



DIGITAL DEALER 27 CONFERENCE & EXPO

Investment Minded New Car
Inventory Management

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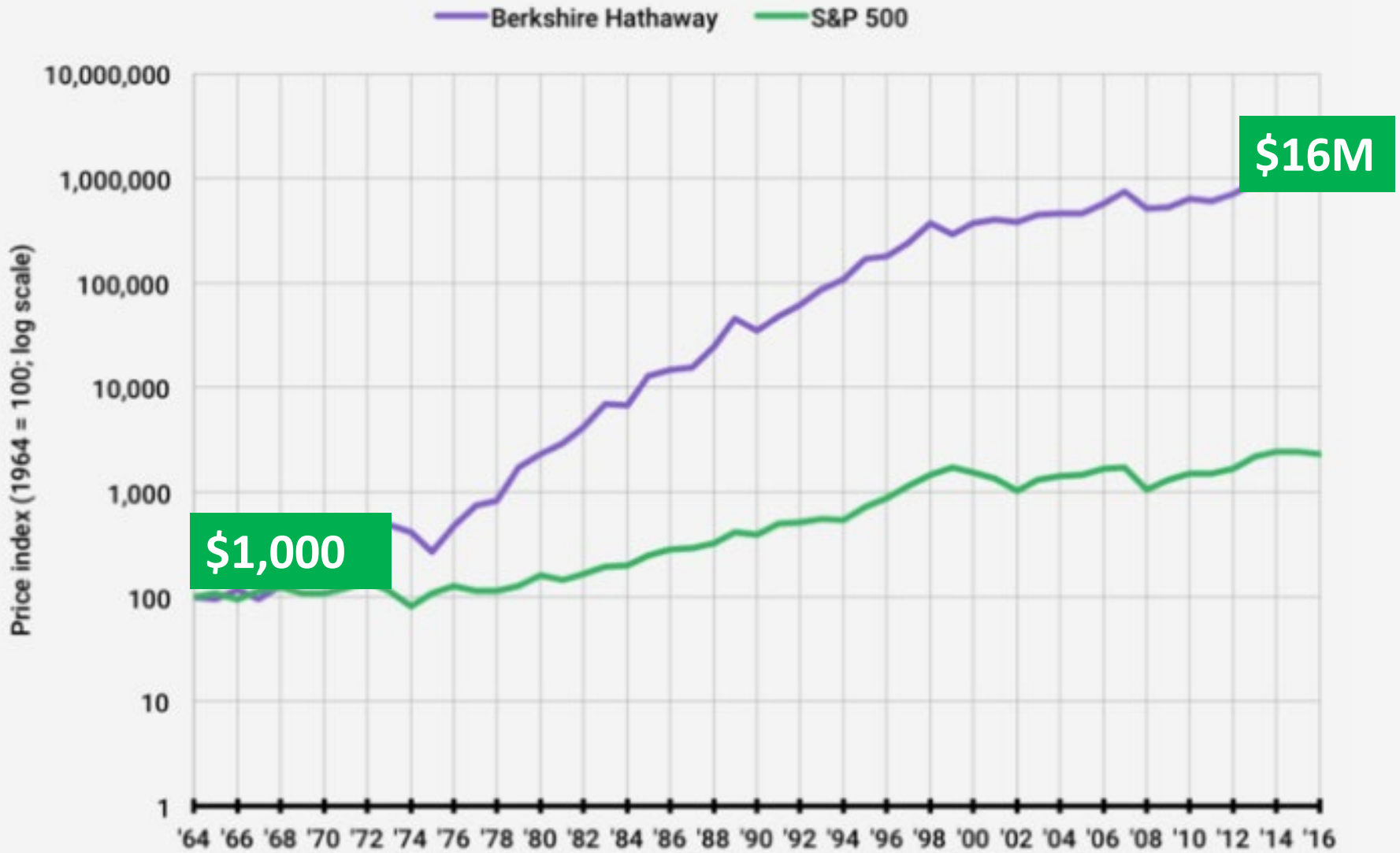
**“I’ve been doing this for
26 years, and I know
exactly what I want on
my parking lot”**

