



Inventory CPR

Reviving Your Margins in a Stalled Market

Easy to Stay the Same

The decisions we make in the good times will get us through the bad times!



What processes should we have done different in the good times?

Implementing Ideas

The What
The Why
The How



Dept. Managers and Salesmen

Managing a department or Salesmen with a territory or key accounts

What are they accountable for?



1. Growth, More Than Retails

Sales Growth, but what else?

- **Knowing when the market changes**
- **Strengthen customer relations**
- **Selling skills/ Skills of the dept**
- **Product knowledge**
- **Leading edge of innovation**
- **Your operations and leadership skills**



Growing Market Share Vs Market Presence

New unit sales are important – it keeps the OEM factories full

Retails start the profit curve



More units out, the more aftermarket can showcase their abilities

2. Image, Can Image Be Measured

- **Customer satisfaction surveys**
- **Outhouse or Penthouse**
- **Who has neglected to return a call or follow up with a sales lead?**



Image: Online Listing



 [VIEW GALLERY \(15\)](#)

2023 MISCELLANEOUS T264

\$15,999

TYPE: Compact

YEAR: 2023

HOURS: 1

LO

SE



3. Gross Margin

How do we increase gross margin?



Be the salesmen to buy from

GM: Lose A Deal With Grace

Our Quotes	100
Close rate 25%	25
Did not get the deal 75%	75
Good terms, 1/2 return with another opportunity	38
1/2 buy from the salesmen without shopping	19
The original 25% of deals	25
Additional or incremental deals	19
Total from the first 100 quotes	44 or 44%

CODB: Wholegoods Gross Margin

	New	Used	Total GM%			New	Used	Total GM%
2025	4.2%	9.8%	5.9%		2019	6.5%	5.0%	6.0%
2024	6.7%	7.0%	6.8%		2018	6.7%	3.9%	5.7%
2023	7.0%	8.8%	7.6%		2017	7.3%	2.5%	5.6%
2022	7.5%	6.6%	7.1%		2016	7.2%	1.6%	5.2%
2021	6.5%	4.7%	5.8%		2015	6.8%	2.7%	5.5%
2020	6.0%	4.0%	5.3%					

New and Used Gross Margins

Where we post gross margin depends

- **Product mix**
- **Industry**
- **Company History**



4. Inventory Control

Are your current inventory mgmt practices and strategies

- 1. Proactive**
- or**
- 2. Reactive**



5. Coaching

Are your managers/salesmen coaching

- **your team**
- **your customers**
- **your suppliers**



**Customers accept your salesmen as an
Iron Peddler or Trusted Advisor**

OEM- North American Study

4x more agriculture equipment on the ground than what is needed to produce a crop

Do your salesmen know why customers buy equipment?

