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### The Core is Rotten

by : Dale Pollak

OK, I'm going to go out on a limb to challenge a conventional notion. I'm really troubled by the concept of "core inventory." I'm not saying that each store doesn't have a certain natural traffic profile based on its brand, location and community, but I am suggesting that the notion of a "core inventory," while appealing and comforting, is fool's gold.

The idea of "core inventory" suggests that there is a fixed profile of used vehicle inventory that produces optimal results. In other words, if you stock certain types of vehicles, you'll be well on your way to success. This notion makes the assumption that the automobile market place is steady and predictable. Without the assumption of steadiness and predictability, one could not legitimately suggest that dealers should stick to a defined core of inventory mix.

However, the truth is that the used car marketplace, by definition, is anything but steady and, in fact, is extremely unpredictable. There are hundreds of factors that are at play in our environment that influence consumers' purchase preferences and they are anything but steady and predictable. Fluctuating gas prices, interest rates and weather patterns are just a few factors that constantly befuddle those that attempt to stock inventory today based on what has worked in the past. In fact, the ultimate irony is that dealers who purchase such solutions for the purpose of maintaining "core inventory" are usually doing so because they're dissatisfied with their own past performance. It seems insane to keep doing the same things and expect different results.

As uncomfortable as it is, we need to let go of our security blanket or in the words of Thomas Friedman, our "olive tree" and accept the fact that in the words of Bob Dylan, "times are a changing." We must embrace uncertainty and accept the fact that what worked last year, last quarter or last month may not work today. This means that we must keep our finger on the pulse of the market place and take our cues from it in "real time" rather than from history. Our present inventory must always reflect the market at the moment. If gas prices are up, way up, we have to dump gas guzzlers in favor of compacts. If we're experiencing unusual amounts of snowfall, we must quickly respond with more four-wheel drives. If silver cars lose their appeal, we must quickly respond by changing our preference of color choices. We simply can no longer afford the convenient comforting thought that what worked in the past will work today or tomorrow. The only things that are constant and predictable are death, taxes and change. Let's wake up, smell the coffee and realize that the notion of "core" is rotten.

Drawing from 13 years experience as a dealer principal and eight years as a successful high technology executive serving the automotive retail industry, Dale Pollak is an authority on maximizing dealership profits from pre-owned vehicle operations. Pollak is the founder and chairman of the board of vAuto, Inc. a pre-owned inventory management solutions company.

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