



ADVANCED RECONDITIONING BEST PRACTICES



DENNIS MCGINN

President | Rapid Recon | Palo Alto, CA
650.996.9551 | Dennis@rapidrecon.com



ANTHONY MARTINEZ

Director of Customer Performance
anthonymartinez@rapidrecon.com

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Dennis McGinn, Founder & CEO

- Started Rapid Recon in 2010
- The creator of reconditioning time to line workflow system.
- Authored two books on how to achieve ultimate recon workflow & speed to sale:



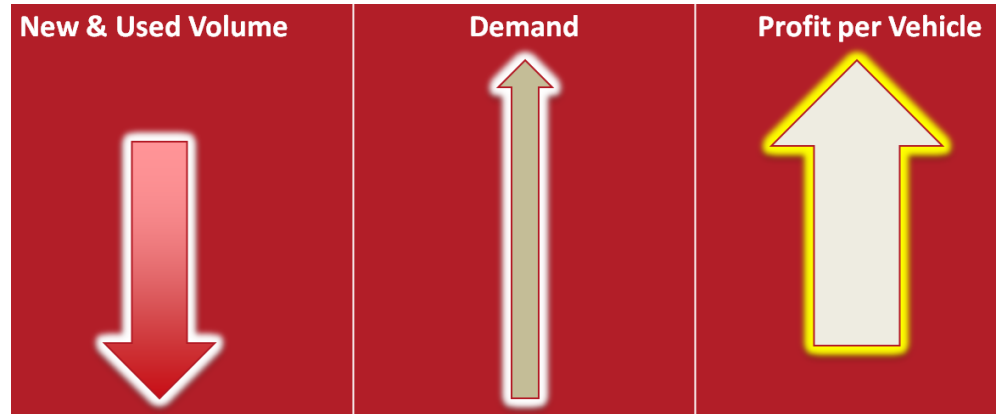
Anthony Martinez, Director of Customer Performance

- **Managed recon center for 3 dealerships reconditioning 1,000 cars a month**
- **Certified in Lean and Six Sigma process disciplines**
- **U.S. Army combat veteran, Iraq**



Market Overview

- New & Used Inventory Reduction combined with increased demand is increasing profit per vehicle.
- New trends and technologies challenge traditional business
 - subscription car services
 - ride-share
 - electric and self-driving cars
 - home delivery services



What will you take away today?

- ❑ **How to create process tractability**
- ❑ **How to set up and manage accountability**
- ❑ **How to reduce your time to line**
- ❑ **Best practices to improve inventory turn**
- ❑ **How to know where your cars at all times**



What is time to line?

Time to Line is how long it takes to recondition a vehicle.

- True Time to Line starts when the vehicle is acquired
- Ends when it is ready for sale
- Time to Line is the leading metric for measuring efficiency.



