



HOW TO ESTABLISH A TIME-TO-MARKET RECON CULTURE

You can't improve what you can't measure

If your team is still using a spreadsheet, a whiteboard - or your fingers - to track and manage reconditioning, your process leaks time and money that's wrecking retail gross and inventory turn.

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-Market culture are productive and profitable – and true generators of gross and customer satisfaction!

GMs and their used car managers who operate this important function using monitoring and measurement tools get cars to retail faster, drive more gross to their bottom line, and increase inventory turn – often up to two times!

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

Dennis McGinn, President
Rapid Recon

"If the general manager isn't involved in one of the highest profiting departments in the store, you might have the wrong GM."

GMs who Create Recon Time-to-Market Cultures Influence the Biggest Profit Driver in the Dealership

Work with hundreds of general managers having processed more than one million vehicles through their reconditioning departments proves a basic fact – **you can't improve what you can't measure.**

The one department in the modern automobile dealership still run by the seat-of-the-pants is reconditioning.

You've tried to structure and streamline recon by using spreadsheets, white-boards, but these reasonable attempts can never achieve the level of process tracking, accountability and monitoring that you'll achieve by adopting a Time-to-Market culture for this critical and most valuable department.

Without best-in-class processes to automate, monitor, and improve workflow through recon to retail, your "recon plan"

leaks time and money that is **wrecking retail gross and inventory turn.**

By definition, Time-to-Market is the sum of time a car is owned by a dealership but not yet reconditioned and available for customer viewing.

A Time-to-Market culture will:

- ✓ Drive down recon costs
- ✓ Get vehicles frontline ready in four to five days – not 10 to 12!

Shave 6 recon days off 100 units & 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.*

A TIME-TO-MARKET WORKFLOW CULTURE INCREASES RECON PRODUCTIVITY AND REDUCES ITS COSTS:

- IT DEFINES THE WORK TO BE DONE TO ACHIEVE A SPECIFIC OUTCOME, BRINGING CLARITY INTO PROCESSES AND PROCEDURES — AND WHO DOES WHAT, WHEN AND HOW.
- IT IDENTIFIES KEY STEPS IN A PROCESS AND WHICH IF ANY CAN BE ELIMINATED TO SPEED WORKFLOW AND REMOVE COSTS.
- IT ASSIGNS PEOPLE HAVING THE RIGHT SKILL SETS TO SPECIFIC TASK ASSIGNMENTS TO ENSURE EFFICIENCY AND QUALITY.
- IT RELIEVES MANAGEMENT OF FOCUSING ON TASKS TO MANAGE MORE STRATEGICALLY.
- IT BUILDS RHYTHM AND FLOW INTO WORK, AND CONFIDENCE INTO THOSE CHALLENGED WITH TURNING OUT HIGHER PRODUCTION AT LESS COST.

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- ✓ Eliminate communications bottlenecks and finger pointing
- ✓ Establish workflow accountability – from used car manager to detail tech
- ✓ Increase inventory turn
- ✓ Push more gross into every deal

“Everyone here who works with used cars knows the faster we can get them to the lot the better chance we have of selling them at the highest gross profit,” notes Tom Dunn, General Manager for the Fred Martin Superstore, Barberton, Ohio.

“We could hire more employees to push more cars through recon faster, but we accomplish so much more by practicing a Time-to-Market culture here,” Dunn says.

GMs who embrace Time-to-Market reconconditioning strategies **improve performance results throughout their dealerships!**

A GM’s Great Opportunity

Change that grabs hold and lasts always originates from leadership.

GMs who take charge manage by the numbers – and hold individuals responsible for creating them.

A Time-to-Market culture driven by committed leaders like visionary GMs earn respect and attract highly productive and loyal teams.

Our work with hundreds of dealerships having processed more than a million vehicles through their reconconditioning departments makes it clear:

In those dealerships, the GM’s have fostered a highly productive and measurable Time-to-Market culture.

“If the general manager isn’t involved in one of the highest profiting departments in the store, **you might have the wrong GM,**” Dunn notes.

“If you don’t care about improving reconconditioning, why should your staff?” asserts Edward Hyde, dealer principal of the Legacy Auto Network, London, Kentucky.

A Time-to-Market culture driven by your dealership’s general manager will improve results throughout your dealership.

Workflow Processes that Structure, Measure & Hold Accountable

It bears repeating; you can’t improve what you can’t measure.

A process-driven Time-to-Market culture eliminates recon guesswork, costly time delays, and workflow missteps.

“A written process drives everything we do here – so we considered that our reconconditioning was tight until Time-to-Market strategies tested that,” Dunn recalls. **“We were certain cars were frontline ready in five days, but in fact, we were taking eight to nine days.”**

What Others Say

“Faster time through the shop means greater front gross profits,” notes industry trainer Tommy Gibbs of Tommy Gibbs and Associates. “You can’t drag your feet, even for an hour.”