- 1. Technology**
- 2. Operator Shortage**
- 3. Tax Reasons**



6. Expense Control

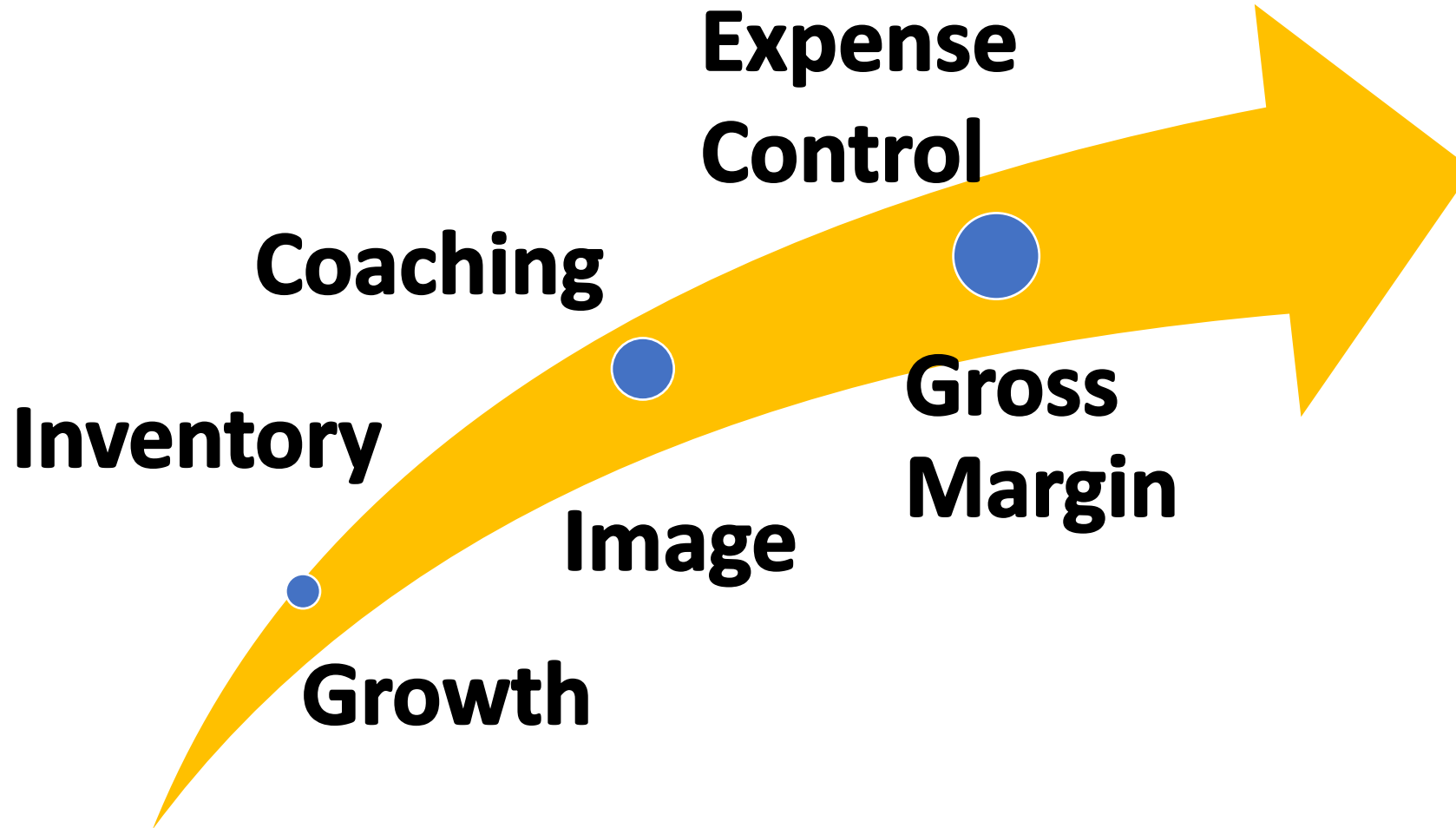
Are you monitoring department expenses?

What actions / activities adding or reducing your expenses?