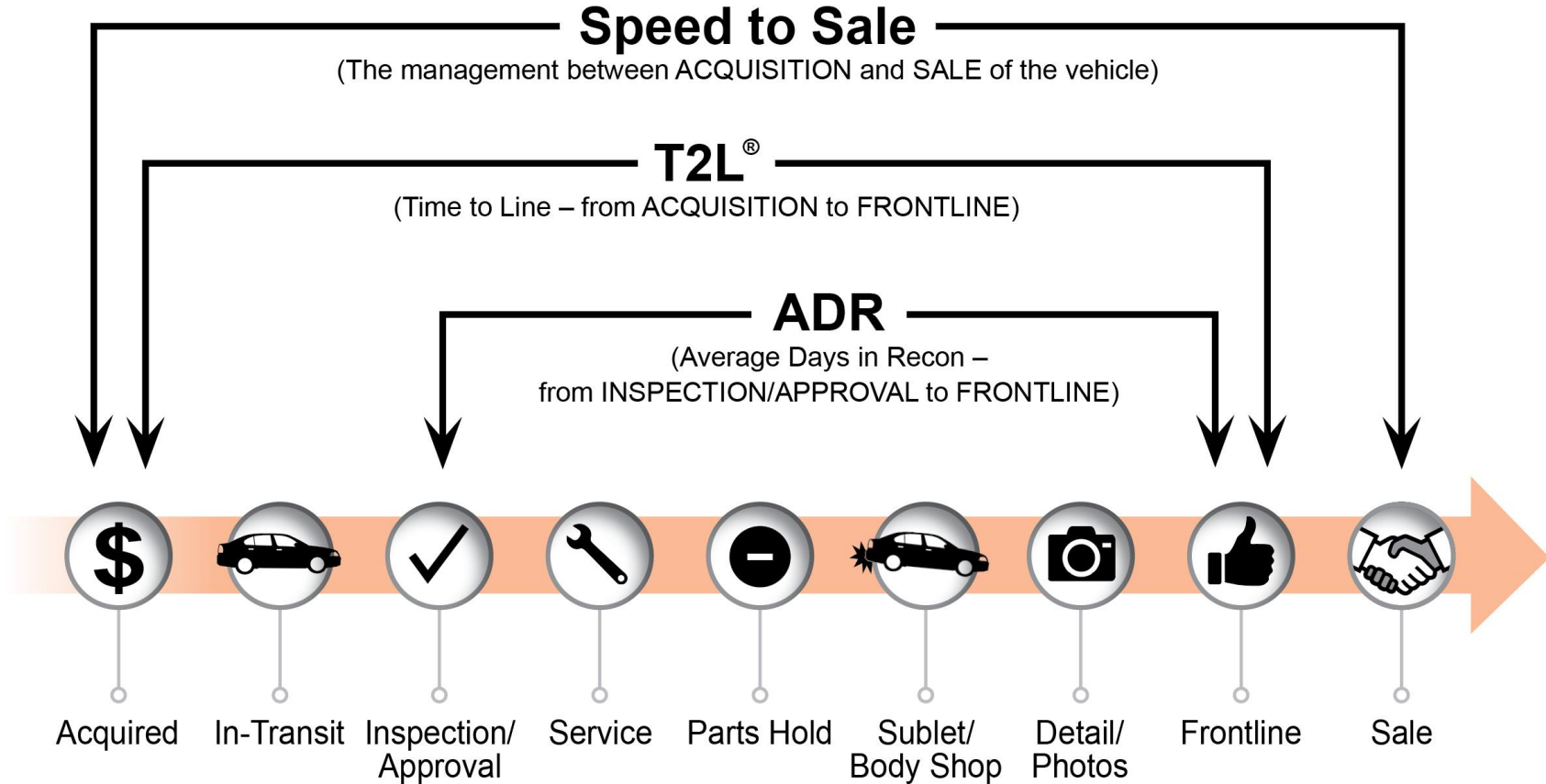
➤ ***This efficiency has direct, measurable impact on profit per car.***

Remember, if you can't measure it, you can't manage it.

The Reconditioning Process

- This **speed to sale** progression happens in your shop whether you manage it or not.
- When you manage it, you control it – and get more cars done in faster.
- Which will mean more turns, more margin, more cars sold!

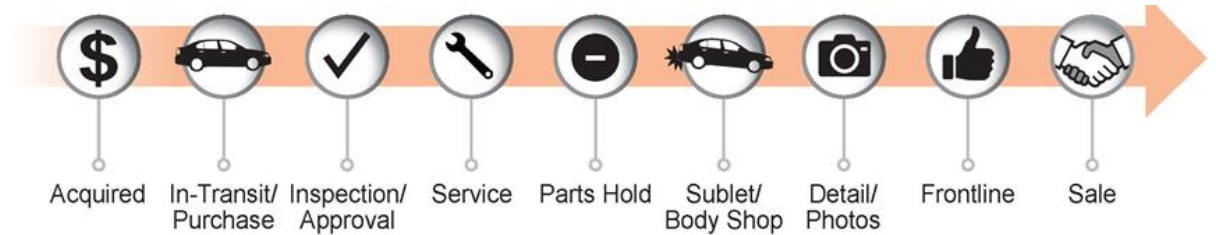
The Reconditioning Process



The Reconditioning Process

Let's start with the bottom row of symbols, beginning with the circle dollar sign.

This linear image portrays a typical workflow, from vehicle acquisition to the sale of the car.

