Engage 2027 with EXCITEMENT!

Stop Forecasting What *Might* Happen—

***Make What You Want To Happen*, HAPPEN!**



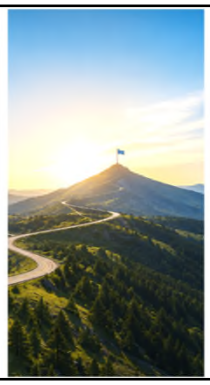


Dealersedge.com/accountingguide

BROOKE SAMPLES,
PRESIDENT,
PROFIT BLUEPRINTS, LLC

July's Webinars:

- Identify An Opportunity
- Identify The **Key Performance Indicators (KPI)**
- Determine The Financial Impact
- Find The Root Cause
- Develop An Action Plan
- Execute The Action Plan



I'm Not Here To Teach You How To Put Together A Forecast

A Forecast Tells You What Is Likely To Happen If We Stay On Our Current Path



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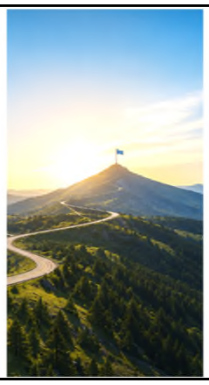
A Goal Is What We WANT To Happen

I Want To Show You The Steps To Take That Can **TURN YOUR GOALS INTO REALITY**





Don't Set Your Goals Based On What You're Doing Today

Think About The Future **YOU WANT**—And Then Determine What **Has To Change To Get There**



Every Number On Your Financial Statement Tells A Story And Hopefully A Lesson

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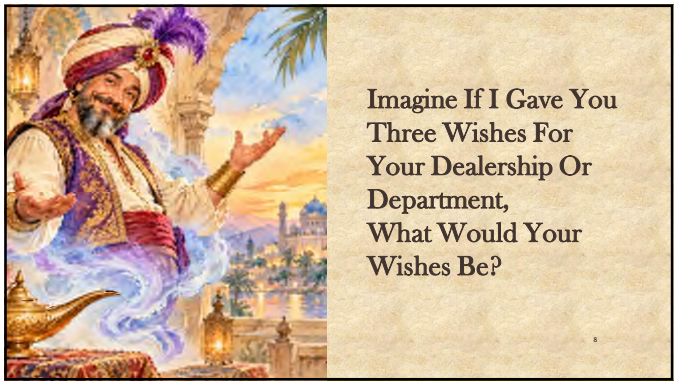



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You Could Use AI To Identify Opportunities for 2027

Please Listen To Dealersedge.com/dvj2 –
AI in the Dealership: What's Working, What's Failing, and What It's Costing You

by Erik Nachbahr – Helion Technology

We're Going "Old School"

Use Excel And Start With Your Net Profit Goals

		Goals For Next Year	Annualized* Current Year	Goal - Actual
A	Gross Profit (C/D)	$ 10,000,000	$ 8,599,112	$ 1,400,888
B	Expenses (A-C)	$ 8,000,000	$ 7,145,862	$ 854,138
C	ANNUAL NET PROFIT GOAL	$ 2,000,000	$ 1,453,250	$ 546,750
D	NP Retention % Target	20.0%	16.9%	3.1%
C/12	Average Month's Net Profit	$ 166,667	$ 121,104	$ 45,563

***ANNUALIZE CURRENT STATEMENT = $/# Of Months X 12**

20% Is A Reasonable Stretch Target
15% Is A Typical "Solid But Improvable" Level
25%+ Is Strong

Department Suggested Net Profit To Gross Profit Retention %

Starting Targets For:	Domestic	Volume Import	Luxury
New Vehicle Net* To Gross	15%	20%+	20%+
Used Vehicle Net* To Gross	15%	20%+	25%+
Service Net To Gross	20%+	25%+	30%+
Body Shop Net To Gross	10%+	10%+	10%+
Parts Net To Gross	40%+	45%+	45%+

* Add Factory & Additional Fees From Miscellaneous Income To The Gross Profit and Net Profit, Then Divide Net Profit By The Gross Profit

- For GM Service, Body Shop & Parts – Before Parts Transfer
- Ford And Chrysler – Selling Gross Profit And Department Net, Targets At The End Of The Handout

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5 Areas I Will Cover To Help You Reach Your Goals

1) Staffing
2) Expenses
3) Processes
4) Inventories & Receivables
5) Measuring & Posting Results



1) Staff For Your Goals and Involve Every Employee





The Best Plan On Paper Fails If The People Carrying It Out Never See It,
Never Shaped It,
Or Never Believed It.
Spend As Much Time Getting Your Team On Board As You Spend Building The Plan.

