



DEALER PLAYBOOK

Why Acting Now Matters

How Taking Action in a Down Market
Creates Outsized Advantage

Featuring insights from:

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What This Playbook Covers

Winners of down markets are usually those that invest in their business and their people. This decision framework was created for dealership leaders who want to position their organization to capitalize when the market changes, rather than simply wait for conditions to improve.

This guide covers:

- The financial reality of where dealerships sit today and why cash flow is the only current metric that matters
- Specific KPIs and benchmarks from work with dozens of dealerships nationwide
- A practical inventory triage framework you can implement this month
- The hidden margin erosion most dealers don't see until it's too late
- An incremental action plan that compounds small wins into significant advantage



“We’ve Been Working for Everyone but Ourselves”

Since March of 2020, dealerships have been in constant reaction mode – first, keeping the doors open through COVID, and then selling as fast as manufacturers could produce, **working for the OEM**. When the cycle turned, they switched to absorbing losses to keep farmers afloat, **working for the customer**.

Through all this, dealerships invested in facilities, paid employees well, and kept operations running. But by the end of 2025, many had burned through their cash reserves without rebuilding the margins needed to sustain the business long-term.

Now comes the choice every dealership leader needs to make:

Will you use this moment to reset and rebuild or keep reacting until the next crisis forces your hand?



“Every once in a while we have to have these years where we reset and talk about how we really show that we know how to be a dealership and manage our way out of this.”

- Marc Johnson,
Pinion Global

Where We've Been, Where We Are

The current downturn actually started in June 2023, when rising interest rates and dropping commodity prices shut down equipment orders almost overnight. The boom years of 2021-2022 created three compounding problems:

Compressed buying cycles

Dealers sold roughly three and a half years' worth of equipment in eighteen months, pulling demand forward and hollowing out future pipelines.

New buyer conversion

First-generation used buyers were converted to new buyers. When those machines came back as trades, there was no second-generation used market to absorb them—just a glut of expensive first-generation used.

Inflated expectations

KPIs set against 2021-2023 performance became meaningless. The ratios that normally govern healthy operations became less relevant.

The Three-Year Reset

This down cycle has now lasted roughly three years, which is significantly longer than the typical eighteen to twenty-four month correction. But history shows that the end of a down cycle is not a hockey-stick recovery and that there is a period of stabilization where customers and dealers adjust to the new reality before growth returns.

If 2026 wound up being like 2025, I'd have a host of dealers that wouldn't have any of that excess profit left. They would have given it all back and maybe gone backwards.

The Benchmark Year: 2019

When Marc Johnson runs financial forecasts for his dealerships, he uses 2019 as the baseline, owing to its stable fundamentals and before COVID created distortions. If your KPIs are still benchmarked to 2021-2023 performance, these are likely to be unrealistic.

TWO TYPES OF DEALERS

Proactive vs. Reactive

Marc's analysis of roughly forty dealerships through 2024–25 revealed a clear pattern:

- **~Half acted early:** Wrote down inventory values at the end of 2024, took the hit, and gave themselves a fighting chance in 2025.
- **~Half held firm:** Believed they could sell their way out or that production cuts would make used more valuable.

The result? By the end of 2025, both groups ended up in roughly the same financial position. But the dealers who waited had a far worse experience getting there—and less control over the outcome.

The Lesson: Delayed Decisions Compound

Every quarter a dealer delays adjusting inventory, resetting margin expectations, or investing in process discipline, the cost of eventually making those changes increases. The proactive dealers chose their pain. The reactive dealers had pain chosen for them.

The Cost of Waiting: An Example

Consider two identical dealerships, each carrying \$5M in used inventory with 4% negative margin exposure:

- Dealer A writes down \$200K in Q4 and resets pricing. Dealer B waits two quarters.
- During that delay, Dealer B accumulates an additional ~\$75–100K in carrying costs (floor plan interest, depreciation, opportunity cost) and still takes the same write-down, plus the carrying loss.
- Over 36 months, this pattern compounds across every category on the lot, putting increased pressure to increase absorption and margins.

Cash Flow Is the Only Metric That Matters Right Now

Net income gets all the attention. But in a down cycle, cash flow determines whether a dealership survives to see the recovery. Marc puts it plainly: Some dealers posted their largest-ever losses in 2025, but the cash impact was muted because they were liquidating inventory equity built up during the boom. **That equity buffer is now largely gone.**

Dealers still carrying inventory with thin equity — perhaps only 4% — will find that even selling at target margins generates almost no cash.