Earl Watkins, New Car Investor

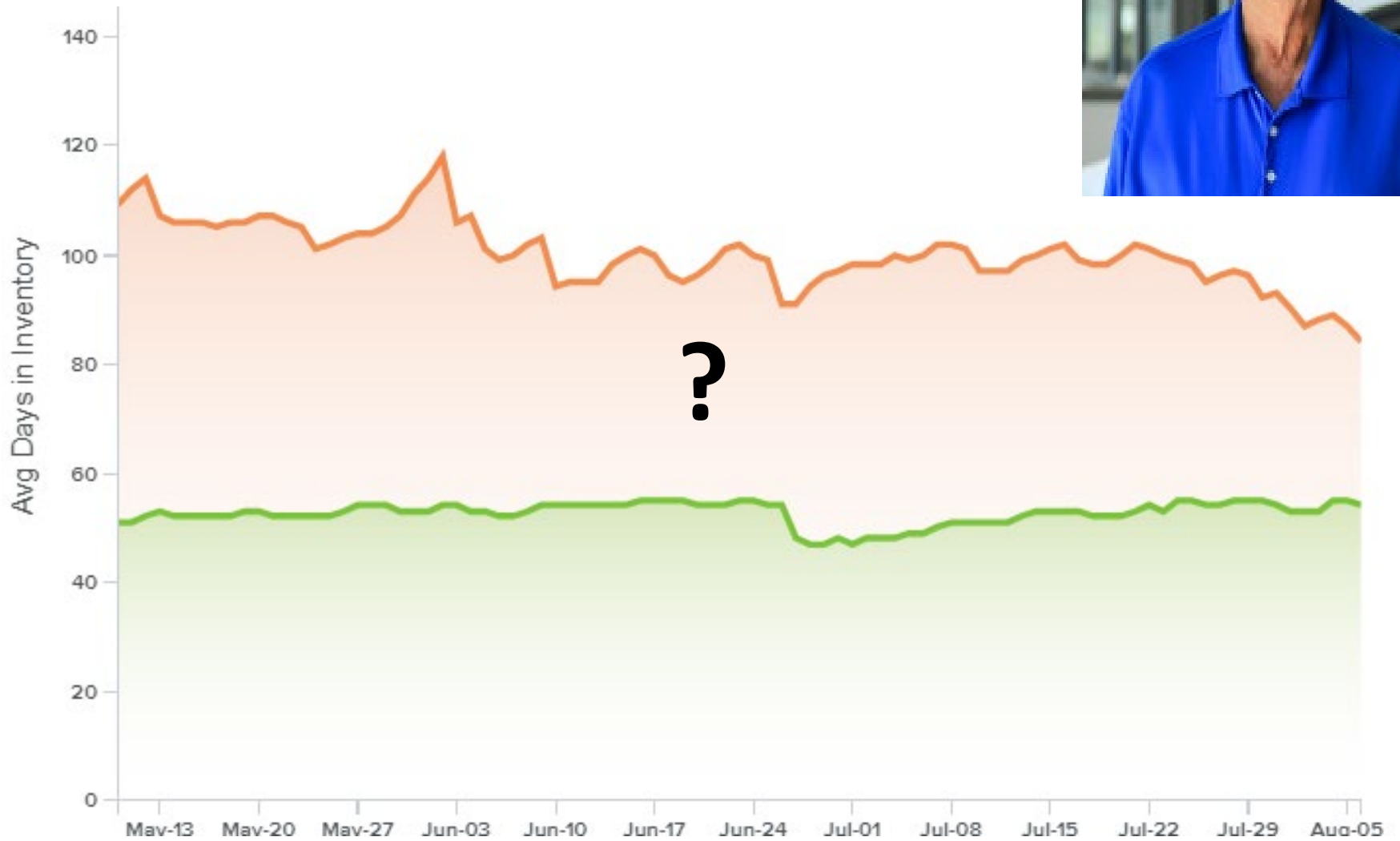
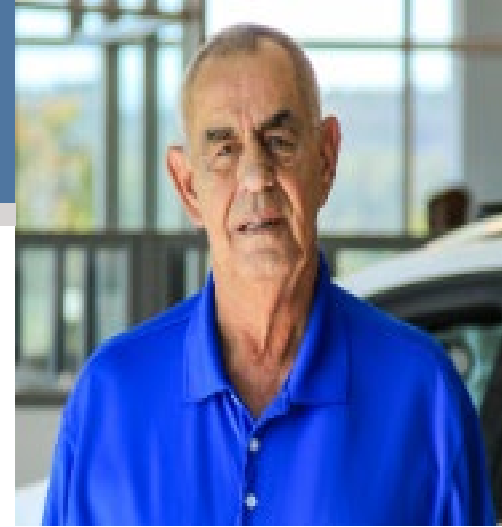
**“Risk comes from
not knowing what
you’re doing”**

