

Variable 1

Pre Class Assignment

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VARIABLE OPERATIONS 1 - INVENTORY & MARKETING MANAGEMENT

Session 1	Session 2	Session 3	Session 4	Session 5	Session 6
Course Set-Up Visioning	Packs	Dale Pollak Gross Deception	Appraising Power of Turn	CPO Digital Marketing 3 rd Parties	Google Business
Industry Updates	Profitability Metrics		6 Elements to MAX Turn	Digital Marketing Website	Case Study Presentations
Statement Analysis	Inventory Metrics		6 Elements to MAX Turn	Google Analytics	Post/Pre- Work
Profitability Metrics	GROI			Case Study	Videos

This document encompasses all pre-work for your Variable Operations 1 class. Some material is time sensitive. Have the work for each respective session completed in advance for the related sessions. Page #s are in Participant Workbook.

All

- Latest Financial Statement. If applicable make sure Composite and Supplemental Sheet is updated.
- Complete Pre-Work Sales Log. It can be found on Class Site- Units- Session 1. This will be used during Session 4 but requires input prior to class.
- Create a 30 Second- 1 Minute Marketing Video and post it on the discussion board prior to Session 6.
- Optional: Investigate if you are a JD Power “PIN Power Dealer” If you are unsure; please contact Alyse duBroc Dalton; Client Experience Manager @ Alyse.dalton@jdpa.com Let her know you are an Academy Student.
- OPTIONAL: Join the NADA Academy: Power of the Room Clubhouse Room. You must be a member of clubhouse prior to joining.
- Sign up for Discussion Board via Yellowdig (www.yellowdig.app)

Session 1

- Review Composite with focus on Variable Operations Pages.
- Determine your dealerships’ hard pack and soft pack for vehicles Clarify how the hard pack is being accounted for on the financial statements. View PACK video. Units- Session 1

Session 2

- Page 118: Complete Preowned metrics on inside back cover before start of session.

DATA INPUT PAGE: PRE-OWNED

Units

- = **A** Total # Pre-Owned **RETAIL** Units Currently in Inventory
- = **B** YTD Pre-Owned **RETAIL** Units Sold
(no wholesale; may be multiple entries)
- = **C** Statement Month Pre-Owned **RETAIL** Units Sold
- = **D** YTD Avg. Pre-Owned Monthly **RETAIL** Units Sold

Retail Gross

- = **E** YTD Front-end Gross Avg. Profit PUVR (without F&I)
- = **F** YTD F&I Avg. PUVR
- = **G** YTD Total Per Unit Avg. (add numbers from boxes E & F)

Reconditioning (YTD Average Per Unit)

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- = **H** (Locate Memo account. Is there an entry?
What is included? Record YTD per unit average)

YTD Totals

- = **I** Total Pre-Owned Retail Sales \$ YTD
- = **J** Total Pre-Owned Retail Front Gross \$ YTD
- = **K** Total Pre-Owned F&I Gross \$ YTD
- = **L** Total Pre-Owned Department Expense \$ YTD

- Page 119: Complete New metrics on inside back cover before start of session.

Units

	=	M	Total # New RETAIL Units Currently in Inventory
	=	N	YTD New RETAIL Units Sold
	=	O	Statement Month New RETAIL Units Sold
	=	P	YTD Avg. New Monthly RETAIL Units Sold

Retail Gross

	=	Q	YTD Front-end Gross Avg. Profit PNVR (without F&I)
	=	R	YTD F&I Avg. PNVR
	=	S	YTD Total Per Unit Avg. (add numbers from boxes E & F)

Additions

	=	T	Additions to income related to the new vehicle department
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YTD Totals

	=	U	Total New Retail Sales \$ YTD
	=	V	Total New Retail Front Gross \$ YTD
	=	W	Total New F&I Gross \$ YTD
	=	X	Total New Department Expense \$ YTD

- Page 13: Complete chart of Variable Expense % of Gross and Calculate your Potential YTD Net Profit increase if targets are met.
 - Post variance in Discussion Board with a short explanation of results. (50 Points)