How “Good” Years Hid Bad Cash

- **2021-2022:** Great sales, great margins, controlled expenses = **strong cash**
- **2023:** Good sales, tightening margins, rising expenses, rebuilding inventory = **bad cash despite a good P&L**
- **2024:** Bad margins, but aggressive cost management + inventory liquidation = **okay cash**
- **2025 to Present:** Revenue down, margins down, expenses creeping = **bad cash all around**

The takeaway is that 2023 was the year most dealers should have sounded the alarm. The P&L looked fine, but cash was already deteriorating.

“As your accountant, we could really care less if you don’t make net income money. We care a lot if you don’t make cash flow money.”

- Marc Johnson,
Pinion Global

THE CASH FLOW TRAP

What to Do About It: The Three-Bucket Inventory Triage

Marc recommends sorting every piece of inventory into three distinct buckets, each with its own financial objective if you are in a situation that needs cash:



Bucket 1: Cash Conversion

Old used, old short lines, obsolete parts. Forget margins and convert to 100% cash. This inventory was paid for long ago. Every dollar recovered is pure cash flow.



Bucket 2: Margin Protection

Expensive new and recent used. Since every 1% matters on a \$400K+ machine, hold the margin line. There's little cash to extract anyway due to high leverage, so don't sacrifice margin for volume.



Bucket 3: System Fuel

New orders and trades that feed your pipeline. Both margins AND cash matter here. Set minimum margin floors (1–2% absolute minimum; 4–7% target) and enforce them on every deal.

Reset Your KPIs for the New Normal

While the financial ratios that govern healthy performance don't change, the benchmarks have. Marc Johnson recommends recalibrating to these targets to meet the current market.

Metric	Target	Why It Matters
Used Production Rate	~64-70%	Above ~70% = overproducing used (can't sell it all). Below 64% = not enough used to generate next year's revenue.
Used Inventory as % of New Sales	~20%	Above 20% = too much used to sell through your normal customer base. Requires auction or cross-dealer sales.
Sales Mix (Whole Goods: Aftermarket)	70 : 30	During the boom, mix shifted to 85/15. That hid aftermarket underperformance. Getting back to 70/30 is critical.
Aftermarket Absorption	85-95% (Current cycle)	In the current sales-mix environment, 85-95% is equivalent to the old 110-125% target. Below 85% = you're in trouble. This will reset back to 110%+ as sales mix normalizes to 70/30.
Parts Margin	30%+	Dealers lost 1-2 points in '24-'25 while focused on whole goods. That's an expensive shift to recover from.
Service Margin	55-70%	Down in both volume AND margin in recent years. Easy to recover if leadership makes it a priority.
Used Equipment Margin	4-7% Target 1-2% Floor	Below 1-2% = you're subsidizing your customer's business at the expense of your own.

A Framework for Return on Equity

The DuPont Analysis is a financial framework that breaks down Return on Equity (ROE) into three key components: Profitability (net profit margin), Efficiency (asset turnover), and Leverage (equity multiplier). Marc recommends every leadership team use this framework for return on equity:

- **Profitability:** Net income per dollar of revenue
- **Asset Turnover:** How efficiently are you converting balance sheet assets (primarily inventory) into cash? Inventory sitting on the lot earns nothing and only creates value when it turns.
- **Financial Leverage:** Are you making money off of other people's money? During the boom, many dealers paid off lines of credit entirely. That felt prudent—but it also meant zero return on leverage.

How to Put Your KPIs Into Practice

- Display your one-page KPI dashboard using the above 7 metrics. Review it monthly with your leadership team.
- Benchmark current performance against 2019 levels, not 2021–23. If your targets are set against boom-year performance, you're measuring against a mirage.
- Assign ownership of each KPI to a specific leader. Absorption is a service manager responsibility. Used production rate is a sales leadership responsibility. Shared accountability means no accountability.



A sales operations platform like [Anvil Pro](#) can track and display important metrics like inventory mix, aged inventory, and sales velocity changes in different categories month over month.

