

INVENTORY
MANAGEMENT:
**WHERE AGE
ISN'T JUST
A NUMBER,**
IT'S A PROFIT
MARGIN

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In our series on **Trade Appraisals and Market Pricing**, we started to discuss the topic of how effective inventory management can assist with better trade processes to keep your dealership competitive in the used powersports market. In this eBook, we'll dig deeper into the value of inventory management, the use of AI and integrated software solutions, and how digital solutions have surpassed the old ways of managing, monitoring, and performing inventory audits. Plus, we'll talk about how you can capitalize on all of this insight and put the right tools in place to re-strategize your own inventory management efforts for increased profits.

To begin, however, we want to discuss the importance of managing your inventory and finding the most efficient process to do so. There are several benefits of this process and many reasons to do it, but before you can get on board fully, you need to understand the "why". Keep reading to learn more about the basic benefits of managing your inventory effectively and efficiently with AI solutions and automated tools.



CHAPTER ONE: THE IMPORTANCE OF MANAGING YOUR INVENTORY

Think about what it would be like to walk out onto the showroom floor and have to look through every single unit firsthand to see if you have something available. What's worse is if you had to try to dig around the stockroom for a smaller unit or some accessories that you might or might not have, because you aren't tracking and managing your inventory effectively. It's all a hassle, right? With proper inventory management solutions, that hassle is gone for good.

Although there are dozens of reasons that you need effective inventory management solutions, there are a few that are more universally applicable than others. They're also some of the biggest reasons to integrate AI for your inventory management needs. At the very basic level, if you don't know what you have, you can't know how to make the most of it. Of course, managing your inventory can also offer things like:

- *Increased profit margins*
- *Improved control of transactions and deals*
- *Improved operations*
- *Streamlined inventory management and monitoring*
- *Reporting and analytics with valuable insights*
- *Smart merchandising*
- *Improved cost savings*
- *Reduced risk of stockouts or overstocking*
- *Improved leverage in deals*
- *Better decision-making opportunities*

Keep reading to learn more about the importance (and value) of managing inventory, as well as how you can start working on your strategy and how, ultimately, improving your inventory management and reducing the age of items in your stockroom can improve the profit margins for your powersports dealership.

Inventory Control Means Profit Control

Selling new units is going to garner the higher dollar amounts in your transactions, but selling used units is definitely the way to get the highest profit potential. After all, while new units have their own concerns like MSRP and wholesale costs that impact just how much profit you can make, used powersports toys have a lot more leeway. Think about it—you're in charge of what you take on trade, how much you pay for each unit, and then how you price each unit for resale. Whether you realize it or not, you even control how long you hold onto each trade that you take-- which can further impact the profit potential.

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If you are utilizing inventory management solutions based in AI, you're going to be provided with valuable monitoring and management tools that will help you identify potential profit targets. They will also help you figure out where you can make better deals, how you can move inventory faster, and which units just aren't going to move so that you don't bring more in.

Taking back control of your inventory is what will take your dealership to the next level and keep you ahead of the competition. Plus, when you do it with an integrated inventory management solution, it will be easy for you to find all of the profit potential with less work because you've already got the main platform in place.

The age of your inventory is critical to your profit margins. How well you manage your inventory will be responsible for determining the lifecycle of your powersports units.

Cost Savings from Automation

Speaking of the platform being in place, that's also going to save you money. Automation will be less of an investment when you already have a technology stack that you can add to. Integrating also makes it easier for you to track things and find valuable cost savings along the way. You'll reduce the costs associated with human error by automating and streamlining your inventory management, for starters, which can generate even more cost savings.

Improper inventory management can create a variety of issues, most of which can be resolved through automated software. For example, you can reduce the risk of stockouts or overstocks, which will save you money and keep you from losing money on deals when there are stockouts that could have been avoided in the first place. Automation allows you to find all kinds of ways to save money on your inventory and improve your profit margins for both used and new units alike.

Better Leverage for Making Deals

When you know what your inventory looks like at all times, you'll have more leverage in all of your deals. Whether it's selling a new or used unit, taking a trade, or even trying to get a deal on parts or new units based on your current inventory or what's selling well, every single transaction will have instant leverage once you've implemented an effective solution for inventory management. Having access to instant information from your inventory and analytical reports can give you the resources to leverage negotiations with suppliers and customers wanting to trade.