Used car operations consultant Ed French of AutoProfit requires dealers he advises to have a Time-to-Market strategy already in place or begin the process.

“It’s that important,” he says.

Can’t Improve What You Can’t Measure

“We can’t sell something that’s not there, so we’re always driving to improve Time-to-Market,” says Hyde. “We’ve implemented this strategy now in two stores, and I would not operate today without it.”

We can now see when vehicles on transport are due in so we have staff ready to move them into recon as soon as they unload. Once trades are released from Finance, the process is the same,” he notes.

He says Time-to-Market processes also revealed bottlenecks in the body shop.

“We see that lag clearly now and are addressing it to get cars in and out and through the rest of the recon workflow quicker,” Hyde notes.

“Our issue,” notes Dunn, “was we didn’t have the focus on getting parts to the techs to put on the cars. Time-to-Market helped us identify that bottleneck.

“Everyone knows that by the end of the day their work bucket has to be empty – and what’s scheduled tomorrow queued up and ready.”

J.D. Dantzler, GM for Manly Honda, part of the Manly Auto Group, Santa Rosa, California also runs a tight ship in recon. “That means we monitor how long it takes us to move a car from acquisition to the front line. We have a 60-day policy – not just that we say that and hope for the best – because as cars age front end margin shrinks,” he says.

“We focus the used car manager on paying attention to exactly how long it’s taking to get vehicles to the lot. **If you’re seeing shorter front-end margins with the strict 60-day turn, your recon processes are taking too much of that highly profitable zero-to-14-day life of the vehicle.**

“From onboarding forward, we play very close attention to these time frames, so that a car taking seven to 10 days should stick out like a sore thumb. Rapid Recon lets us know with a couple of clicks where each car is in the process. **With Rapid Recon we’re averaging a four-day to frontline-ready cycle,**” Dantzler says.

“Faster time through the shop means greater front gross profits,” notes Tommy Gibbs of Tommy Gibbs and Associates. “You can’t drag your feet, even for an hour.”

Case Study

Time-to-Market Recon Strategy Gets 600 Used Cars a Month Frontline Ready in Just Four Days for Greenway Automotive

Greenway Automotive, using a Time-to-Market reconditioning strategy gets 600 used cars a month frontline ready in four days.

“We decreased our cycle time to four days from eight, which at NCM Associates’ \$32 a day per vehicle holding cost calculation is a substantial savings for us across the 600 vehicles we recondition here every month,” says Anthony Martinez, Director of Reconditioning for Greenway Dodge/Chrysler/Jeep/RAM and Greenway Ford, Orlando, Florida.

Holding costs erode used car margins, so a faster time to market means more profitable used car operations.

To calculate your holding costs – each vehicle’s percentage of dealership overhead - and its impact on their operations, click [Holding Cost Calculator](http://www.rapidrecon.com/holding-cost/). (<http://www.rapidrecon.com/holding-cost/>).

For Greenway, time-to-market reconditioning workflow software makes reconditioning run like an efficient assembly line, Martinez says.

“A recon department itself is an assembly line, with inputs and outputs,” says the former manufacturing quality control manager.

“Something as simple as where you park waiting cars on the lot – and how long it takes someone to find and retrieve them and bring them into recon – impacts how much profit can be made from recon and front-end gross,” he says.

Because Greenway management wanted to modernize its reconditioning processes to reduce holding costs and get vehicles marketable sooner for its large Ford and Chrysler dealerships, it made two decisions:

- It turned to a reconditioning Time-to-Market culture, and
- It recruited Iraq War Army veteran and former manufacturing quality control professional Martinez as Director of Reconditioning.