Warren Buffet, Stock Investor

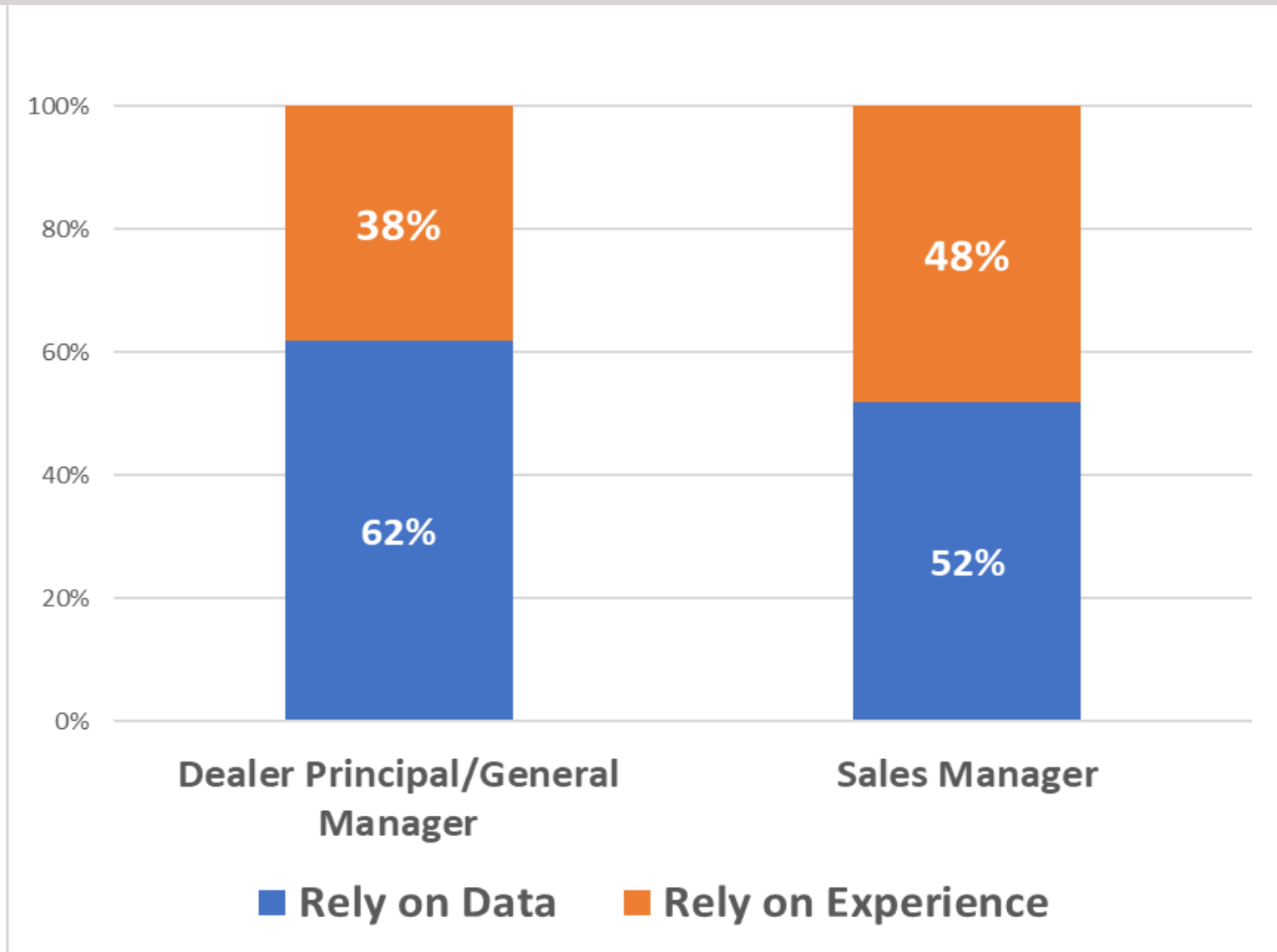
Buffet vs S&P 500



Which Line is Earl?



New Vehicle Stocking & Ordering



Inventory Management Styles



REACTIVE

Reacting to
a problem
after it arises.

