



Problem: When Modern Classic consulted with Jay Dyer & Associates in May, 2009 — after attending Dyer’s Webinar on pre-owned department management — the dealership struggled with a common industry problem: over-aged inventory. In fact, the dealership’s inventory had an average day-in stock of 160 days! Just a year before, the dealership had been selling an average of 60-80 units per month; currently, however, that number had dropped to 35 per month.

Objective: Because inventory depreciates the older it gets and the longer it sits on the lot — and because an average of 25 days in stock is ideal (based on a 60-day turn) — the dealership desperately needed to get rid of its over-aged inventory and increase its bottom line.

Therefore Jay Dyer & Associates set out to help eliminate Modern Classic’s over-aged inventory problem, lowering both the days-in-stock of its current inventory and the number of units in stock.

Execution: A dealership can only perform as strongly as the processes by which it abides. Therefore, Jay Dyer & Associates started at the root of the problem by analyzing the management processes that were in place.

Initial research revealed that Modern Classic had experienced a downturn in retail sales over the last eight months due to the absence of proper processes to keep its number of units in line with its days-in-stock. In response, Jay Dyer & Associates recommended a set inventory-accrual amount and developed a process by which over-aged units would be removed from the dealership in a more efficient manner.

In addition, Jay Dyer & Associates also recommended and is helping train Modern Classic on industry-leading inventory system software. Jay Dyer & Associates continues to train Modern Classic on the software, even analyzing the numbers on a weekly basis to make adjustment recommendations when appropriate.

Results: In just two months, Jay Dyer & Associates has helped Modern Classic lower its inventory average by 61 days, resulting in a total of 40 fewer units on the lot. Modern Classic, with the training of Jay Dyer & Associates, accomplished all of this while increasing its average gross and avoiding additional wholesale losses.

Modern Classic’s current state is such that achieving a profitable turn rate will be a six-month process; however, with the proper training, processes and follow-through, Modern Classic will be well on its way to making a profit again.