Small efforts by many make for big savings



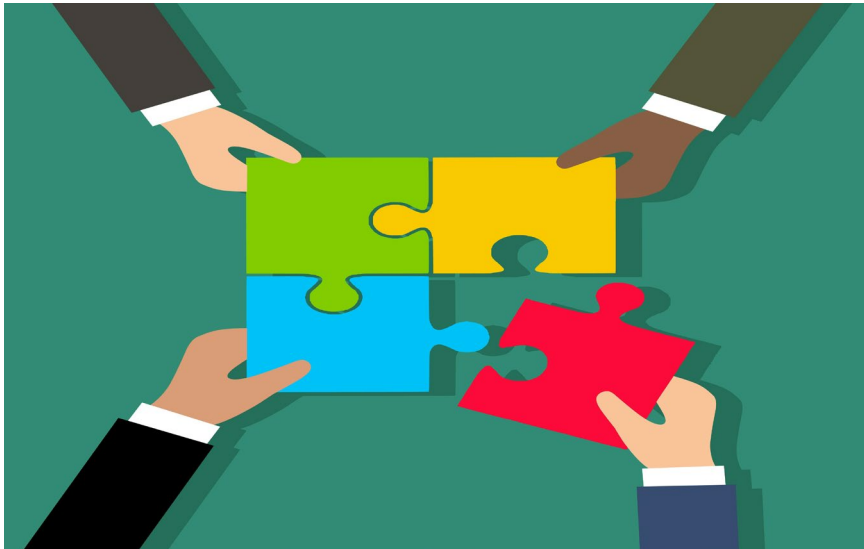
Manager and Salesmen Accountabilities



Mergers & Acquisitions

Average Locations per Organization

2025	11.4
2024	9.3
2023	7.2
2022	7.4
2021	5.2
2020	4.8
2019	3.9



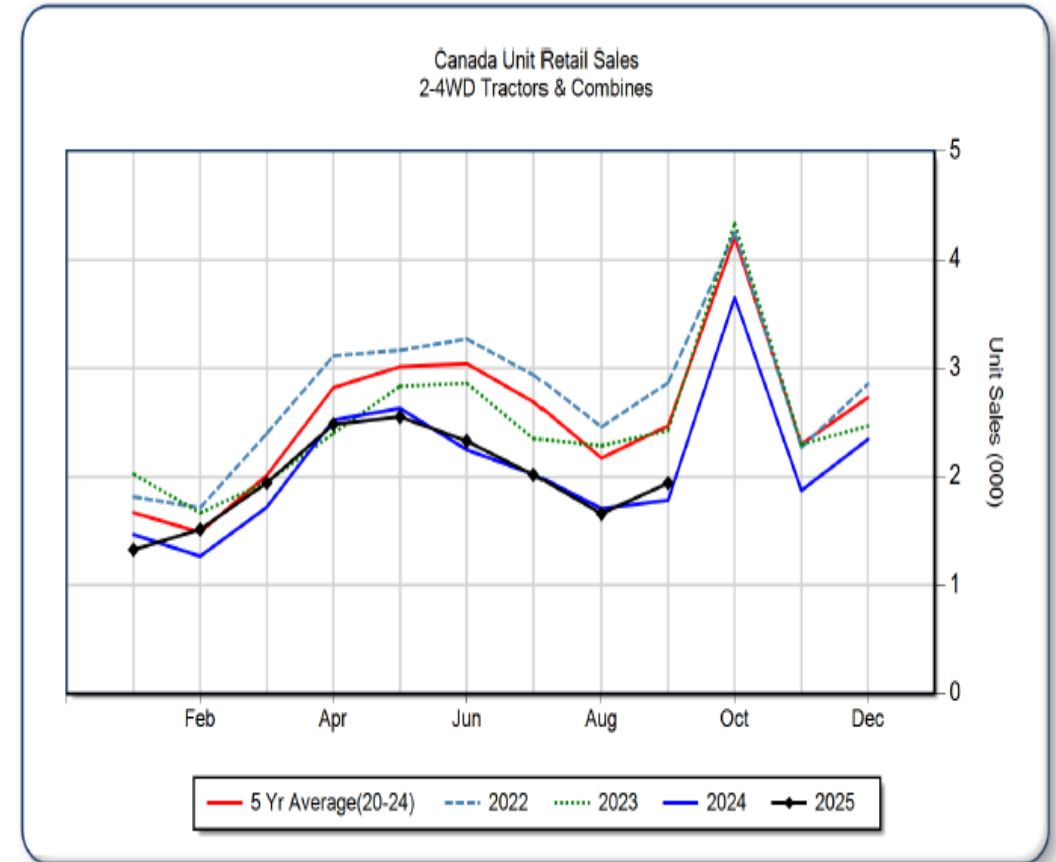
Association of Equipment Manufacturers Reports

AEM Canada Ag Tractor and Combine Report September 2025

(Report Released 10/10/2025)

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	September			YTD - September			Beginning Inventory Sep 2025
	2025	2024	%Chg	2025	2024	%Chg	
2WD Farm Tractors							
< 40 HP	1,141	1,033	10.5	10,376	9,859	5.2	8,526
40 < 100 HP	415	363	14.3	3,118	2,977	4.7	3,890
100+ HP	233	222	5.0	2,184	2,452	-10.9	2,044
Total 2WD Farm Tractors	1,789	1,618	10.6	15,678	15,288	2.6	14,460
4WD Farm Tractors	27	76	-64.5	685	739	-7.3	174
Total Farm Tractors	1,816	1,694	7.2	16,363	16,027	2.1	14,634
Self-Prop Combines	125	88	42.0	1,402	1,339	4.7	418



Graph - All units, limited use

AEM Reports – Jan-Oct

USA				Canada		
	2025	2024	2023	2025	2024	2023
<40HP	109,336	118,486	138,956	11,780	11,417	13,931
40<100 HP	44,925	46,780	51,863	4,248	4,043	5,201
100+HP	15,203	19,993	23,610	2,587	2,954	3,323
4WD	2,216	3,835	3,786	759	957	848
Combine	3,063	4,977	6,474	1,644	1,633	1,841

Inventory Dashboard

1. Equipment Turnover
2. Aging Ratio
3. Wholegoods Mix
4. Inventory Sales Ratios
5. Days and Trade Ratios
6. Cash Ratios

1. Turnover Ratios

History states, Turnover is the **#1 metric** regarding inventory management

Is it #1?