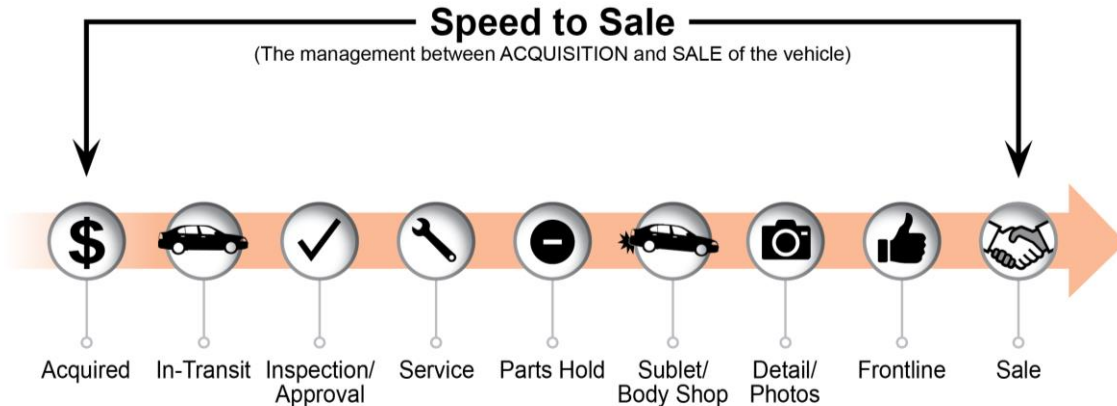


The Reconditioning Process

Now, jump to the top of this chart where we have the term **speed to sale**.

Speed to sale is the process
we just looked at.

The goal here is to get your
cars sold as quickly as possible.

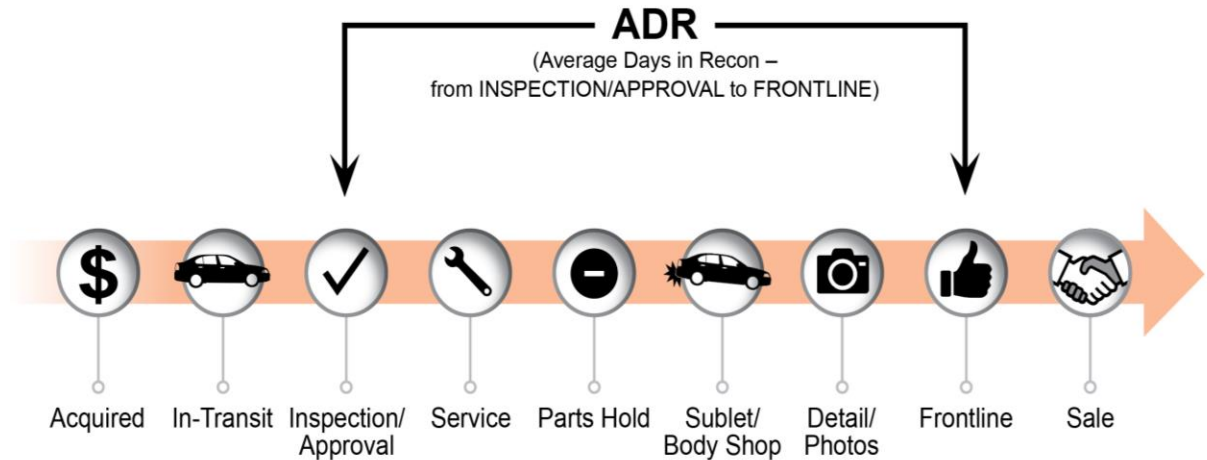


The Reconditioning Process

Two metrics you must manage to achieve Speed to Sale are, as you saw in the original chart, **average days in recon** and **time to line**