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Do <u>You</u> Know What Your Team Members Would Say If You Asked Each Of Them

"For 2027, What Goals Do YOU Have, And How Can We Help YOU Achieve Them?"



Get Your Teams On The Same Page

Set Individual Targets Based On Your BIG Goals And The Individual's Abilities & Their Input

Targets Are NOT "Set-It & Forget-it"

Discuss With Each Employee

These Are The Goals I Have For Our Department For 2027

Here Is How You Fit Into The Department Reaching Its Goals

What Do <u>You Need</u> From Me To Help You Reach The Goals?



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Show Your Productive People How Much More They Will Make When They Reach Their Target

PARADISE MOTORS		PARADISE MOTORS	
Tech Name: Kami		Tech Name: Chris	
Week Ending:	8-Jan-27	Week Ending:	8-Jan-27
A) Flagged Rate:	$45	A) Flagged Rate:	$33
B) Hours flagged for week:	35	B) Hours flagged for week:	41
C) A x B = Actual Earnings	$1,575	C) A x B = Actual Earnings	$1,353
D) Target Hours	42	D) Target Hours	54
E) Missed Opportunity This Week (D - B) *A	$315	E) Missed Opportunity This Week (D - B) *A	$429
Potential Annualized Opportunity E) x 48	$15,120	Potential Annualized Opportunity E) x 48	$20,592
Enter Weekly Information in Yellow Cells		Enter Weekly Information in Yellow Cells	
Enter Target in Green Cells		Enter Target in Green Cells	

Weekly One-On-Ones

Better Communication: Two-way Feedback Helps Managers And Employees Align Priorities, Identify And Remove Roadblocks, Or Recognize Burnout

What Can We Do Next Week?
Next Week?
Next Week?



PLANNING GUIDES TO ESTABLISH STAFFING LEVELS

MONTHLY TARGETS FOR PRODUCTIVE EMPLOYEES

- Salespeople = 12 – 15+ Units Sold, (*My Goal Min. of 14)*
- Finance Managers = 60 – 80 Deals Processed
- Technicians = Minimum 167 Flagged Hours
  (Regardless Of How They Are Paid)
  Target: $20,000+ Labor Gross Profit
- Service Advisors = 160 – 280 Customers (CP & Warranty)
  Varies By Franchise

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PLANNING GUIDES TO ESTABLISH STAFFING LEVELS

MONTHLY TARGETS FOR PRODUCTIVE EMPLOYEES

- Parts Counter People = $70,000 Parts Sales
- Body Shop Estimators = $125,000 - $150,000 Sales
  (Including Labor, Parts, P&M, Sublet)
- Body Technician = 240+ Flagged Hours
- Painter = 330+ Flagged Hours



GOAL FOR PARADISE MOTORS PRE-OWNED DEPARTMENT

		Goals For Next Year	Annualized* Current Year	2026 - 2027 Variance
A	Gross Profit (C/D)	$ 3,240,000	$ 2,160,000	$ 1,080,000
B	Expenses (A-C)	$ 2,740,000	$ 1,944,000	$ 796,000
C	ANNUAL NET PROFIT GOAL	$ 500,000	$ 216,000	$ 284,000
D	NP Retention % Target	15.4%	10.0%	5.4%
A/12	Average Month's GP	$ 270,000	$ 180,000	$ 90,000

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What's The Strategy To Reach The Goal?

	Pre-owned Vehicles - Monthly	2026	2027 Goal
A	Average Gross Profit	$ 180,000	$ 270,000
B	Gross Profit Per Unit	$ 3,000	$ 3,000
C	Number of Units Sold	60	(A/B) 90
D	Number of Salespeople	5	(C/E) 7.5
E	Units Sold Per Salesperson (C/D)	12	*12*
F	Number of Finance Managers	1	1+
G	Average Units In Inventory	72	(C/30) *# 108
H	Days Supply of Inventory	36	36

If You Require Additional Salespeople, Where Will They Come From? How About Inventory?

