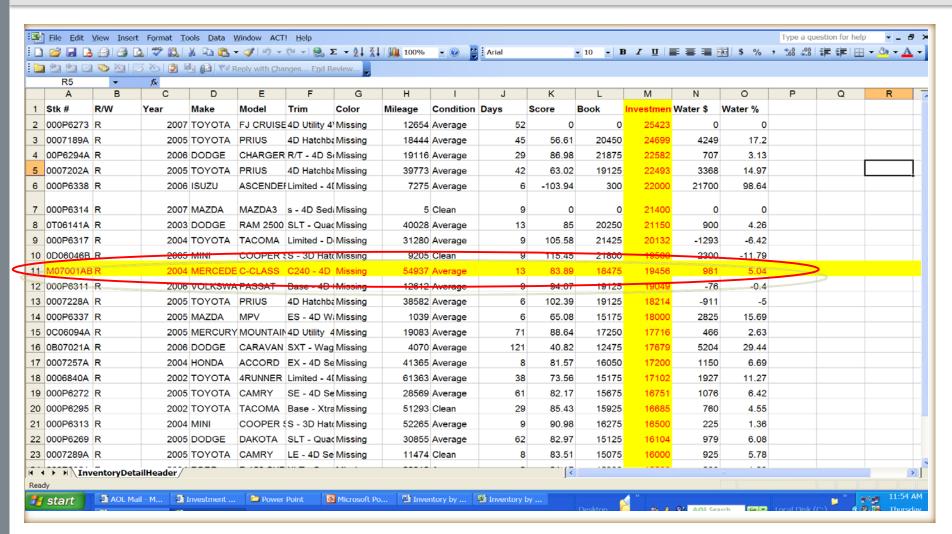
Avg. Score: 92.05 Avg. Water Per Unit: \$277

Profile

	5tk #	R/W	Year	Make	Model	Trim	Color	Mileage Condition	Days	Score	Book	Investment *	Water \$	Water %	Туре
Ø	000P6273	R	2007	TOYOTA	FJ CRUISER	4D Utility 4W	Missing	12654 Average	52		\$0	\$ 25,423	\$0		*
Ø	0007189A	R	2005	TOYOTA	PRIUS	4D Hatchbac	Missing	18444 Average	45	56.61	\$ 20,450	\$ 24,699	\$ 4,249	17.2	
Ø	000TR602	R	2006	TOYOTA	SIENNA	CE - 50 Wag	Missing	10129 Rough	352	-117. 22	-\$ 100	\$ 23,936	\$ 24,036	100.42	
69	00P8294A	R	2006	DODGE	CHARGER	R/T - 4D Sed	Missing	19116 Average	29	86.98	\$ 21,875	\$ 22,582	\$ 707	3.13	}
O T	0007202A	R	2005	TOYOTA	PRIUS	4D Hatchbac	Missing	39773 Average	42	63.02	\$ 19,125	\$ 22,493	\$ 3,368	14.97	
69	000TR604	R	2008	TOYOTA	RAV4	Limited = 4D	Missing	4301 Clean	269	94.93	\$ 22,450	\$ 22,273	\$ 177	79	,
Ø	000P6338	R	2006	ISUZU	ASCENDER	Limited - 4D	Missing	7275 Average	6	-103.94	\$ 300	\$ 22,000	\$ 21,700	98.64	
67	000P6314	R	2007	MAZDA	MAZDA3	s - 40 Sedan	Missing	5 Clean	9		\$0	\$ 21,400	\$0		•

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Investment Detail



The Winning Card ~ LCM



Life Cycle Factors

ACQUISITION TO SHOP

SHOP AND PARTS ISSUES

NOT WILLING TO REROUTE

PHOTOS –
QUALITY AND QUANTITY

POSTED ON INTERNET

PRICING

GROSS PROFIT

PAY PLANS

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Life Cycle Factors

Slow Turn

Aging

Volume

Gross

5 Poor ROI

Attitudes

Ability to Trade at the Door

Future
Acquisitions

EWR: Early Warning Radar



Enact EWR When



Over Appraised



Make-a-Deal Car



Odd Equipment



Bad Model For Your Store



Bad Color



No Experience



Customer Trade Out



Potentially Large Repair Bill



High Dollar Vehicle



High Miles



CarFax Report



Gut Feeling (Horse vs. Zebra)

Suggested Expiration Dates



If You Are on a 60-Day Turn...

IT'S NOT ABOUT

How Old a Unit Happens to Be

IT IS ABOUT

How Many Days It Has Left in the "Life Cycle"

A 45-Day Old Unit

Is Not
45 Days Old

It Has
15 Days to Go

Strategic Decisions Improve Accountability



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





Getting After the Internet



Why Customers Aren't Showing Up



The Wrong Inventory



The Wrong Pricing Strategy



Quality and Quantity of Photos

The Showroom is No Longer the Showroom

A Photo Booth is Critical in Today's Market

What Is Your Price-Change Frequency?



Every Week?



Buckets?



30 Days?



When the Mood Strikes You?



Panic Time?

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

Did You Know?