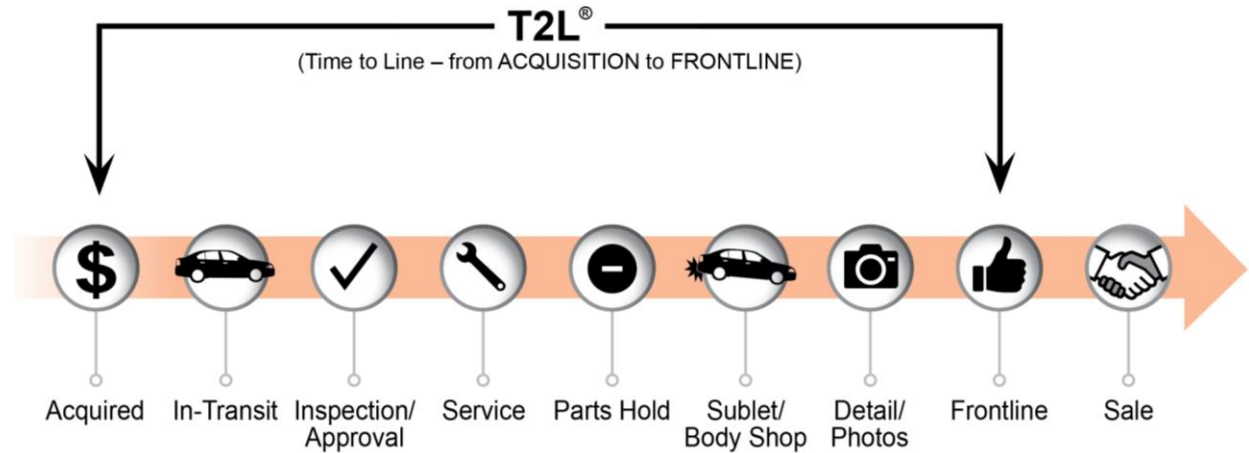
**This first metric is
*average days in recon.***

**This is the time cars are being
touched by the recon staff.**



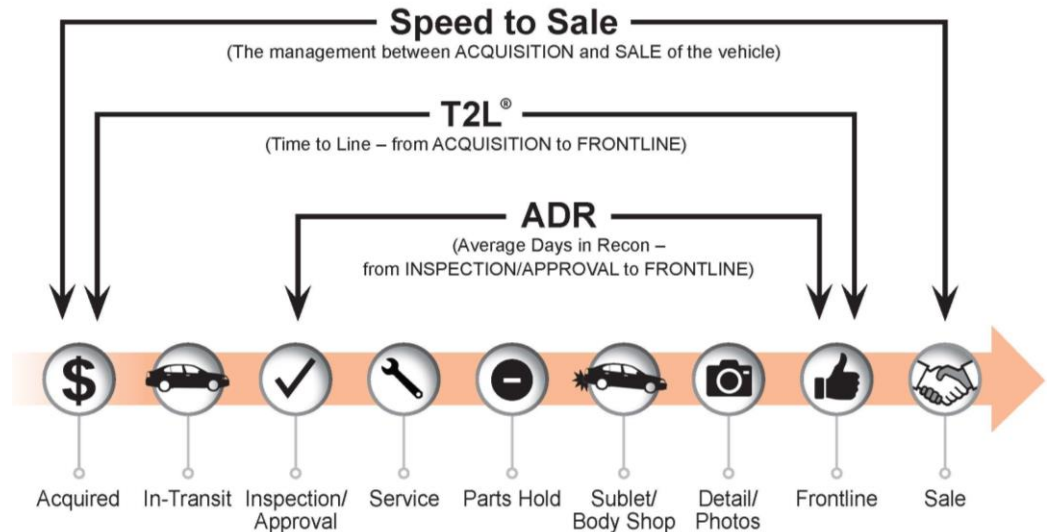
The Reconditioning Process

Time to line is the metric measuring clock time from vehicle acquisition to frontline ready



The Reconditioning Process

Both average days in recon and time to line can be managed – which is where communications, accountability and workflow transparency really matter.



How to Reduce Time to Line

- For the last 10 years Dennis and Anthony have worked with over 2,400 dealers across the country and have developed a successful process.



Return on Investment

When time to line and average days in recon are managed well:

- Large volume dealers (200+ used monthly)
 - \$50 gain in gross profit for every \$1 spent on recon process technology
- Small volume dealers
 - \$15 gain in gross profit for every \$1 spent on recon process technology



What Should my Dealership Time to Line be?

- A properly run operation should be 3 to 5 days Time to Line.
 - 48 hour time to line can be obtained.



