How to Establish a Time-to-Line Recon Culture

YOU CAN'T IMPROVE WHAT YOU CAN'T MEASURE.

A Best Practices Whitepaper

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Dear Dealer & GM,

For too many years, the reconditioning department has been cursed, ignored and perceived as a "necessary problem."

No more.

Today's reconditioning operations managed within a Time-to-Line (T2L®) market culture are productive and profitable — *and true generators of profitability and customer engagement!*

GMs and their used car managers who operate this important function using T2L reconditioning software are getting their cars sale-ready faster. They're increasing their inventory turns, improving sales lead conversion rates and enjoying an enviable performance edge.

These are eye-opening outcomes that dealer principals and their GMs increasingly ask, "How can that be?" This eBook explains how.

Dennis McGinn
CEO, Rapid Recon

www.rapidrecon.com

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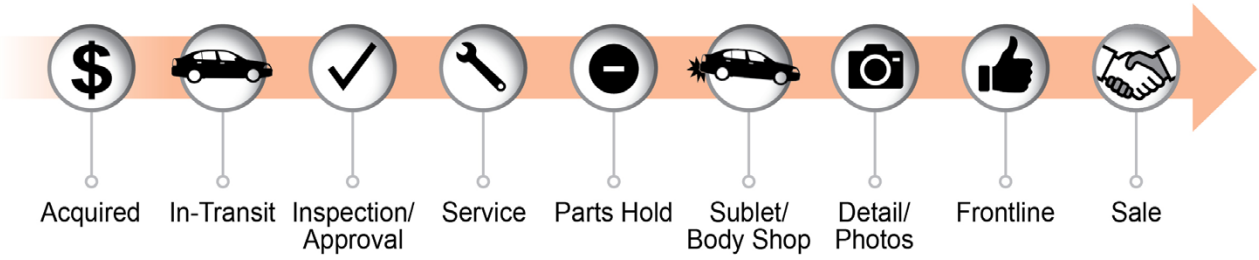
INFLUENCE A LEADING PROFIT DRIVER

The one department in too many dealerships still run by a seat-of-the-pants management style is vehicle reconditioning.

Our experience working with thousands of individual and group dealerships having processed more than 13 million vehicles through our reconditioning software proves a basic fact: *You can't improve what you can't measure.*

Without best-in-class reconditioning processes in place to automate, monitor and improve used car workflow your recon function is leaking time that's dulling your performance edge.

Your objective: A 3-to-5-day recon time to line speed-to-sale efficiency



- Get vehicles sale-ready in three to five days, not 10 to 12 – or longer!
- Increase inventory turn
- Improve work efficiency and communications harmony

Two additional turns x 100 cars @ $1500 gross per = **$25,000 per month additional revenue or $300,000 per year**

Your Total Monthly Software Cost:
About $500
ROI: $50 to $1

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YOUR PERFORMANCE EDGE

It bears repeating: *You can't improve what you can't measure*.

"A written process drives everything we do here, so we considered that our reconditioning was tight — until time-to-line strategies tested that," said Tom Dunn, general manager for the Fred Martin Superstore, Barberton, Ohio.

"We were certain cars were frontline ready in five days, but in fact, we were taking eight to nine days," Dunn said. "Everyone here who works with used cars knows the faster we get our cars to the lot, the better chance we have of selling them at the highest gross profit. We could hire more employees to push more cars through recon faster, but we accomplish so much more by practicing a time-to-line culture here."

DIALED-IN T2L:

- Defines the work to be done to achieve a specific outcome, bringing clarity into processes and procedures — and who does what, when and how.
- Identifies key steps in a process and which, if any, can be eliminated to speed workflow and remove costs.
- Assigns people having the right skill sets to specific task assignments to ensure efficiency and quality.
- Affords 360-degree, 40,000-ft. clarity into group and individual store recon performance — and T2L profitability metrics at a glance, from desktop or mobile device.
- Brings structure and transparency to manage recon and used cars strategically.
- Builds rhythm and flow into work, and confidence into those challenged with turning out higher production at lower cost.

CASE STUDY

Boost Selling Efficiency

Kenwood Dealer Group consists of 15 dealerships in the Cincinnati, Ohio market. Dan Kommeth, who joined in early 2020 to fill the newly created group sales director position, was assigned to strengthen the stores' competitive advantage.