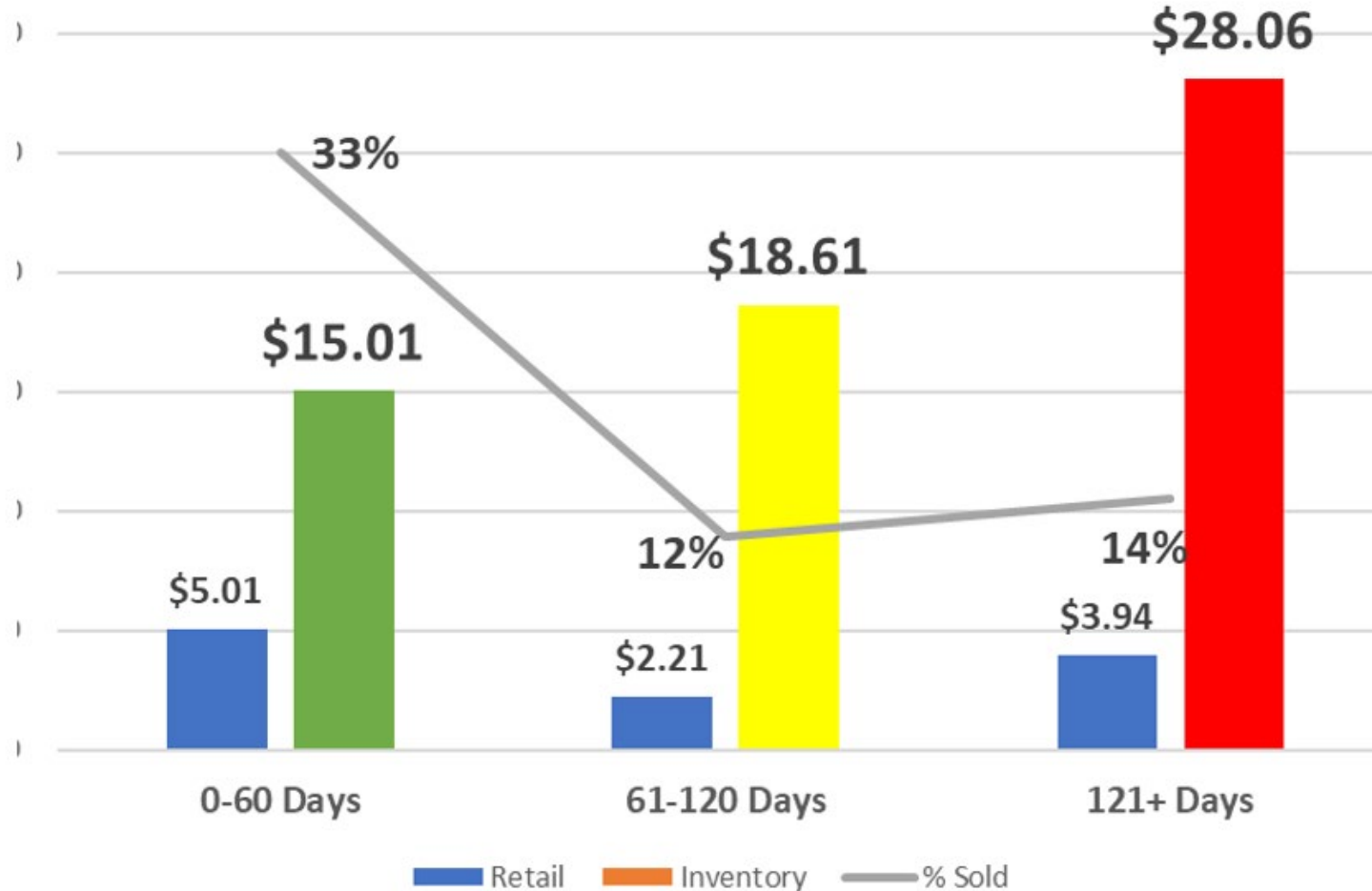


PROACTIVE



Preventing problems
before they arise.

We have a Problem...

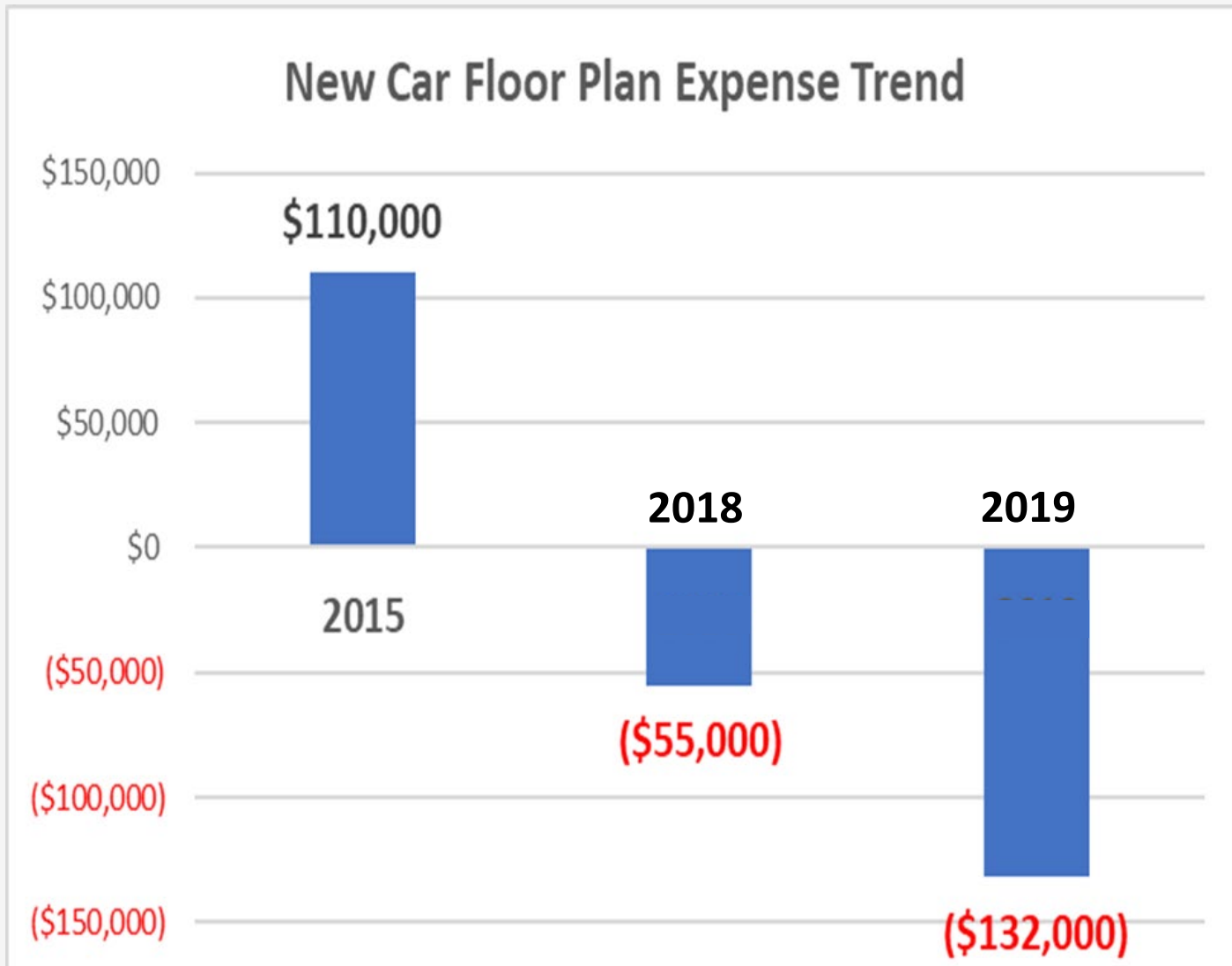
Sales vs. Inventory by Aging Bucket in Millions