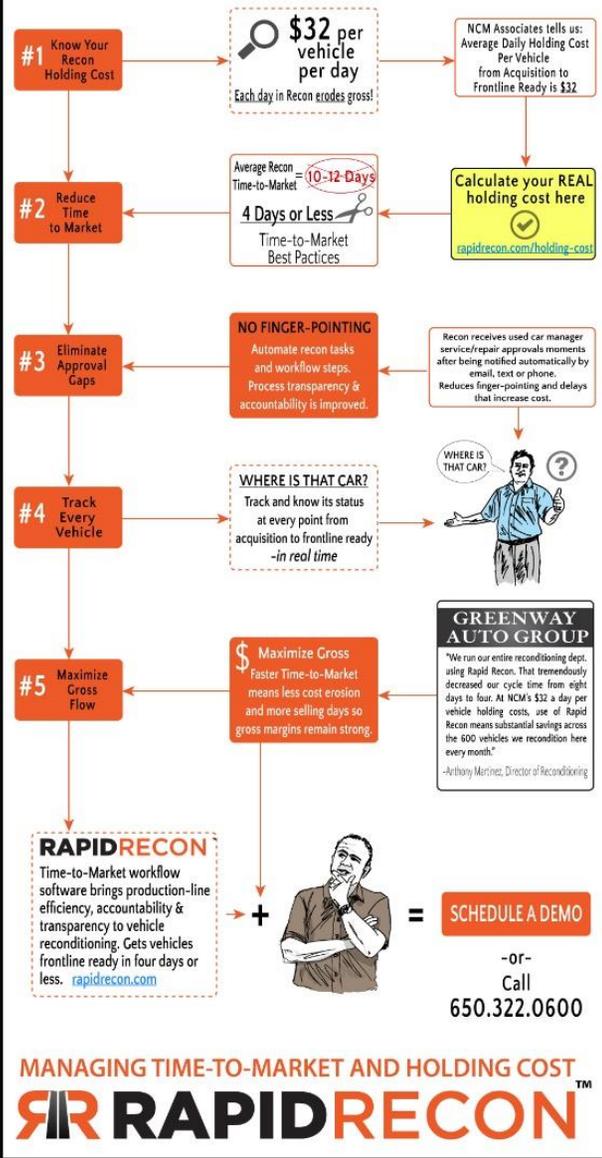
He manages a crew of 50, including 14 mechanics, 27 detail technicians, and administrative personnel in a 30,000 square foot recon center serving the adjacent Ford and Dodge dealerships.

“Reconditioning cars isn’t as streamlined as setting quality standards on widgets built to specs because every used vehicle has its own story,” Martinez notes.

“I can’t control what management paid for the trade or whether the used car manager will authorize recommended services. **But I can control the fundamentals of estimating, inspecting and doing the work,”** he says.

“By using Rapid Recon Time-to-Market workflow software, we’re standardizing our processes and formalizing each step. **And better communication eliminates time delays and missed opportunities,”** says Martinez.

5 RECON BEST PRACTICES TO ADOPT NOW



It Takes a Team

GMs having installed Time-to-Market have winning teams behind them to take the reins once the culture is established.

"I spent three years quite involved, as we fine-tuned processes and responded to changes," GM Dunn recalls.

"But I have a great team that handles the day to day – and because most all of them were here, in the beginning, they're all experts in Time-to-Market."

Legacy Auto Network Dealer Principal Hyde tells a similar story of transition.

"My used car manager now orchestrates the process," he says.

"This Time-to-Market culture is the one way we can always be sure the shop is loaded. Everything runs by the clock, which starts the moment a vehicle hits our lot.

"My service manager and everyone who touches vehicles from acquisition to frontline are engaged and accountable for their part of the process and overall results."

Reduce Costs, Flow Gross to the Bottom Line

It's no secret that dealers need to have a healthy used car business to be profitable. The profit window for a used car is about three weeks. If it takes seven days to recon a car that takes the used car department two weeks to sell, the car's value is already diving.

Sluggish and disorganized reconditioning kills used car gross.

Every day you own a vehicle, from the time it lands on your property from the auction or released from your back office, it begins to incur a \$32 per day holding cost that continues until the unit is retailed or wholesaled.

For a typical 10-day reconditioning process, holding costs total \$320 per unit until it

hits the frontline plus every day it sits unsold.

If you recon 100 vehicles a month, reconditioning holding costs also total \$32,000. This is money that erodes sale gross – if the sale gross is \$2,200, your actual total is sale gross minus holding costs.

HOLDING COSTS CALCULATOR

LEARN MORE ABOUT HOLDING COST

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"We thought we had good insight into how long it was taking us to get vehicles frontline ready, but Rapid Recon showed us we were at 12 days! It's helped us refine our processes and reduce Time-to-Market to about four days." - Jared Ricart, Service Operations Manager, Ricart Automotive

Successful cultures embrace best practices:

1. Pull your management team together to look at live systems using GoToMeeting. Consider the system's flexibility to work within your processes and make them better.
2. Talk with dealers practicing Time-to-Market and, if it makes sense to do so, invest in a road trip to learn from others and see their processes live.
3. Request a qualified process-performance technician to help you design a system that supports your Time-to-Market objectives.
4. Assign ownership of every step of the recon processes within this new workflow.
5. 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.
6. Apply Time-to-Market best practices first to Inspection, mechanical, parts, used car manager approval, detail and photos. Body shop, vendors and handling open safety recalls will all have a weighted impact and need to be considered.
7. 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 4.5 days average.

Case Study

Ricart Automotive Says Ignoring Holding Cost Erodes Used Car Gross

Auto dealers who aggressively manage the flow of vehicles through reconditioning get vehicles to market faster and reduce gross erosion, said Jared Ricart, Service Operations Manager for Ricart Automotive, who has reduced his used car recon time from 12 days to four.