Convinced that positive customer experiences begin well before a lead or walk-in arrives, Kommeth started his new assignment by investigating the processes that flow into profitable car sales.

"I'm a process guy," he said. "I like the idea of improving operations by establishing and following processes. The idea here is to build synergies within our group, yet still embrace individual store cultures."

Process Improvement

When Kommeth moved to the Kenwood Group, he studied improvement opportunities presented by various group stores. He then chose Kenwood's Kings Toyota, the group's largest store, with an eye toward upgrading its reconditioning operation to get cars frontline ready faster.

"I knew from my prior experience using Rapid Recon that it would eliminate communication delays or gaps," he said. "The level of transparency that Rapid Recon gives us into the reconditioning operation is the sort of clarity management I would love to have throughout all areas of the dealership.

"Now we don't go on hunches; we let the data speak," he said.

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Dialing in Efficiency

Kings Toyota reconditions 400 cars a month. A dialed-in T2L store:

1. Has a GM (or proxy) who takes ownership of the store's T2L to drive speed to sale.

2. Puts structures and disciplines in place to sell cars before they get stocked in.

3. Uses work item details and approval steps in their recon software to build value in the deal and urgency among sales, BDC and desk personnel; they use this data to build confidence in the dealership and in the quality of the used cars sold.

4. Has built a culture in which all personnel involved in servicing, reconditioning, selling and financing cars use the reconditioning software data and reporting to help customers buy.

5. Heeds T2L metrics as the "holy grail" for high performance, transparent communications and accountability for clear and precise management in any market.

"We're building the awareness here at Kings Toyota that a really efficient dealership embraces a speed-to-sale culture," Kommeth said. "It's no longer 'How much can we make on this car?' but '*How fast can we make money on this car?*'"

"If we can recondition 400 cars a month this fast by dialing in T2L, there's no reason other stores reconditioning fewer cars cannot likewise enjoy the same benefits."

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When Considering Reconditioning Software for Your Auto Dealership

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CASE STUDY

Ignoring Holding Cost Erodes Used Car Gross

"We thought we had good insight into how long it was taking us to get vehicles frontline ready, but when we turned on Rapid Recon, it showed we were at 12 days!" said Jared Ricart, president, Ricart Automotive Group, Columbus, Ohio. "That long process was killing gross."

"With Rapid Recon, we found a way to track every step of our recon process," Ricart said. "It has helped us fine tune our processes and reduce our time to line to about four days."

By understanding how holding costs erode gross, a parts manager, for example, is better able to decide whether to buy a more-expensive part to get the repair done now versus a less-expensive part that takes a day or two to arrive. Technicians who understand that recon is a production-based service will move vehicles through inspection and repairs faster.

"As a tool for streamlining communications lines between service, recon and the used car manager, our time-to-line culture has helped everyone involved eliminate wait times and work faster toward our common time-to-line goal and not point fingers," Ricart said.

HOLDING COSTS CALCULATOR

Learn More About Holding Cost

Shave 6 recon days off 100 units and save $19,200 a month, $230,400 a year!*

*According to our 20 Group clients and moderator experts, daily holding cost for the average dealership is $32 per vehicle per day based on franchise and market area.

– NCM associates President & CEO Paul Faletti, Jr.

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Boost T2L Organically

1. **Speed repair approvals:** Improving communication between recon and the used car manager can reduce bottlenecks. Inability to get a work order approved by the used car manager can delay the start of work from a few minutes to a few hours — or more.

2. **Set spend preapprovals:** Giving recon some level of authority to proceed with needed work without used car manager approval can keep work flowing uninterrupted. Consider assigning repair dollar "buckets" for vehicles of varying mileage — low, medium, high — based on the mileage and repair averages of the vehicles you recon.

