

Variable 1

Pre Class Assignment

Michael Hayes
Academy Director
301.580.5540
mhayes@nada.org

Michael Lucki
Academy Instructor
631.707.4124
mlucki@nada.org

Matt Vollmers
Academy Instructor
540.931.6564
mvollmers@nada.org

Ed Ervin
Academy Instructor
443.510.5181
eervin@nada.org

NADA VARIABLE OPERATIONS					
Sessions 1	Session 2	Session 3	Session 4	Session 5	Session 6
Visioning	Pre-Owned Inventory Metrics	Auction Best Practices	6 Elements to Max Turn	Marketing Structure	Goals and Metrics
Industry Updates	Distressed Inventory	Power of Turn	6 Elements to Max Turn	Conversion	GMB and Reviews
GROI	Appraising Condition	Dale Pollak	6 Elements to Max Turn	Digital Marketing	Case Study Presentations
Statement Analysis Profitability Packs	Look to Book Save a Deal	Gross Deception	CPO Case Study Launch	Website Efficiency	Email Mystery Shop Marketing 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.
- Sign up for Discussion Board via Yellowdig (www.yellowdig.app)

Session 1

- Review Composite with focus on Preowned pages
- Determine your dealerships’ hard pack and soft pack for preowned vehicles Clarify how the hard pack is being accounted for on the financial statements. View PACK video. Units- Session 1
- Page 106: Complete Preowned metrics on inside back cover before start of session.

Data Input Page

			<u>Used</u>
Units	Total #Pre-Owned Retail Units Currently in Inventory	A	
	YTD Pre-Owned Retail Units Sold <i>(no wholesale; may be multiple entries)</i>	B	
	Statement Month Retail Units Sold	C	
	YTD Avg. Pre-Owned Monthly Retail Units Sold	D	
Retail Gross	YTD Front-end Gross Avg. Profit PUVR <i>(without F&I)</i>	E	
	YTD F&I Avg. PUVR	F	
	YTD Total Per Unit Avg. <i>(Add numbers from boxes E & F)</i>	G	
Reconditioning (YTD average per unit) <i>(Locate Memo account. Is there an entry? What is included? Record YTD per unit average).</i>		H	
YTD Totals	Total Pre-Owned Retail Sales \$ YTD	I	
	Total Pre-Owned Retail Front Gross \$ YTD	J	
	Total Pre-Owned F&I Gross \$ YTD	K	
	Total Pre-Owned Department Expense \$ YTD	L	

Session 2

- Page 12: 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)

- Preowned inventory log sorted by age, run prior to Session 1, does not need to match statement-from DMS or Inventory management system
 - Subtotal in following age buckets, units and dollars for each (exclude vehicles not for sale, e.g. Parts delivery vehicles, plow truck, dealers' toys, etc....)
 - 0-30
 - 31-45
 - 46-60
 - 61-90
 - 91-120
 - Over 120
 - Complete the Inventory Analysis Spreadsheet from Class Site with above information by session
- Manheim Auction Online Access (if available)

Session 3

- Download Inventory Turn analysis Excel from class site-save to desktop
- Review Auction vehicle List sent after Session 2
 - Assign values for small group discussion

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
- Page 42: Complete Top Ten Used sellers in your market. If you do not have access to this data, use your best guess.
- Page 48: 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 49: 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
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%

- Calculate Average Transaction Cost and Average Transaction Cost to Market %
- Enter your current Inventory Cost to Market Percentage from your Inventory Management System
- Page 52: Complete the chart with metrics for your 5 Poorest Pre-Owned Investments.
- Page 54: Enter your Total Days of Recon at top of page.
- Page 56: 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

- 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
- Determine the most appropriate digital marketing metrics to measure the goals listed on Page 96. Post your conclusions on the Discussion Board in advance of class (50 Points)

Session 6

- Complete assigned Case Study
- Marketing Video Assignment and upload to the Discussion Board (50 Points)