GOAL FOR PARADISE MOTORS SERVICE DEPARTMENT

	Service's Monthly	2026	2027 Goal
A	Average Gross Profit	$ 355,000	$ 400,000
B	Number of Techs	20	
A/B	Gross Profit * Per Tech (Target $20,000)	$ 17,750	
C	Number of Advisors	6	
B/C	Ratio Techs to Advisor	3.3	

What Strategy Will Help Them Reach The Goal? Add People, Improve Productivity, Or Do Both?

* Labor Only

Adding People ($400,000/$17,750) = 23

	Service's Monthly	2026	2027 Goal
A	Average Gross Profit	$ 355,000	$ 400,000
B	Number of Techs	20	23
A/B	Gross Profit * Per Tech (Target $20,000)	$ 17,750	$ 17,750
C	Number of Advisors	6	7
B/C	Ratio Techs to Advisor	3.3	3.3

If You Need 3 Additional Technicians & One More Advisor, Where Will They Come From?

* Labor Only

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Improve Productivity
($400,000/$20,000) = 20 Techs

	Service's Monthly	2026	2027 Goal
A	Average Gross Profit	$ 355,000	$ 400,000
B	Number of Techs	20	20
A/B	Gross Profit * Per Tech (Target $20,000)	$ 17,750	$ 20,000
C	Number of Advisors	6	7
B/C	Ratio Techs to Advisor	3.3	3.0

How Are You Going To Improve Your Technicians' Productivity?

* Labor Only



What Impact Can Your Employees Make?

QUANTIFY WHAT CHANGES WOULD MEAN TO YOUR BOTTOM LINE

- **Sales Department: 2 More** Unit Sales Per Salesperson A Month Would Be Worth Over **$70,000 More GP** A Year **Times The Number Of Salespeople**
- **Service Department: 1 More** Service Tech = **$300,000+** More Labor & Parts Gross Profit **A Year**

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2) Controlled Expenses Build A Strong Foundation



Expense Management Is Not About Selecting The Cheapest Option

$1,500 Replace the Fluorescent Bulbs



$6,000 Convert to LED Lighting



$4,500 Extra Cost Against $2,000+ In Annual Savings Is Roughly A 2.25-year Payback

Expense Management Is About The Best Value



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Examine Expenses As A Team

Look For Duplicates Between Departments

Are We Using Everything We Are Paying For?

Review General Ledger – Not All Expenses Have Invoices



Think Of Expenses Like You Would Your Assets

- What Is The Annual Cost?
- What Does It Produce?
- What Would Happen IF WE ELIMINATED IT?
- Are There Other Options?
- Does It Enhance the Customers' Experience?
- Does It PRODUCE ANY Financial Return?

2027 Vendor Partnership Letter/Email

Dear Vendor Partner:

As we prepare for 2027, our dealership is conducting a comprehensive review of operating expenses, vendor relationships, and the services we utilize throughout the organization.
Like many businesses, we recognize the importance of continually evaluating our expenses to ensure we are receiving the best possible value for every dollar spent. Our goal is not simply to reduce costs,

2027 VENDOR PARTNERSHIP SURVEY

3) Are we currently purchasing any products or services from your company that are not being fully utilized?

☐ No ☐ Yes – Please explain:

4) Are there any changes in pricing or fees we should anticipate in 2027?

☐ No ☐ Yes – Please explain:

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BDC Was Set Up To Create Sales Opportunities – Previously Done By Salespeople and Advertising

Avalanche Of AI Options – Ask:

- Are There Any Products That Overlap With Products We Are Already Using?
- What Will Be The Return On Investment?
- Will This Make The Customer Experience Better or Just Make Our Employees' Jobs Easier?

Outside Services
Data Processing
Payroll

When Examining Expenses Ask:
If We Bought This Dealership Today,
Would We Use This Service?
Would We Hire This Employee?

Don't Fixate On The Words <u>Fixed Expenses</u>





Existing Fluorescent Lighting VS LED Lights
Cut Lighting Expense by 50%



Reward Employees' Ideas –
Who Wants to be AN EXPENSE HERO?
Who Wants to be A PROCESS HERO?