Tractability in Detailing

- Break your detail severity into stages and price it accordingly

- Exterior

1. Clean, Clay & Polish
2. Add Buffing
3. Add Wet Sanding

- Interior

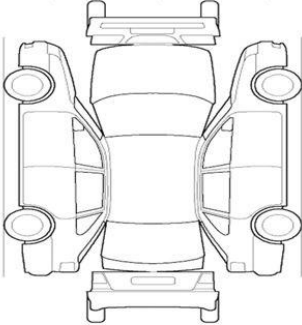
1. Clean, Vac, Dress
2. Steam + Stain removal
3. Sand or Hair removal



Best Practice

Standardized Reconditioning Processes

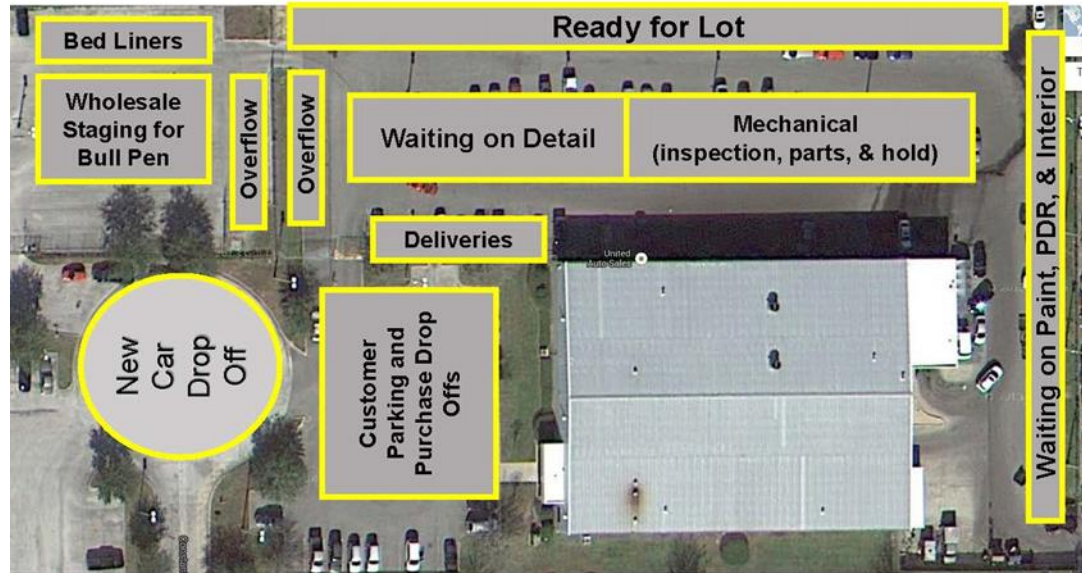
- Standardized used car inspection
- Variable detailing
- Waste elimination and continuous improvement

| COSMETIC INSPECTION FORM | | | |
|---|--|--|--------------------------------|
| STORE: | | YEAR/MAKE/MODEL | |
| STOCK #: | | VIN | |
| INSPECTED BY: | | DATE | MILES |
| | | COLOR | |
| <input type="checkbox"/> WHOLESALE or PRE AUCTION | | <input type="checkbox"/> WASH and VACUUM | |
| EXTERIOR | | INTERIOR | |
| <input type="checkbox"/> STAGE 1 Clean, Clay & Polish | | <input type="checkbox"/> STAGE 1 Clean, Vac, Dress | |
| <input type="checkbox"/> STAGE 2 Add Buffing | | <input type="checkbox"/> STAGE 2 Steam + Stain Remov | |
| <input type="checkbox"/> STAGE 3 Add Wet Sanding | | <input type="checkbox"/> STAGE 3 Sand or Hair Remov | |
| <input type="checkbox"/> EXTRA LARGE VEHICLE | | <input type="checkbox"/> ODOR REMOVAL | |
| <input type="checkbox"/> REFINISH HEADLIGHT Sand, Buff, and Po | | | |
| <input type="checkbox"/> BLACK OUT STAND | | | |
| <input type="checkbox"/> BLACK OUT EXTRA | | | |
| PAINT TYPE OF SUBLET REPAIR WHERE NEEDED | | PAINT SUBLET REPAIRS | |
|  | | <input type="checkbox"/> TOUCH UP/WIPE DOWN | |
| | | <input type="checkbox"/> Entire Vehicle Touch U | |
| | | <input type="checkbox"/> REFINISH FRONT BUM | |
| | | <input type="checkbox"/> REFINISH REAR BUM | |
| | | <input type="checkbox"/> | |
| PAINTLESS DENT REMOVAL | | | |
| <input type="checkbox"/> ONE PANEL | | | |
| <input type="checkbox"/> TWO PANELS | | | |
| <input type="checkbox"/> 3 OR MORE PANELS | | | |
| <input type="checkbox"/> | | | |
| INTERIOR SUBLET REPAIRS | | | |
| <input type="checkbox"/> REPAIR BURN HOLES | | | |
| <input type="checkbox"/> HEADLINER REPAIR | | | |
| <input type="checkbox"/> REFINISH STEERING | | | |
| <input type="checkbox"/> DOOR PANEL REPAIR | | | |
| <input type="checkbox"/> SEATS | | | |
| <input type="checkbox"/> CARPET | | | |
| <input type="checkbox"/> | | | |
| INSTRUCTIONS | | | |
| WHITE COPY: STAYS WITH REPAIR ORDER | | | |
| YELLOW COPY: USED BY DETAILER | | | |
| DETAILER TECH NUMBER/SIGNATURE | | DATE | QUALITY CONTROL INSPECTOR DATE |
| | | | |