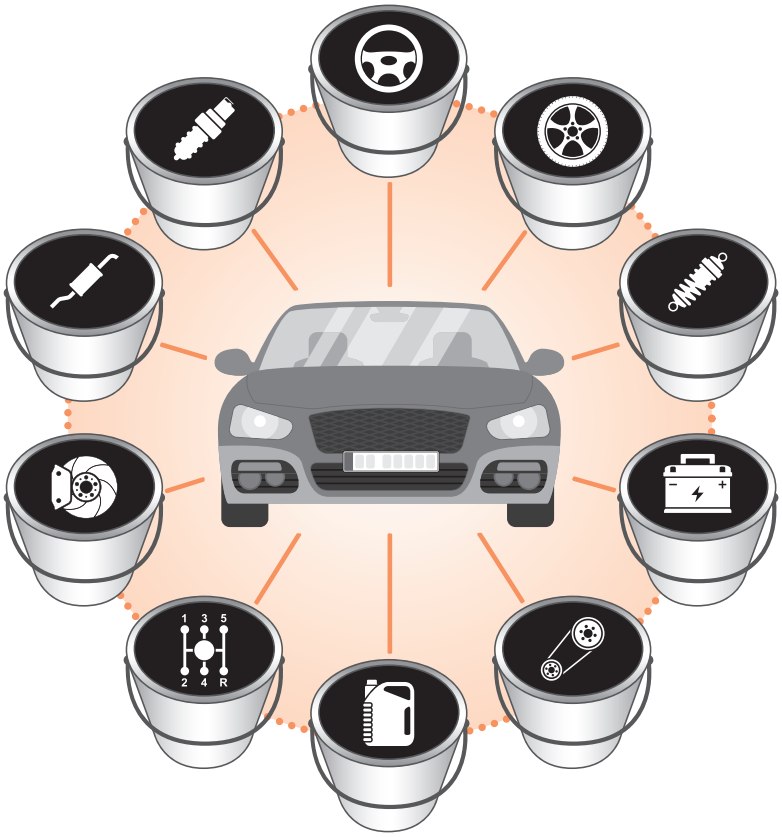
3. **Structure phase times:** Set a time frame for accomplishing specific types of work. Vary times based on the condition of the vehicle. Monitor times, and hold your staff accountable for adhering to them.

4. **Compensate for vehicle completion time, not per vehicle:** Focus compensation on a production-based measurement. A specified completion time window per vehicle will stimulate parties involved to work both smarter and harder to move units through recon in fewer days. Consider spiffs for meeting goals. When considering spiffs, remember the larger picture — reducing holding costs to improve gross.

5. **Equip for quality and manage by the clock:** Make no allowance for lower-quality work but beware of tendencies to over-condition. The additional recon cost is rarely recouped and often contributes little to the vehicle's saleability. Pay attention to visuals such as dings and dents, scuffed wheels, cracks and chips in glass and other blemishes that will catch a buyer's eye before any mechanical issues might.

6. **Get training:** Apply best practices to the reconditioning software you use. Preferably, this training is done at your site, driven by an experienced recon performance manager. Then, continue to reinforce best practices applications through team meetings and the review of performance reports.

7. **Use report data:** Measure each step within your recon process to establish new targets and to monitor and forecast progress.



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CASE STUDY

Drives Efficiency from Internals

Internal service technicians at Bountiful, Utah's Performance Ford generate an additional 60 to 70 hours of billable work per month.

"That's great for the technicians — and the dealership," said Denim Simkins, service director. "Instead of technicians averaging eight or nine labor hours a day, they're now at 12-plus hours per day. That's an additional 20 or 30 hours a month per tech.

"And with internal technicians able to push cars through faster, that efficiency means an average-days-in-recon rate of 4.4 days, so we sell more cars, too. That's great for everyone here," he said.

Performance Ford traditionally sells 100 new and 200 used cars a month.

"I can't think of a more impactful tool than Rapid Recon that would help us create this efficiency," he said. "It has helped us put order into our process and has provided the communications necessary to help all of us understand these efficiencies and, where delays occur, get them sorted out quickly."

Working with Rapid Recon's recon experts, Simkins structured the software to flag the recon center's parts department immediately when the dealership's buyers had acquired a vehicle from auction or trade.

Performance Ford's parts department now automatically gets a notification within Rapid Recon on desktop or mobile devices. Hence, maintenance and replacement parts that are common to all vehicles reconditioned are immediately pulled and are ready to be delivered to the technician stall.

"Now, techs are freed up to focus on the inspection and repairs," Simkins said. "Eliminating the parts-waiting step has significantly improved team productivity, so they get more cars through recon in less time. Equipped with accurate performance data, it's a quick conversation with Technician B about how important the used car department is — it's the dealership's No. 1 customer — and that we need to get these cars through for them faster."