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3) Good Processes Make Great Results



WHEN PROCESSES AREN'T PRODUCING THE RESULTS YOU WANT:

- ✓ Find The Root Cause
- ✓ Find The Process Causing The Issue
- ✓ Change The Process
- ✓ Measure The KPI & The Results Of The Change

Just Change One Process At A Time



"The Difficulty Lies, Not In The New Ideas, But In Escaping From The Old Ones..."

John Maynard Keynes
The General Theory of Employment, Interest and Money (1936)

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Have A Sacred Cow Meeting For Each Department

Sacred Cow Meetings: Identify, Question, And Eliminate Outdated, Legacy Practices

"Why Do We Do This?"
or "How Can We Be More Efficient In This Process?"



Dr. Robert J. Kriegel and Dr. David Brandt - *Sacred Cows Make the Best Burgers*, Developing Change-Ready People and Organizations - 1996

When You're Ready To Make A Change, You Need A Plan – Get Started With AI





Ready To Make A Change

Issue: We Have Numerous Resources Reaching Out To Customers Who Didn't Initially Buy The Service Advisors' Recommendations

What I Want To Do:
Have The Advisors Contact The Customers Instead Of The BDC And The AI Solutions

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PROMPT:
"I have 4 service advisors who take care of an average of 10 Customers a day. Currently, the advisors rely on AI generated texts and the BDC to follow up with customers who declined recommendations, but only 4% return for the recommended work. I want 20% of the Customers to return. I need a plan that helps the advisors connect with their customers.
Could you create a 1-page process checklist, a daily tracking form,
a script for the service advisors to use,
and an implementation timeline."



An Action Plan Without A Timeline Is Just A Wish

Jan. 5: Train The Advisors On New Process – Role Play
Jan 11: Begin New Process, Modify As Needed
Jan. 18: Start Daily Tracking /Review Results, Gamify
Feb 1: Fully Implemented Plan

Dates Are For Illustration, Use Actual Dates Based On The Action Plan



A Process Is
How We Consistently Get Something Done

Summarize Your Processes With Checklists

(1 page with 5-9 action steps)
- Ensures Consistent Results
- Reduces Training Time
- Cross-Train Employees

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4) Manage Your Inventories & Receivables To Be Just Right



What Assets Are Tying Up Money That We Can Use Somewhere Else?

Where Do We Have
Too Much?
Too Little?
Or We're Just Right?

Optimal Inventories – Start With a Target

Your Dealership's Needs May Differ

KEY ASSET ACCOUNT	OPTIMAL DAYS of SUPPLY
New Vehicle Inventory	45
Used Vehicle Inventory	30
Used Vehicles Over 60 Days	0
Parts Inventory	45 - 55
Parts Inventory — 0–6 Months (Movement)	85% of Inventory
Parts Inventory — 6–12 Months (Movement)	10% - 15%
Parts Inventory — 12+ Months (Movement)	<5% of Inventory

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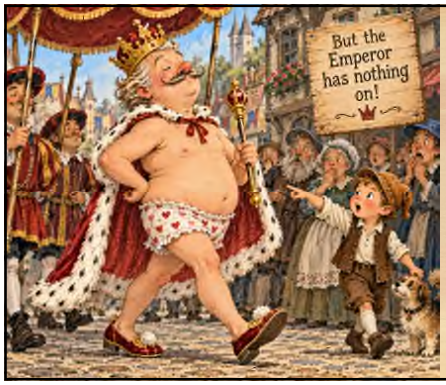
Every Schedule Tells A Story

- Review Schedules Weekly – KEEP THEM CLEAN!
- Look For Small Balances/Aged Receivables (Over 30 Days)
- Confirm All Vehicles On Inventory Schedules & Open Repair Orders Report Are ON THE LOT!
- Commit To Keeping Your Inventories/AR At The Targets, AND Have A Plan As They Age

Manage Your Assets To Improve Profits



5) Measure & Post Results To See The Reality

ESTABLISH TARGETS

Measure How You Are Doing

Know If Your Plans Are Working, Or Not

Coach & Motivate Employees



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Use White Boards To Show Employees Progress Towards Targets and Goals

Tools to Track Your Progress

DMS Reports	Daily DOCs	Expense Details
Depart. Specific	Key Accounts	Schedules
Compare to DOC	Trends	Sub-Accounts