	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-24	Aug-24	Sept-24	Oct-24	Nov-24	Dec-24	Total	Turns
USED COMBINES						837,790		200,472		-28,305			1,009,957	2.0
	258,695	265,221	1,104,115	1,104,115	1,104,115	672,858	356,737	228,139	230,130	258,435	258,695	258,695	508,329	
USED COMBINE HEADS	98,350		137,841	16,800		347,001	492,820	150,289				26,350	1,269,451	3.8
	265,015	264,216	488,691	488,807	506,916	604,064	251,533	196,526	203,026	257,026	257,908	257,908	336,803	
USED 4WD TRACTORS						74,571				259,155		103,469	437,195	2.6
	70,498	70,498	71,325	71,325	72,566		362,357	445,241	448,827	169,052	163,964	70,498	168,013	
USED TRACTOR 100+ HP				35,361		81,539	47,021						163,921	1.2
	203,721	185,959	187,764	158,074	243,151	194,286		9,236	9,236	146,851	167,214	169,490	139,582	
USED TRACTOR 40-99 HP						3,520	87,039	21,000	4,363				115,922	8.8
	51,250							4,363			51,250	51,250	13,176	
USED COMPACT					9,373								9,373	40.7
					1,383	1,383							231	
USED SWATHER						14,572	66,520						81,092	6.0
	14,000	14,000	14,000	14,000	14,000	7,502	14,000	14,000	14,000	14,000	14,000	14,000	13,459	
USED BALER				9,500		8,999			-5,000	-2,650			10,849	0.5
	45,081	54,581	54,581	45,081	51,081	45,081	-8,000	-3,000	-2,650				23,486	
USED SKIDS/CONSTRUCTION		3,210	51,400	62,939	20,296	34,019	57,326			21,957	35,000	200,370	486,517	11.0
	3,325	110,125	67,463	12,170	77,173	71,817	30,306	30,306	30,306	3,325	82,002	12,058	44,198	
Total Used COS	107,122	3,210	592,612	128,334	28,181	1,430,405	872,635	371,761	7,765	260,229	38,500	403,791	4,244,545	2.4
Total Used Inventory	1,432,562	1,480,385	2,692,979	2,624,135	2,802,436	2,305,353	1,275,583	1,251,367	1,304,200	1,451,314	1,610,427	1,410,262	1,803,417	

	Turns
USED COMBINES	2.0
USED COMBINE HEADS	3.8
USED 4WD TRACTORS	2.6
USED TRACTOR 100+ HP	1.2
USED TRACTOR 40-99 HP	8.8
USED COMPACT	40.7
USED SWATHER	6.0
USED BALER	0.5
USED SKIDS/CONSTRUCTION	11.0
Total Used COS	2.4
Total Used Inventory	

2. Aging Ratios

Normally - Percent of units over 12 months

Possible no units over 12 months?

Aged reports need to show <12 months

Desired margins from aged inventory?

Days In Inventory Reports

Reports By

- **Location**
- **Brand**
- **Product within the Brand**

List units by days in stock

Segmented Days Report

- **Under 3 months**
- **3-6 months**
- **6-9 months**
- **9-12 months**
- **12-24 month**
- **24-36 month and so on**