When you know what you have in your inventory and what is selling, you'll be able to make better buying decisions. You'll also be able to know almost instantly whether you're making the best deals or not. With this kind of detailed information on hand, you'll have better behind-the-scenes insights on your suppliers, your customers, your own inventory, and so much more. That will give you everything that you need to leverage your buying power in every capacity for future profits and better negotiations in your powersports dealership.

Next up, we'll help you understand how to get started on streamlining so that you can take advantage of all of the perks that we've discussed so far.



CHAPTER TWO: THREE STEPS TO STREAMLINED INVENTORY MANAGEMENT

Now that you have a little better understanding of why you need inventory management in your powersports dealership, it's time to get started on analyzing where your dealership stands. That way, you can make a plan to move forward and improve your own inventory management by integrating automated software solutions.

Your inventory and the way it is managed could very well be one of your biggest operating expenses. As such, it's smart to try to reduce the expense where you can. The best way to cut your costs is to find the biggest growing pains and gaps in your inventory management. You should always take the time to sit back and plan accordingly, and that starts with getting to know your needs.

Analyze Your Needs

The great thing about inventory management solutions is that they can be customized to your needs. However, that also means that you have to know what you need. Take the time to sit back and look at where your current inventory management solutions stand and where you might be able to make improvements. What kind of improvements could be made to your existing inventory system? What kind of needs do you have?

One of the best things that you can do is to ask your staff where things could improve. They're the ones that deal with the inventory system on a daily basis and they might know better than you where the system is failing. We're not reinventing the wheel here—it's a simple process of finding the problems so that you can create the right solution.

Managing and monitoring your inventory with the assistance of AI is going to help you address all of your needs and concerns. However, to create the ideal platform and make the most of your integration, you need to be fully aware of the elements that you want to capitalize on. With a solid strategy in place, the integration process will be much easier and you'll be well on your way to improved profits simply by reducing stagnant inventory and other issues.

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Integrate a Solution with Your Existing Dealership Management Platform

Perhaps the best way to handle your inventory control is to choose a solution that will integrate with your existing dealership management software solutions. The PSX Digital Inventory Management tool is designed to work with the entire PSX Digital powersports management platform that includes everything that you need, from CRM and marketing automation to AI-powered websites.

When you have one platform for everything, you are going to have the most streamlined operations possible. That will again mean that you'll reduce your operating expenses, thereby increasing profit margins across the board. The less money that you spend managing your dealership, the more money you'll have to add to the bottom line.

An integrated solution will allow you to monitor your inventory and make changes in an instant, get access to valuable data and analytics that can help you make better buying and selling decisions, and even connect your inventory to your marketing campaigns to create dynamic, custom content and unique targeted ads. It's all about getting more for your money and since the topic of this book is profit margins, you might as well find as many as you can.

Make a Plan for Better Management Moving Forward

Once you've integrated an inventory management tool with your software platform, you'll be ready to implement a new plan for managing your inventory moving forward. The biggest takeaway here is that you must make a plan. Inventory management doesn't just happen on its own. Whether you have one person to oversee things or you train everyone on how to make the most of your IM software solutions, you need to make sure someone is keeping an eye on things.

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As mentioned earlier, a solid strategy is the key to success. You can do everything with a proper inventory management tool, including monitoring units to make sure that they are moving quickly enough to turn a profit. If you realize that you're making bad deals, you'll be able to make real-time adjustments and quick improvements so that you aren't waiting forever to see the results of your efforts. Plus, the faster you find solutions, the less chance you stand at losing profits in the meantime.

When you integrate your digital inventory management solution, you will be able to automate various tasks and ensure that monitoring is keeping tabs on everything. You will be able to get a general overview of your inventory and use that information to help develop your future inventory management strategy. You might even gain valuable insights about how you can improve the cycle of your inventory and ensure that you're not sitting on a unit for longer than it's worth.

With a good plan, you can capitalize on your inventory management solutions and find a variety of ways to increase your profit margins. This brings us to the topic of our final chapter: the "how" of managing your inventory can increase profit margins.





CHAPTER THREE: MANAGED INVENTORIES MEAN BETTER PROFIT MARGINS

We've talked vaguely about how having your inventory in order can improve your bottom line throughout this book, but this is the chapter where we're really going to dig into how managing your inventory can impact your profit margin more than you might realize. From the benefits of streamlined software to a better awareness of your dealership, having a well-managed inventory can do a lot for your dealership. The basic model, however, is simple:

- *Know what you have*
- *Know what you can sell*
- *Know what people want*

If you can accomplish these three things, you can have a lot more control over your profit margins and stay ahead of the competition in every way possible. Below, we'll get into each of these aspects in a little more detail to help you understand how you can capitalize on your inventory knowledge to increase how much your dealership gets in return for all of its hard work.