The New Math of Floor Plan

	2015	2019
Average Invoice	\$33,456 	\$36,383
Floor Plan Assistance at 1.5%	\$501	\$545
Prime Interest Rate	3% 	5.5%
30 Day Cost to Hold	\$83.64	\$166.76
60 Day Cost to Hold	\$167.28	\$333.51
90 Day Cost to Hold	\$250.92	\$500.27
120 Day Cost to Hold	\$334.56	\$667.02
150 Day Cost to Hold	\$418.20	\$833.78
180 Day Cost to Hold	\$501.84	\$1,000.53

Holding Costs are on the Rise



Common New Car Inventory Strategies

1. Hope the problem goes away on it's own
2. Hope the manufacture gets rid of my problem with incentives
3. Attack Inventory Problems – and don't make those mistakes again

A background graphic consisting of a network of interconnected nodes and lines, resembling a molecular structure or a data network. The nodes are represented by small grey circles of varying sizes, and the lines are thin, light grey lines connecting these nodes. The network is most dense on the left side of the image and becomes sparser towards the right.

**How can New Car
Inventory Managers
Become Inventory
Investment Managers?**

The image features a person's hands typing on a laptop keyboard, which is the central focus. The entire scene is overlaid with a semi-transparent blue filter. In the background, there are faint, stylized data visualizations, including a line graph with a green trend line and a bar chart with blue bars. The overall aesthetic is clean, modern, and professional, suggesting a focus on technology and data management.

BETTER INVENTORY MANAGEMENT SYSTEMS

A man with dark hair, wearing a white dress shirt and a dark tie, is smiling broadly with his teeth showing. He has both fists raised in a celebratory gesture. The image is overlaid with a semi-transparent blue gradient. The text "PROACTIVE MINDSET" is written across the center in a bold, white, sans-serif font.