Brand	Model	Invoice	Owed	Days
Vermeer	R2800 TWINRAKE	\$37,862.65	(\$37,279.90)	381
Schulte	XH1500 MOWER	\$41,979.00	\$0.00	443
Schulte	XH1000 S5	\$37,522.99	\$0.00	452
MacDon	D235	\$113,443.00	\$0.00	472
WESTFIELD	WRX8X41	\$7,501.00	\$0.00	547
		\$4,848,401.43	(\$4,427,106.72)	
Bobcat	E60	\$88,799.72	\$0.00	550
Bobcat	S86	\$79,182.60	\$0.00	561
VIRNIG	DHV72EX-GB	\$1,591.20	\$0.00	630
VIRNIG	DHV84EX-GB	\$1,859.80	\$0.00	630
GREAT PLAINS	MPS 9'	\$22,958.22	\$0.00	644
Vermeer	R2800 TWINRAKE	\$37,713.13	(\$37,279.90)	717
		\$255,730.87	(\$37,279.90)	
Bobcat	BUCKET	\$1,546.52	\$0.00	779
Bobcat	8 BU 2 BAG COLLECTOR	\$2,695.28	\$0.00	850
TRIMBLE	GFX-350	\$7,766.64	\$0.00	940
SNOWEX	8000 HD BLADE	\$196.00	\$0.00	945
MAXIE GRAPPLE	MAXIE GRAPPLE	\$3,429.20	\$0.00	983
A&B EAGLE	FSF40	\$556.83	\$0.00	1065
		\$16,972.45	\$0.00	

Selling Aged Units

Almost every KPI's is affected by selling aged

- Equipment Aging
- Turnover
- Interest Expense
- Gross Margin Accurate
- New-Used Ratio
- Store Sales Mix
- Sales to Inventory
- Adv. Expense
- Cash Allocation
- Used as a % of R12 Sales
- Dept. Net Income
- Washout Cycle

3. Wholegoods Mix

Measuring New to Used Mix

1. Units
2. Dollars
3. Percentage
4. Brand
5. Products in a brand

CODB: New - Used Ratio (000's)

	2025	2024	2023	2022	2021
New Whg's	\$11,466	\$13,307	\$12,053	\$10,249	\$7,873
Used Whg's	\$5,045	\$6,942	\$6,559	\$5,531	\$4,654
New to Used	69%-31%	66%-34%	65%-35%	65%-35%	63%-37%
Total Whg's	\$16,511	\$20,249	\$18,612	\$15,780	\$12,527

What is a healthy new to used balance?

4. Inventory to Sales Ratios

- 1. Current Inventory**
- 2. Used Inventory % of R12 N/U Sales**
- 3. New Inventory / R12 New Sales**
- 4. Used Inventory / R12 Used Sales**

USA- AME +100 HP

+100 HP	Sold Unit	Stock Unit	Sales to Inventory
2019	18,583	8,704	47%
2020	19,165	7,036	37%
2021	23,729	5,568	23%
2022	26,442	8,062	30%
2023	27,750	11,098	40%
2024	22,865	10,714	47%

2024 - 2021 Sales 4% decrease
2024 - 2021 Inventory 93% increase

USA - AME 4WD

4WD	Sold Unit	Stock Unit	Sales to Inventory
2019	2,889	758	26%
2020	2,992	738	25%
2021	3,529	375	11%
2022	3,469	529	15%
2023	4,564	686	15%
2024	4,358	840	19%

2024 - 2021 Sales

22% increase

2024 - 2021 Inventory

125% increase

USA – AME Combines

Combine	Sold Unit	Stock Unit	Sales to Inventory
2019	4,807	757	16%
2020	5,056	619	12%
2021	6,278	465	7%
2022	7,267	908	12%
2023	7,369	1,229	17%
2024	5,564	1,079	19%

2024 - 2022 Sales

24% decrease

2024 - 2022 Inventory

18% increase

Next Years Inventory in Stock

USA					Canada		
Jan-Oct 10 month	2025 Retails	Stock Units	% of Next Years Supply		2025 Retails	Stock Units	% of Next Years Supply
100+ HP	15,203	7,727	51%		2,587	1,997	77%
4WD	2,216	651	30%		759	179	24%
Combine	3,063	1,007	30%		1,644	361	22%

35

Used Inventory % of R12 N/U Sales

CODB	2025	2024	2023	2022
N/U Sales	\$16,510,	\$20,250,	\$18,615,	\$15,780,
Used Inventory	\$2,425,	\$2,553,	\$1,894,	\$1,380,
Percentage	14.7%	12.6%	10.2%	8.7%

**Measure by
Brand /
Product**

Production Ag Dealerships < 10%
Livestock Dealerships < 5-6%
Compact Equip Dealerships < 3%

5. Days and Trade Ratios

Tracking washout tells us...