Remember that you have to give your dealership the tools that it needs to succeed in the first place. If you've taken the time to digest the information so far, you'll know that half the battle of this process is implementing a solution and coming up with a strategy to manage your inventory effectively. After that, it's all right at your fingertips—literally. Now, back to that strategy. Knowledge is power, but in this case, knowledge is also profit.

Know What You Have

The single most important goal of inventory management is to make it easy to track what your dealership has on hand at all times. A real-time look at what comes in, what goes out, and what your stock levels are is essential to a variety of business goals, but it definitely makes a significant impact on your profit potential.

Imagine, for example, that you have no idea that you've already got two of the same unit in stock in your used inventory, and someone wants to trade another. Without knowing that you already have a couple hiding somewhere, you might offer them more for their trade than you can truly afford—after all, how can you give top dollar when you've already got two units sitting on the floor, so to speak?

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No matter what else you do with your inventory or what elements you include in your management strategy, the biggest factor in what will make or break your success is knowing what you have on hand. Without this knowledge, you might as well just assume you'll never have control or the best profit margins.

Know What You Can Sell

It doesn't matter how good of a deal you get on a unit if it isn't going to sell. Age is, by far, the most important killer of profits in the inventory cycle. The sooner you can get things out the door, the less time you spend sitting on maintenance costs, storage costs, and losing value as the days pass. You should never make deals just for the sake of the deal. You have to know what is selling and what isn't. The latter is probably more important.

With inventory management solutions in place, you will be able to see everything in your inventory and how long it has been there. You can even set up custom alert systems to let you know about certain items that may be sitting too long or losing profit potential. All of this will help you guarantee that your inventory is not just moveable, but that it's actually moving along as it should.

Automated reporting can also provide you with a detailed analysis and full list of your unit sales, as well as a list of your current inventory complete with the age of each unit and how much profit potential it has left before it becomes a loss. This will give you a much better handle on increasing your profits because you won't invest in inventory that isn't worth the money.

Know What People Want

Of course, regardless of what you have and what's selling, the most important thing that you need to know for the sake of profits is what your customers want. The profit margin on delivering the customer need or desire is massive compared to other elements discussed in this book. When you have the toys that people want, they're going to be willing to spend the money on them. Plus, if you can figure out what people want ahead of time, you can anticipate your inventory needs and make deals based on that information.

The profit margin on a highly-desired motorcycle is going to be a lot higher than the profit margin on a standard powersports unit that might or might not be a hot seller in the current market. The latest and greatest toys are always critical to have on hand, but you can use inventory management to find out which ones you should specifically focus on in your dealership. There really is so much that you can gain from taking the time to figure out what your buyers want.

Profit margins are going to vary, of course, but the fact of the matter is that if you're using your inventory insights like finding out what customers want to make better deals, you're going to improve your bottom line in no time.

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Conclusion

The PSX Digital Inventory Management platform has everything that you need to improve your inventory management now and in the future. With valuable data, pricing insights, and smart merchandising recommendations, it will ensure that you enjoy cost savings and a much better profit margin on your transactions overall. Plus, you'll never worry about the age of your inventory because you can be notified when there are units that are sitting too long.

Age is much more than a number when it comes to powersports inventory. In fact, age can be a sign that something is wrong. Whether that is the buying process, the marketing of your units, or even just the fact that people aren't looking for the types of units that are difficult to sell. By doing some research and incorporating automated inventory management solutions, you will be able to find out more about why an item might not be selling or what you can do to get the units out of your inventory if they're slow-moving.

Get ready to add the next piece to your technology stack with an integrated, customized inventory management solution. Not only will it help you increase your profit margins, but it will improve your dealership as a whole and give everyone an invaluable tool that can be used in every transaction.

Resources

<https://psxdigital.com/ai-inventory-management/?nab=0>

<http://www.scmdojo.com/importance-of-inventory-management/>

<https://www.fishbowlinventory.com/articles/inventory-management/importance-of-inventory-management/#:~:text=Inventory%20management%20is%20important%20to,to%20do%20them%20all%20manually.>

<https://www.scanco.com/top-five-benefits-of-a-good-inventory-management-strategy/>

<https://blog.linnworks.com/inventory-management-benefits>

<https://powersportsbusiness.com/columns/2013/10/02/6-methods-to-improve-your-inventory-management/>

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