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Culture-Building Best Practices

- Pull your management team together to look at live used car reconditioning systems using video meetings. Consider the system's flexibility to work within your processes and make them better.
- Talk with dealers practicing time-to-line and, if it makes sense to do so, invest in a road trip to learn from them and see their processes live.
- Request a qualified process-performance technician to help you design a system that supports your time-to-line objectives.
- Assign ownership of *every* step of the recon processes within this new workflow.
- Provide mobile and desktop tools, notifications and reports that make these individuals 100% responsible — and accountable — for making sure, at the end of *every* day, *every* car is in the right step.
- Apply time-to-line best practices first to inspection, mechanical, parts, used car manager approval, detail and photos. Body shop, vendors and the handling of open safety recalls will all have a weighted impact and need to be considered.
- Best practices dictate that combination of mechanical (including inspection and parts hold) and detail must be two days or less. The body shop will likely add another day to 35% of your cars, taking an average of 4.5 days.

Include Vendors and Sublets in Your Culture

If you cannot readily manage work you send to vendors, your time-to-line performance will likely suffer. They need to be as much a part of your recon culture as do your internal technicians and advisors.

New dealer-vendor coordination tools provide transparency, accountability and tight communication between your team and theirs. This trifecta provides a high level of efficiency by eliminating the chase and uncertainty commonly found in the dealer-vendor relationship.

The idea is not to share too much information with vendors. What's preferable, dealers tell us, is coordinating the right amount of detail and only providing information relevant to the vendor.

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Vendor Advantage Brochure

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CASE STUDY

Performance Edge for BHPH Dealerships

iGoMotors is a multi-site Buy-Here/Pay-Here (BHPH) business with dealerships in Bowling Green, Glasgow, Jamestown and Campbellsville, Kentucky. Karey Moore is a partner, in charge of acquisition and reconditioning. Moore purchases an average of 80 vehicles a month, primarily through area auction services.

iGoMotors opened in 2012. "I started out doing my own reconditioning, sales… everything out of my car garage, with help from my wife and my brother-in-law," Moore recalled. "The more people and volume I added… Well, the details began to get by me. I'd come across a car I thought had been sold, and there it was, waiting still for recon to get it to the sales lot. When you're holding and staging a batch of cars, whether two or 300, that waiting is eating into your profit. We knew we had a problem."

In search of a solution, he and his team headed to a national automotive convention. There, he found a product he believed would solve his vehicle tracking challenge; he was prepared to sign up with that company when he met up with Anthony Martinez, a group performance manager for Rapid Recon.

"Anthony showed me how Rapid Recon tracking, work items and step functions benefited us," Moore said. "By watching a demo, I saw right away how easy this tool would be for our techs to use. The mobile side of the software was clean and simple — and without so many options to confuse us.

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"This software tracks our cars from the moment I lay eyes on them at the auction," Moore said. "There, I put into Rapid Recon data on cars I wish to bid on. I add inspection and condition report information and a quick photo. I can then note whether I won or lost the bid and at what price."

The results of this new way of doing things were immediately apparent. "By pushing this data to my recon team through mobile Rapid Recon, they can start ordering parts that might be needed, so when my transports hit the recon center it's go-go-go," Moore said. Vehicle progress is tracked through the software, including to which store cars are delivered. He tracks vehicles through Rapid Recon through the end of the sales process.

"Running a BHPH operation like ours is not a particularly hard thing to do," Moore said, "except it is so easy for cars to get lost in the shuffle.

"Without the tracking ability of Rapid Recon, a dealer spends too much time locating cars and making sure recon is moving forward quickly; otherwise, you see cars stagnate on a large scale. Rapid Recon is a crucial contributor to the success of our recon and BHPH operations."

TAKE THE NEXT STEP TOWARD YOUR PERFORMANCE EDGE

We serve the used car reconditioning software time-to-line goals of more than 2,400 franchise and large independent auto dealers.

A time-to-line culture measures every step, process and labor input to get vehicles sale-ready in just three to five days. Selling cars sooner takes advantage of the maximum profit window.

LEARN MORE NOW:

CALL 650-999-0497

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HOLDING COST CALCULATOR

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