

# Stocking: The technical view

James Powell argues that modern systems are crucial for dealers' stocking programmes

We have noticed a trend emerge whereby the large dealer groups are increasingly shopping around for their new and used stock funding sources.

"IN THIS ENVIRONMENT IT IS NOT UNKNOWN FOR THE DEALER GROUP TO TAKE ADVANTAGE OF THE INTEREST-FREE PERIOD."

This supports the view that manufacturer captives no longer hold a monopoly position over the franchised dealers, who actively seek the best available deal on the market. In this environment it is not unknown for the dealer group to take advantage of the interest-free period on the manufacturer consignment plan before transferring to an alternative provider of new-car



■ James Powell

funding for the remainder of the stock period.

To the independent financier, this represents a clear opportunity to fund vehicle stock earlier in its lifecycle than has traditionally been the case and also to

make a proposition to the dealer for funding its entire stock portfolio of new and used vehicles.

However, deals of this nature also present challenges in the form of the administrative overhead of processing high volumes of stock – volumes that were previously only associated with manufacturer joint ventures. For this reason, integration with the dealer's dealer management system (DMS) in order to extract vehicles for funding in volume has become a critical requirement to secure this lucrative business directly with the dealer, while limiting associated costs.

#### Automated Processing

To describe a typical process, vehicles are flagged for

funding in the DMS, extracted in volume on a daily basis and fed automatically into the stocking system.

The system applies business rules, defined by the user, taking into account vehicle valuations, and in conjunction with DVLA and finance history data (retrieved from HPI or Experian), in order to obtain an automated credit decision on a vehicle-by-vehicle basis. The majority of vehicles are funded automatically in this way and only those vehicles that fall outside the relevant funding criteria need to be worked manually by the finance company.

*James Powell is business development manager at APAK Group*

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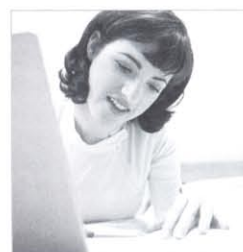
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L1.3	Asset Finance Pricing	13 Sept 09.30–13.00
L1.4	Lease Accounting	13 Sept 14.00–17.30

### ■ ASSET FINANCE LEVEL 2

L2.1	Risk Analysis and the Sales Process	19 Sept 09.30–13.00
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L2.4	Taxation	20 Sept 14.00–17.30



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