PROACTIVE MINDSET



TIE PAY PLANS TO PERFORMANCE

performance

#1

BETTER INVENTORY
MANAGEMENT SYSTEMS

OEM ORDER MANAGEMENT SYSTEMS

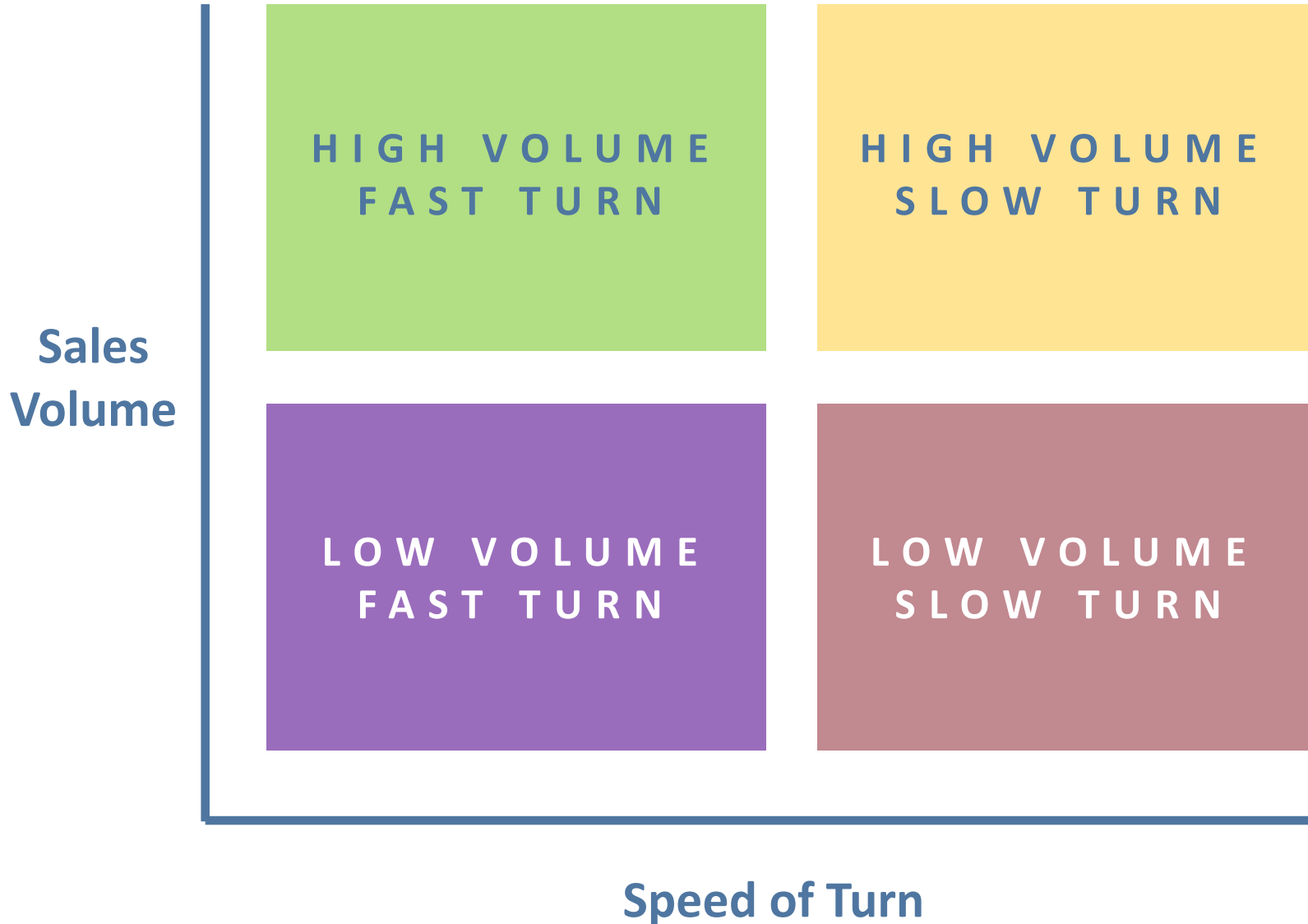
Sales						Inventory			On Order/Projected Receipts					Total Avail	Total Days Supply
3 MO. Sales	% Sales	JLY Sales	% Sales	MTD Sales	% Sales	Dir Daily Sales Rate	Dir INV	Dir Days Supply	AUG	SEP	OCT	NOV	Total On Order		
0	0%	0	0%	0	0%	N/A	0	N/A	0	0	0	0	0	0	0
6	2%	1	1%	0	0%	0.1	6	78	5	1	0	0	6	12	156
19	7%	5	5%	0	0%	0.2	26	107	2	3	0	0	5	31	127
6	2%	1	1%	0	0%	0.1	4	52	1	4	0	0	5	9	117
46	16%	13	12%	0	0%	0.6	48	81	0	0	0	0	0	48	81
3	1%	3	3%	0	0%	N/A	7	182	0	0	0	0	0	7	182
0	0%	0	0%	0	0%	N/A	2	N/A	0	0	0	0	0	2	0
0	0%	0	0%	0	0%	N/A	1	N/A	0	0	0	0	0	1	0
0	0%	0	0%	0	0%	N/A	0	N/A	0	0	0	0	0	0	0
34	12%	14	13%	0	0%	0.4	42	96	0	0	0	0	0	42	96
12	4%	5	5%	0	0%	0.2	16	104	0	0	0	0	0	16	104
3	1%	3	3%	0	0%	N/A	12	312	0	0	0	0	0	12	312
26	9%	10	9%	0	0%	0.3	18	54	0	0	0	0	0	18	54
8	3%	4	4%	0	0%	0.1	9	88	0	0	0	0	0	9	88
78	27%	35	33%	0	0%	1.0	95	95	0	0	0	0	0	95	95
16	6%	7	7%	0	0%	0.2	12	58	1	4	0	0	5	17	83
9	3%	4	4%	0	0%	0.1	11	95	2	0	0	0	2	13	113
3	1%	1	1%	0	0%	N/A	1	26	1	4	0	0	5	6	156
9	3%	1	1%	0	0%	0.1	2	17	0	6	4	0	10	12	104
0	0%	0	0%	0	0%	N/A	0	N/A	0	0	0	0	0	0	0
3	1%	0	0%	0	0%	N/A	11	286	0	0	0	0	0	11	286
4	1%	0	0%	0	0%	0.1	2	39	0	1	0	0	1	3	59
285	100%	107	100%	0	100%	3.7	325	89	12	23	4	0	39	364	100