The Margin Erosion You're Not Seeing

The biggest margin losses of the past two years didn't happen in whole goods, but in parts and services – the departments that make dealerships profitable.

During the boom, whole goods surged so dramatically that sales mix shifted from 70/30 towards 85/15. **But in 2024–2025, dealers became so fixated on restoring whole goods margins that the aftermarket actually lost margin dollars AND revenue dollars.**

Consider applying these practical recovery ideas (if you're not already):

☐

Audit parts and service margins today. Below 30% for parts or 55% service could indicate an urgent priority.

☐

Assign a senior leader to own aftermarket with the same rigor as whole goods.

☐

Launch seasonal inspection programs converting farmer pain points into parts/service revenue.

☐

Package technology upgrade kits (precision ag, planter upgrades) that drive customer ROI and shop hours.

☐

Enable sales to sell the whole dealership, not just the machine. This includes service contracts, extended warranties, and upgrade paths. Utilize technology like sales workflow software to make the sales process easier and more efficient.

Every Piece of Equipment Needs an Exit Strategy

Marc identifies several common root causes that leadership should investigate:



Rogue trades

Are salespeople still making unapproved trades that bring in equipment without a plan to move it?



Lack of attention

Are you aware of your aged-inventory reports, and if so, how are you holding your team accountable to them?



Multi-unit customer programs

Do you have large customers on 12–18 month trade cycles who are handing back fleets you can't absorb? Have you had the hard conversation about delaying those cycles? Can you incentivize longer trade cycles in other ways?

“The dealers that I have seen get through inventory cycles like this are ones that never really had inventory cycles like this. Because when they take inventory in, they put it on a clock.”

- Marc Johnson,
Pinion Global

From Instinct to Infrastructure

Every recommendation made here requires one thing most dealerships don't currently have:

Real-time visibility into their own operations.

Consider how many of the decisions described in this playbook are currently made at your dealership:

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Is trade-in equipment valued by gut feel or by current market data across thousands of comparable transactions?

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Can your leadership team see, in one view, every unit over 90, 180, and 270 days — with current market value against book cost?

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How quickly does a unit go from trade-in to front-line listed? Do you even track this?

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When Marc's triage says "convert old inventory to cash," do you have an accurate, current read on what it's worth?

Closing the Gap Between Strategy and Execution

The gap between knowing what to do and doing it comes down to data, process, and speed. Purpose-built tools make the difference — not as technology for its own sake, but as infrastructure that turns strategy into daily operational reality.



Tractor Zoom Pro

Tractor Zoom Pro gives teams access to real-time equipment valuations from auction results, dealer listings, and transaction data. Price with confidence, spot trends early, and benchmark against the broader market.



Anvil Pro

Anvil Pro is built for the operational challenges in this playbook: managing the used equipment lifecycle from intake to sale, enforcing pricing policies and review cadences, giving leadership visibility into aged inventory and margin performance across locations, and streamlining the workflows that turn trades into front-line-ready units. It makes "put every unit on a clock" an operational reality.

The Central Question

The strategies in this playbook aren't new. Most dealers know they should be tracking KPIs more rigorously, triaging inventory, and holding margin floors.

The question is whether your current tools and processes make those things possible at the speed and scale your business requires, or whether you're relying on spreadsheets, memory, and good intentions to execute a playbook that demands precision.

The Cycle Will Turn. Will You Be Ready?

Manufacturer production is near its floor. Commodity prices are slowly stabilizing. Government spending is beginning to flow into the farm economy. The signals, while not yet definitive, point toward an inflection somewhere in the next twelve to eighteen months.

The dealerships that capture disproportionate share will be the ones that used this period to reset their financial foundations, sharpen operations, and build data discipline for fast, confident decisions.

The ones that struggle will be the ones still waiting for conditions to improve before they start improving themselves.

“One of these days we'll be talking about how great profits are again, and then I'll have some tax advice for you. There's always something as a dealer — you never arrive.”

- Marc Johnson,
Pinion Global

Ready to Put This Playbook Into Action?

Tractor Zoom helps dealerships turn market intelligence into operational discipline. From real-time equipment valuations to streamlined used equipment workflows, our tools are built for dealers who want to move faster, price smarter, and protect margin in any market.

[Book a demo](#) to see how Tractor Zoom Pro and Anvil Pro can help your team execute the strategies in this playbook.