80%

of the People

Looking for a Used Vehicle

SHOP THE INTERNET

65%

of the Shoppers

That Come on Your Lot

DON'T TELL YOU

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Side Window Sticker



#5





ABC Toyota is committed to present EVERY customer a competitive

Market Value Price on all our pre-owned vehicles.





Tracking GAP

Give Away Profit

The Difference Between

Your Internet Price



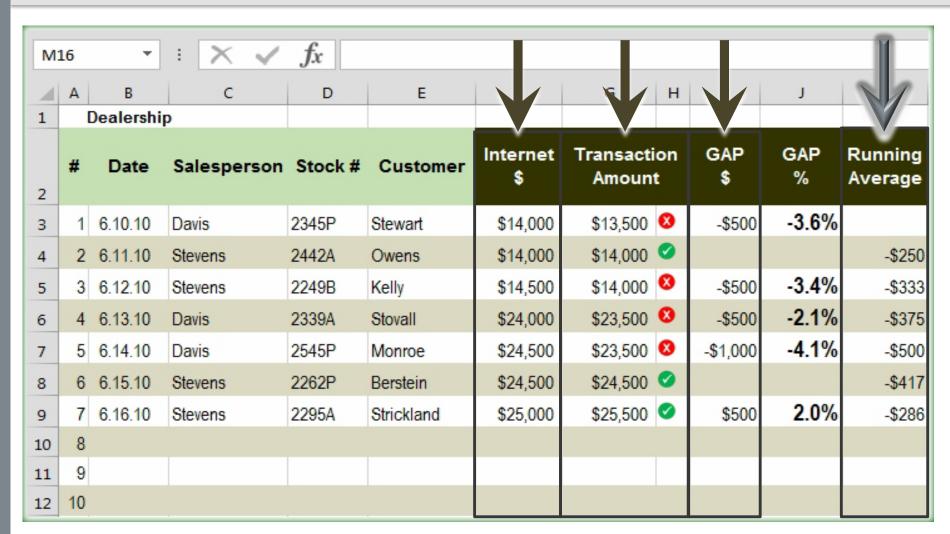
and

Your Transaction Price



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Tracking GAP



Internet-Based Pay Plans

Pay Plan Will Pay Plans of the Future Look Like This? Sold For Pays **Internet Price** \$800 1-10 Days 11-20 Days \$600 21-30 Days \$500 31-45 Days \$300 \$200 45+ Days **Transaction Discount** This is the discount given off the Internet asking price. The Up to \$100 10% percentages are against the pay based on days in stock. \$101 to \$300 20% Example: \$301 to \$400 30% 11-day-old car pays \$600, but a discount of \$400 was given. \$401 to \$500 40% Salesperson now makes \$420 versus \$600. \$501+ 50%

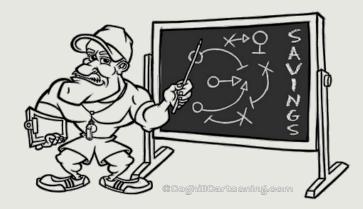


	Amount		
	Salary: \$1,500		
Units	Pays Per Unit	What It Means	Avg. Per Car
0 to 6	\$0	\$ 1,500	\$250
7 to 10	\$200 Retro to 1st Unit	\$ 3,500	\$350
11 to 15	\$300 Retro to 1st Unit	\$ 4,500	\$400
16 to 20	\$400 Retro to 1st Unit	\$ 9,500	\$475
21 to 25	\$450 Retro to 1st Unit	\$12,750	\$510
26 +	\$500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



TIPS

for



Thinking Like a Coach

Have a Real Strategy

What Strategies

Can You Take Back to the Store?

You Must Execute

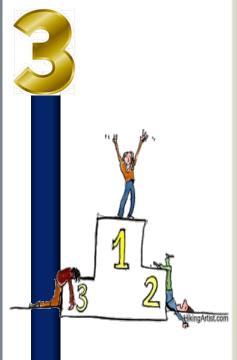
2



Execution Wins

Eliminate the Evaporation Factor

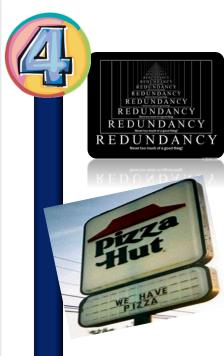
The Will to Win



Most PeopleWant to Win

Very Few Have the Will to Win

Encourage Redundant Training



It Ain't Redundant Until You're Perfect

Blocking and Tackling Wins Games

Eat the Frog First Mentality



"Do Those Things First Each Day

that You Least Want to DO"

Pick Up the Pace



It's Not the BIG
That will
Eat the Small

It's the FAST
That will
Eat the Slow

Be Consistent

CONSISTENT!

SINCE BIRTH

Do What You Say You're Going to Do

When You Say You're Going to Do It

Discipline



The Pain of Discipline

or the Pain of Regret . . .

Be Enthusiastic



Enthusiasm Sells

Sometimes You Have to Fake It

Gimme

Five



Look for Opportunities

to High Five!!!



The Winning Hand!



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

Cool Card Trick



QUESTIONS

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