Dealers Need the Full Picture

Per Model Summary

Vehicle	In Stock ▾	Days In Inv	Sold	Dir Day Sup	Mkt Stock	Mkt Sold	Mkt Day Sup.
2019 Elantra	122	141	28	196	386	172	114
2019 Sonata	62	110	5	558	432	95	222
2019 Tucson	50	108	19	118	334	161	96
2019 Kona	12	164	11	49	160	75	90
2019 Ioniq Hybrid	9	252	0		36	12	169
2019 Santa Fe	8	54	16	23	119	143	36

Portfolio Management



Irrational Asset Management

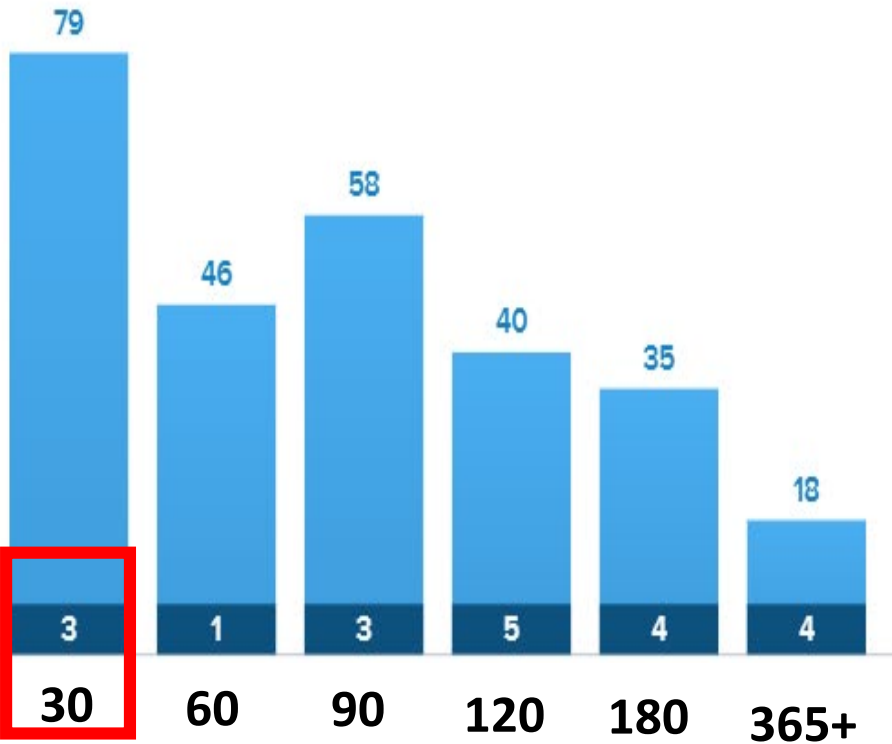
Stats by Investment Zone						
Zone	# In Stock	\$ Invested	In Stock %	# In Market	Avg. Discount (% MSRP)	Average Age
Money Makers	136	\$0	41.2%	37.9%	92.2%	111
Gross Unicorns	3	\$0	0.9%	1.4%	91.8%	84
Bread & Butter	169	\$0	51.2%	55.2%	90.3%	125
Factory Favors	22	\$0	6.7%	5.4%	96%	213