Tractability with a Site Map

Making it work

- Matching digital to physical
- Location tracking of ROs, keys and cars



Best Practice

Reconditioning Tools

- Establish the right metrics
- Digital workflow solutions
- Communications tools
- Vendor management



Accountability improves with communication

Making it work

- Department collaboration for immediate approval
- Parts menu selling
- Standard digital estimate
- Approval mobile solution – vehicle unseen



Accountability via pay plans

Skin in the game

- Variable labor rate based on Average Days in Recon
- Group reporting
- Liaison roles



Scheduling

Schedule and staff to balance out your workload – remember, focus on time to line and speed to sale.

Look at the recon needs of each vehicle – how much recon is necessary? Should you push those cars forward? Focus on shortening your average days in recon.

How to reduce time

- Parts – the cheapest part is not necessarily the least expensive.
- Cost of the factory part on the shelf compared to
 - Cheaper priced online part
 - Shipping cost
 - Shipping time
 - Holding cost



ment

- Parts Price and Availability
- Parts Order (sometimes)
- Parts Hold
- Parts Arrival
 - The parts counter flips the vehicle back to the technician step when the parts arrive



Recon Hack

- Be parts wise – recon parts is a role for the pros, because the cheapest parts can be your most costly.

Case study: Dealer recruits parts counter people out of independent auto parts retailers. They understand the aftermarket parts world and bring a different mindset to source parts from a variety of resources – to keep the car moving through recon.

Take-away: *Not buying available but higher-priced part or not wanting shipping cost to get the part right away to “save money” ends up slowing down recon, costing dealer hundreds of dollars in lost Time to Line benefits*

Improve Inventory Turn With Training

Cross-train staff so you have a backup when needed – the goal is to not disrupt speed to sale!

Be flexible with cosmetic choices – cost versus faster time to line?

Where are your cars?

- Vehicle location
 - In transport
 - On the lot
 - At sublet
 - Body shop



Managing your inventory

- Every day a vehicle sits in recon it adds \$40 in unnecessary overhead that erodes gross profit.
- Floor plan interest continues to accumulate. Holding cost continues to pile up at the rate of \$35 to \$85 per day.

Managing your inventory

Schedule and staff to balance out your workload – remember, focus on time to line and speed to sale

Look at the recon needs of each vehicle – how much recon is necessary? Should you push those cars forward? Focus on shortening your average days in recon

What vendors have your cars

- You need to be able to track the vehicles when they leave your lot.
- Problem: Out of sight out of mind.

By improving your inventory turn, it will Increase your bottom line.

- Every 2.5 days you can reduce your time to line, you'll gain 1 additional inventory turn

Two additional turns
x 100 cars
@ \$1500 gross per

=

\$25,000 per month
additional revenue
or
\$300,000
per year

Thank You



QUESTIONS?



Contact Information:



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