56

DOC: Daily Operating Control

Tools From The Accounting Guide

Creating Daily Operating Control (DOC) Page 42 – Page 44
Forecasting And Budgeting: Page 76 – Page 81
Checklists: Page 87 – Page 90
Employee Staffing: Page 91 – Page 99
Key Performance Indicators: Page 49 – Page 59
Smart Expenses: Page 61 – Page 67



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57

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Where I Would Start

Set Net Profit Goals

Review My Opportunities

Establish Targets For Days of Supply For Inventories

Next, I'd Work On My Expenses

Hold Sacred Cow Meetings

Group Expense Review

Create Expense & Process Hero Award!

58



Where I Would Start

Review Gross Profit Goals

Evaluate My Staffing Levels

Set Individual Productive Goals With Each Employee

Identify Which Processes Need To Change

Create Action Plans & Checklists

Measure Progress

59

I Covered 5 Components For A Successful Year

1) Staffing
2) Expenses
3) Processes
4) Inventories & Receivables
5) Measuring & Posting Results



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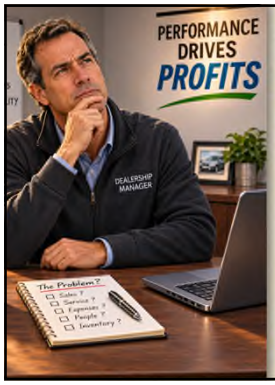
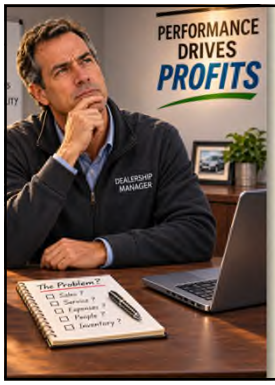


Now, It's Up To You!

1) Select The Opportunity – Identify And Quantify Potential Profit Improvements, Using KPIs

2) Find The Real Problem – Investigate Root Causes, Validate Assumptions, And Determine What Is Actually Preventing The Department From Achieving Better Results

61



It's Up To You!

3) Make Improvements Happen - Convert The Findings Into:

- A 30 To 90-day Action Plan
- Assign Responsibilities
- Track Leading Indicators
- **Compare Actual Financial Results With The Expected Improvements**

62

Ask Yourself



What Do I Want 2027 To Look Like?

What Must Change To Make It Happen?

Who Is The One Person Responsible?

What Will I Do First?

63

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Upcoming Webinar on January 21, 2027

Small Changes. Bigger Profits.

Over 25 Low-Cost, High-Impact Ideas Every Dealership Manager Can Implement

Thank You and Have A Happy & Prosperous New Year!



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SKILLS

Dealership Financial Analysis
(Analyzed over 28,000 statements)

Extensive Public Speaking Experience

Creative Strategist

Advanced MSPowerPoint Skills

Advanced MSWord and MSPublisher

Intermediate MSExcel Skills

WORK EXPERIENCE

Profit Blueprints, LLC: President
2009–Present
Based on my client's requests, I started Profit Blueprints, an Automotive Consulting company. Monthly, I provide Dealers with Trend Analysis Reports, Action Plans for underperforming areas and conduct conference calls to ensure they are moving their departments to higher profits. I also write a monthly newsletter to provide my Dealers with innovative and actionable ideas.

Dealer Service Corporation: Automotive Consultant
1998–2009
Oversaw the financial analysis of over 200 Dealerships in the U.S. and Canada. Wrote more than 125 Action Plans to help department Managers monetize their opportunities based on data and best practices. Five of the years at DSC I headed the Profit Solutions division of NCM Associates, a Peer Performance Firm – originator of the 20-Groups. I also moderated two Human Resource Groups and presented topics of interest to Controller Groups.

Dealerships in Florida & Virginia: Controller and Operations Manager
1981–1997
Responsible for Dealership Accounting Offices (single and multipoint Dealerships) in Central Florida, Miami, and the Washington D.C. Area. I right-sized the Accounting staff and implemented efficiencies to maximize profits and improve cash flow.