Variable Expense Analysis – Pre-Owned YTD

% of Gross Measurement

Category	Current	Target*	Variance
Personnel			
Floorplan			
Advertising			
Total			

* Target can be based on any of the following:

- Internal Metrics
- Operating Profiles
- Compensation Plan
- NADA Composite – Best of Class or Group Average

Pre-Owned
Total Gross

Total YTD Variance in \$ = _____ (Variance % × Pre-owned Total Gross)

- Investigate your dealerships floorplan financing interest rate: _____ %
 - Is it Captive or Non-Captive?
 - Does the dealership earn incentives based on retail contract penetration?

Session 3

- Complete #1 Turn Analysis NADA. It can be found on the Class Site- Units- Session 2. Upload to dropbox for 25 Points
- Complete #2 Inventory Analysis Cost vs. Selling Cost. It can be found on the Class Site- Units- Session 2. Upload to the dropbox for 25 Points.
- Complete #3 Pre-Owned Stock Analysis. It can be found on the Class Site- Units- Session 2. Upload to the dropbox for 25 Points.
- Download Inventory Turn analysis Excel from class site-save to desktop
- Print Dale Pollak Handouts
- Create Action Plan in Management Action Plan Book

Session 4

- Have access to you prework sales log completed for previous 60 days or 200 vehicles
 - Download copy to drop box for 100-point credit in Gradebook
- Manheim Auction Online Access (if available)
- Review Auction vehicle List sent after Session 3
 - Assign values for small group discussion

- Page 63: Complete Top Ten Used sellers in your market. If you do not have access to this data, use your best guess.
- Page 69: Scoreboard Totals Tab, enter the following:
 - Average Transaction Price
 - Average Transaction Price to Market %

Scoreboard Totals	
% Retailed of Non-New Franchise	27%
Total # Retail Units	91
Average Days to Sale	43.1
Average Advertised Price (Time of Sale)	\$ 19,857
Average Transaction Price	\$ 19,674
Average Market Price at 100%	\$ 20,672
Average Price to Market % (Time of Sale)	96%
Average Transaction to Market	95%
Average Transactional Discount	\$ 174
Average Front End Gross	\$ 753
Average Finance Gross	\$ 1,874
PUVR	\$ 2,577
Total Gross (Units & PUVR)	\$ 234,509
GROI	109%

- Page 70: Scoreboard Totals Tab, enter the following
 - Average Transaction Price
 - Average Front end gross
 - Average Market price at 100%

Scoreboard Totals	
% Retailed of Non-New Franchise	27%
Total # Retail Units	91
Average Days to Sale	43.1
Average Advertised Price (Time of Sale)	\$ 19,857
Average Transaction Price	\$ 19,674
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- Calculate Average Transaction Cost and Average Transaction Cost to Market %
- Enter your current Inventory Cost to Market Percentage from your Inventory Management System

- Page 72: Complete the chart with metrics for your 5 Poorest Pre-Owned Investments.
- Page 73: Enter your Total Days of Recon at top of page.
- Page 75: Complete Wholesale Ratio
- Run Wholesale log for previous 60 days to include:
 - Name of buyer /auction
 - Days in Inventory
 - Cost amount
 - Sale amount

Session 5

- Watch CPO Video Posted on Class Site. Units Session 5.
- Have your vendor or in-house marketing department provide you with the following metrics from the previous 30 days: (if available)
 - Sessions
 - % New Sessions
 - Pageviews
 - Pages per Session
 - Average Session Duration
 - Bounce Rate
 - Top 10 Bounce Pages
 - Top 10 Landing Pages
 - Top 10 Exit Pages
 - Devices
 - Website Lead (Traffic Source)
 - Source Medium by City and Region
- Advanced Metrics
 - Total VDP Views (New, CPO, Used)
 - VDP per Session
 - Time on VDP
 - Return VDP Views
 - Photo/Video Engagement

Session 6

- Complete and post your marketing video to Yellowdig.
- Complete assigned Case Study and send to instructor