#2

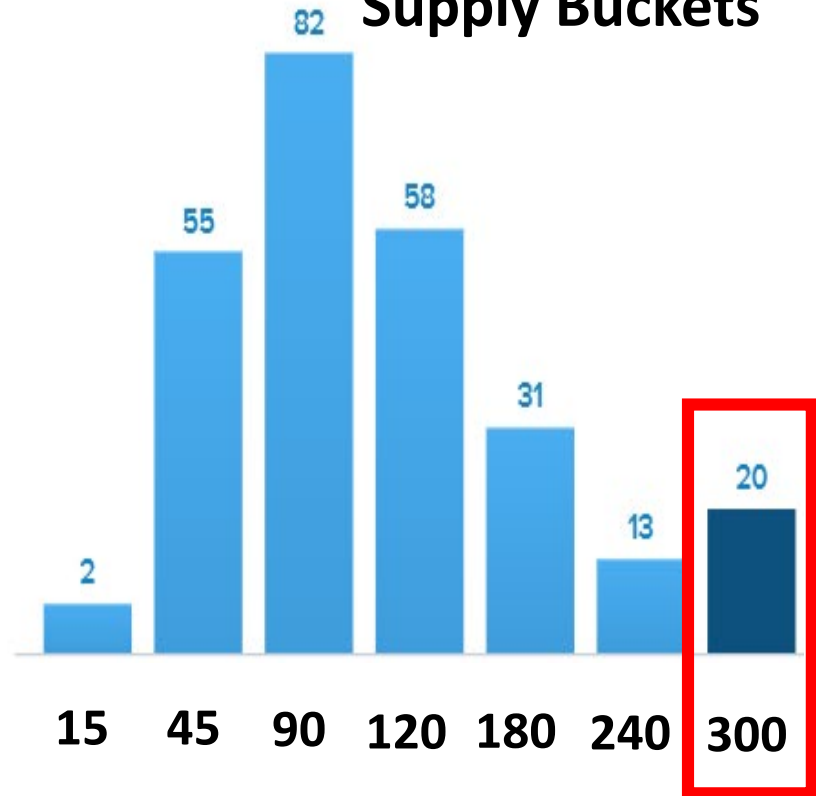
PROACTIVE MINDSET

Identify Problems BEFORE they are Problems

Aging Buckets



Market Days Supply Buckets



#3

TIE PAY PLANS TO PERFORMANCE

Pay Plans DRIVE Performance

Typical Pay Plan Elements

Salary

4.5% of Total Gross

Volume Bonus Levels

CSI Bonus

Retention Bonus

Internet Close Rate Bonus

**Sales Team Certification
Bonus**



Missing Elements

% of Floor Plan Profit

Inventory Turn Bonus

10% Curtailment on Aged

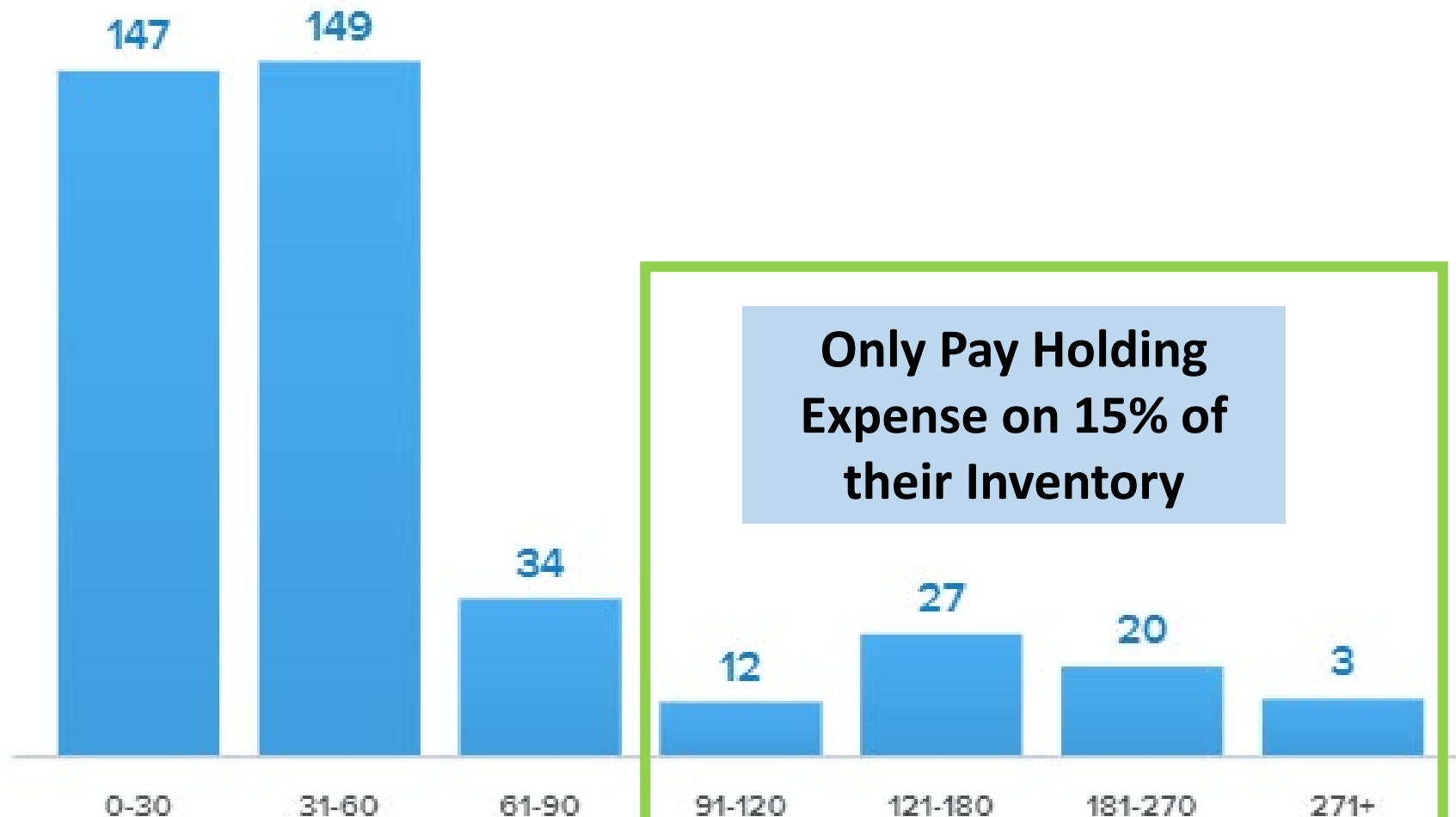
Go Back to your Store and....

1. Ensure you have the Right Data to Manage your Sizable Investment
2. Tie Comp Plans to Inventory Performance
3. Attack Inventory Problems before they become Problems

YONKERS KIA



BOOKS \$43K Per Month in Floor Plan Profit





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