ACCOMPLISHMENTS

- Partnered with Volkswagen University to train the Volkswagen Group of America's Field Managers to analyze their Dealers' financial statements to be true partners for profit improvement
- Presented two workshops at the National AICPA conference on Key Performance Indicators and Personnel Staffing for Dealerships
- Conducted a five-day workshop for Automotive Controllers
- Conduct training meetings for Dealer Groups and one-on-one training for Controllers
- Presented over twenty workshops for DealersEdge.com, covering a range of topics for every Dealership department
- In 2022, I Published *Accounting Guide for Dealership Controllers and General Managers.* Topics covered are:
  Financial Statement, Balance Sheet, Make the Most of Your DMS, Key Performance Indicators, Expense Management, Forecasting and Budgeting, Preparing for Disasters, Efficiency Strategies, Dealership Staffing and Pay Plans, Maximize Profits, and Minimize Internal Theft.
- Writer for Australian Auto Dealers Association's Monthly Magazine

BLUEPRINTS Profit
Dealership-Proven Plans for Net Profit Improvement

Additional Webinars That Complement This Webinar

dvg4 Turn Your Dealership Data Into Higher Profits Through Better Decisions Part 1: Understanding The Data

dvg5 Turn Data Into Action: Using Experience and A.I. to Improve Profitability Part 2: Acting On The Data

dpj4 Forecasting – What Must Change for Dealership Growth

dtd3 Expense Control: Targeting Profitable Categories

dsk2 Capture Record Net Profits Through Expense Management

dqd3 How Management by Checklist Can Improve Productivity

dql2 New Ideas for Overcoming Staff & Inventory Shortages

dsc5 Balance Sheet Health Turn Assets Into Profits & Paper Profits into Liquid Cash

dsl1 Closing The Books

dsl2 What Auto Controllers Have to Pay Attention to in January

duj3 Three Biggest Challenges and Opportunities for Controllers

In addition, read about Lean Six-Sigma to help reduce waste:

Waste Type	Definition
Defects	Information, Products And Services That Are Incomplete Or Inaccurate
Overproduction	Making More Of Something - Making It Earlier Or Faster- Than It's Needed
Waiting	**Waiting For Information, Equipment, Materials, Parts Or People**
Non-Utilized Talent	**Not Properly Utilizing People's Experience, Skills, Knowledge Or Creativity**
Transportation	Unnecessary Movement Of Materials, Information Or Equipment
Inventory	Accumulation Of Parts, Information, Applications, Etc. Beyond What Is Required By The Customer
Motion	Any Movement By People That Is Not Of Value To The Customer
Extra-Processing	Any Steps That Do Not Add Value In The Eyes Of The Customer

Minimum Department Suggested Net Profit To Gross Profit Retention %

Chart 1

Starting Targets For:	Domestic	Volume Import	Luxury
New Vehicle Net* To Gross	15%	20%+	20%+
Used Vehicle Net* To Gross	15%	20%+	25%+
Service Net To Gross	20%+	25%+	30%+
Body Shop Net To Gross	10%+	10%+	10%+
Parts Net To Gross	40%+	45%+	45%+

* Add Factory & Additional Fees From Miscellaneous Income To The Gross Profit and Net Profit, Then Divide Net Profit By The Gross Profit

For GM, Service, Body Shop and Parts Are Before Any Parts Transfer

Minimum Department Suggested Selling Gross/Department Net Profit To Gross Profit Retention %

	Starting Targets For:	Ford Pg/Line	Chrysler Pg/Line
New Vehicle Selling Gross/Department Net To Gross Profit	45% +	Page 4 Line 52	Page 2 Line 20
Used Vehicle Selling Gross/Department Net To Gross Profit	45% +	Page 4 Line 52	Page 2 Line 20
Service Selling Gross/Department Net To Gross Profit	55% +	Page 5 Line 60	Page 2 Line 32
Body Shop Selling Gross/Department Net To Gross Profit	55% +	Page 5 Line 60	Page 2 Line 32
Parts Selling Gross/Department Net To Gross Profit	65%+	Page 5 Line 60	Page 2 Line 43

Preferably: Make Sure The Expenses Are Allocated Appropriately; Ford Can Use Page 6/Line 29 and Chrysler Can Use Page 6/Lines32 and 62, and Use Chart 1

These Are Guides, If You Belong To A 20-Group You May Want To Use Their Targets Or Benchmarks.