“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 us we were at 12 days!” he said. **“That long process was killing gross.”**

The issue is holding costs and how the right recon processes help reduce them and get vehicles frontline ready sooner.

Holding cost is each vehicle’s percentage of dealership overhead, which accumulates from acquisition to retail.

According to NCM Associates’ 20 Group clients and moderator

experts, daily holding costs for the average dealership is \$32 per vehicle per day, based on the franchise and market area,” said Paul Faletti, Jr. president and CEO of NCM Associates.

Where dealers, used car managers, and service managers aren’t aware of how holding **costs add up as the clock ticks, they’re erasing dollars from gross on every vehicle.**

Ricart agreed.

“With Rapid Recon, we found a way to track every step of our recon process. It has helped us fine tune our processes and reduce our time to market to about four days,” he recalled.

A look at holding cost arithmetic is helpful. Consider a vehicle retailing for \$3,200 in gross. The vehicle was in recon for 15 days and on the lot 25 days before sold. Using NCM’s \$32 per vehicle/day average holding cost, 15 days of recon accumulates \$480 in sale gross erosion. The 25 days the unit was in retail unsold accumulates another \$800 in margin erosion – meaning true gross once sold is \$1,920 -- not \$3,200, a \$1,280 loss in actual gross.

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.

Ricart said technicians who understand that recon is a production-based service will move vehicles through inspection and repairs faster.

At Ricart Automotive, recon technicians work a three-day week, with the compressed time to earn their hours incenting them to work faster and push more vehicles through their phase of the reconditioning process.

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

How to Establish a Time-to-Market Culture

A Time-to-Market culture won't stick where a GM delegates its adoption.

The GM must lay out the strategy so service and used car sales can execute.

Pushback is a rarity where GMs take the time to explain Time-to-Market and the value to each team member.

Best practices dictate that a 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 4.5 days average.

Image inventory for online marketing and market online immediately. Set response standards for used car manager

repair approvals. Identify how off-site sublet work is to flow into the mix – and set tight parameters for that work being done.



Sharpen Time-to-Market Even More

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 staff are

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 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, and turns that improve gross.
5. **Equip for quality and manage by the clock:** Make no allowance for less quality work, but beware of tendencies to over-condition. The additional recon cost is rarely recouped and often contributes little to the vehicle’s sales-ability. 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:** Specifically on the use and application of the reconditioning software you use. Preferably, this training is done at your site, driven by an experienced 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.

A Time-to-Market Culture at Schomp BMW

Accountability that boosts productivity and cuts waste

Identifies and reverses under-performing assets

Tracks vehicles by location and status in the process

Cuts recon Time-to-Market by several days

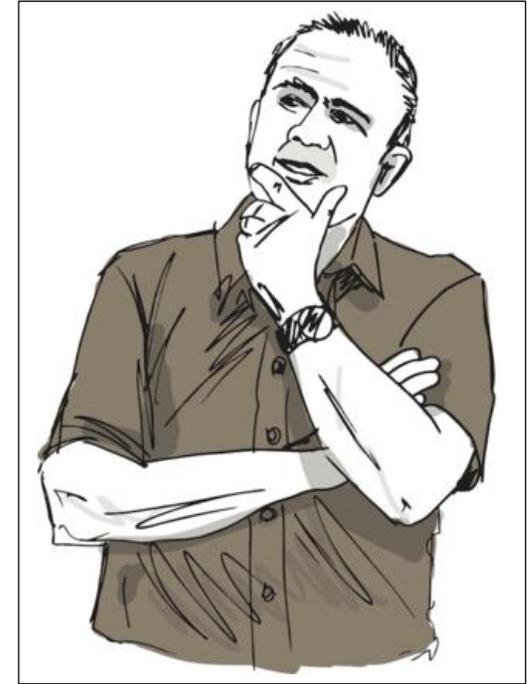
Brings Time-to-Market gains to new-car PDI

Rapid Recon is the uncontested leader in Time-to-Market strategies and reconditioning workflow software.

We bring the structure, accountability, and management insight auto dealership general managers need to reduce recon costs and get vehicles frontline ready faster to increase turn, improve sale grosses, and help the dealership improve throughout.

We invite you to learn more by taking a few minutes for a lively and informative demo – and to calculate your holding costs based on your known Time-to-Market metrics, whether your reconditioning is bringing value or waste to your used car operation.

- ✓ [Holding Cost Calculator](#)
- ✓ [Demo](#)
- ✓ [RapidRecon](#)
- ✓ **1.650.322.0600**
- ✓ ***stevelewis@rapidrecon.com***



A Time-to-Market culture measures every step, process, and labor input to get vehicles frontline ready in four to five days.

Run by the numbers, your recon department will be the profit driver you need it to be.

Call us today.

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