1. Days to Washout

2. Average # of Trades Taken by Product

Days to Washout an Order

New
Tractor
and
2 Trades =
660 days
840 days

Action	Date	Days
Ordered	June 2023	
New Arrived	Dec 2024	180
New Retail Date	Feb 2024	60
1 st Trade Retailed	Jan 2025	330
2 nd Trade Retailed	Sept 2025	270
Washout Inventory Days	1.8 Years	660
Washout Order Days	2.3 Years	840

Trades / New Retails

Average # of Trades Taken by Product/ By Brand.
Find the tally balance

1. **Sprayers**
2. **Row Crop Tractors**
3. **4 Wheel Drive Tractors**
4. **Combine**
5. **Planting/Seeding**
6. **Forage Harvesters**



Only track the
problem products

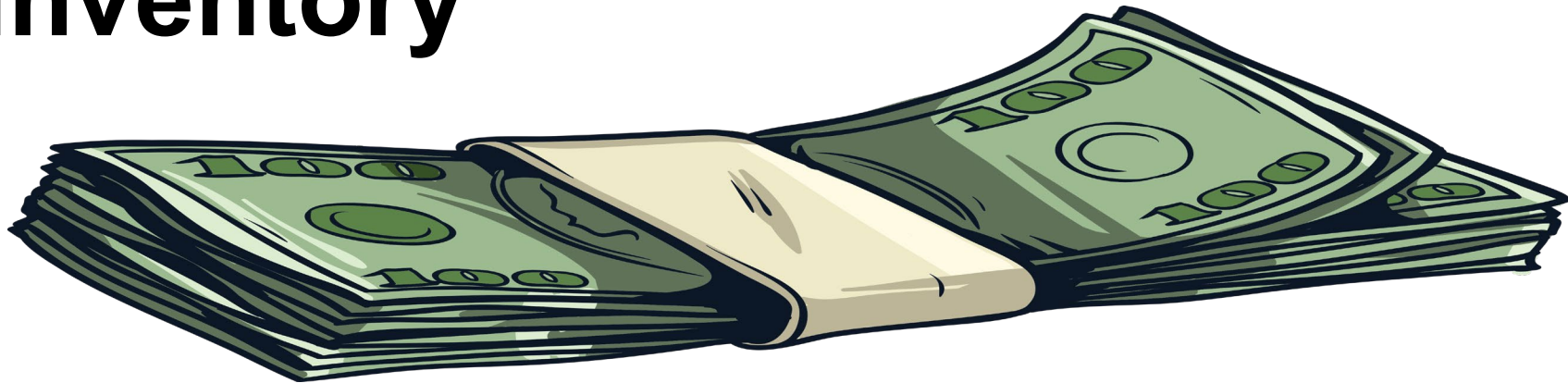
Washout : Canada / US

2024	<u>4WD</u>	<u>Combines</u>
New Retail	5491	7338
Average # of Trades	2.5	3.5
Expected Used to Take in / Sell	13,727	25,683
New + Used to Sell to Washout	19,218	33,021

6. Cash Ratios

1. Cash Allocation

2. Paid inventory as a % of inventory



Cash Allocation

Measuring the paid inventory against assets

Target: Less than 35%



Limit cash the wholegoods dept can have invested in equipment?

Wholegoods Inventories of Total Assets (000's)

NA#	New Equipment		Used Equipment		Total New & Used	
<i>New / Used % of <u>Total</u> Assets</i>					<i>Target <60%</i>	
2024	\$5,053	43%	\$2,553	22%	\$7,606	65%
2023	\$3,593	38%	\$1,894	20%	\$5,487	58%
2022	\$2,167	31%	\$1,379	20%	\$3,546	51%
2021	\$2,803	34%	\$1,905	23%	\$4,708	57%
2020	\$3,270	44%	\$1,778	24%	\$5,047	68%
2019	\$2,791	40%	\$1,818	26%	\$4,609	67%

Data Removes Emotions

If you don't record it – it can't be tracked

If you don't track it – it can't be measured

If you don't measure it – it can't be controlled

If you don't control it – it can't be improved



