

The *AI Nucleus.*

Your framework for owning the intelligence layer
data, workflows, AI, and digital employees.

"I sold my first vehicle in 1990. A truck to a man named Bill Wahl."

There was no computer on my desk. No internet. No comparison tools. Bill Wahl came in with a brochure I gave him and a number in his head. **I came in with every number that mattered.**

That gap was not incidental to the transaction. It was the transaction.

1990

Full Control

No internet. No comparison tools.
The dealer held every number.

1999–2001

Internet Erodes the Edge

AutoNationDirect. Invoice prices go online.
Dealers fought it. The direction didn't care.

2026+

AI Completes the Job

AI agents compare 80 dealers simultaneously,
in real time, without fatigue or social pressure.

The dealership was never primarily in the business of selling cars.

It was in the business of solving three problems customers genuinely could not solve for themselves.

0 1

Information

No public invoice. No visible incentives. The dealer knew every number. The customer knew only what was shared. That asymmetry was not incidental to the business model. It was the business model.

0 2

Geography

Franchise law in all 50 states created legally protected territories. The competing rooftop did not exist across town. Buying a car was exhausting. Most people were not going to drive four hours to save \$300. The territory was the moat.

0 3

Complexity

A vehicle transaction is five or six layered in one room after two hours. F&I converts overwhelm into margin. F&I gross profit per vehicle topped \$2,501 in 2025 the highest in years, even as front-end compressed.

AI dissolves all three. The question is what you build next.

Tuesday. 6:48 AM.

The dealership is already running.

INVENTORY INTELLIGENCE AGENT

- Ran 4,200 pricing simulations overnight
- Flagged 5 units trending toward 45-day aging
- Reallocated digital spend to 2 higher-converting sources

SERVICE OPERATIONS AGENT

- Identified 4 appts needing parts — ordered overnight
- Balanced bay load to cut wait time 22 minutes
- Prepared advisor talk tracks for 3 high-value ROs

BDC INTELLIGENCE AGENT

- Flagged 17 hot leads older than 24 hrs with no response
- Identified 3 salespeople below appt conversion benchmark
- Escalated 9 deals needing immediate manager involvement

This is not the far future.

Today you will understand what that decision is, why the sequence matters, and exactly how to execute it in the next 18 months.

In AI terms, we are in 1997.

"It's very exciting. Most stuff kind of doesn't work yet. Most of the stuff people are going to do hasn't been built yet."

→ The first dealers to build a complete AI nucleus will be impossible to catch by 2028.

THE ATTENTION WAR IS OVER

The Intelligence War has started.

THE ATTENTION WAR

You lost this one.

Search. Social. Display. Paid reach.

You paid to reach customers you already owned. Thinner margins, rising cost-per-lead, complete vendor dependency.

THE INTELLIGENCE WAR

This one is still winnable.

Data. AI. Customer record ownership.

Whoever knows their customer deepest wins the deal. This war is fought inside your four walls, not on Google.

Your vendors are building their business on *your data*.

You generate the raw material. They own the refinement. That is not a partnership. That is extraction.

→ Every deal logged, every vehicle serviced, every campaign sent, you are training someone else's intelligence layer. You can take it back.

A digital employee is only as smart as what you feed it.

1. Agents act.

They don't wait for reports instead they price, respond, and decide.

2. Acting takes knowing.

Your customers, your grosses, your inventory, your playbook.

3. Knowing = your data.

Whoever holds the data holds the employee's brain.

RENT IT

- You train the vendor's AI for months.
- Cancel the contract — the training stays with them.
- They build products on your data... and sell them back to you.

You already paid this bill once: the eyeballs.

OWN IT

- Every deal, RO, and call makes it smarter.
- Nobody can shut it off or hold it hostage.
- Swap vendors freely — the brain stays home. Provable, transferable value in a buy/sell.

Intelligence that compounds is yours forever.

Renters restart every contract. Owners compound.

That is not a faster consumer. That is a different kind of counterparty.

In Q2 2026, an AI shopping agent contacted 100 dealerships about the same vehicle.

	AI Shopping Agent	Human Shopper
Dealers contacted	100	1 at a time
Responded within 24h	92	Wait, follow up, repeat
Full out-the-door price	33	Sit down, negotiate, leave
Time to ranked shortlist	Minutes	Days or weeks
Fatigue / social pressure	Zero	Hours in the showroom

"Not once in fifty years has the average dealer in America lost money."

— Glenn Mercer, 50-year dealer performance study

That band is about to break. The question is which direction it breaks for your stores.

VERSION TWO · STATUS QUO

Bolt-on model.

AI tools layered on unchanged workflows. Viable today.
Smaller in 2027. Endangered in 2028.

Net profit trend: declining

VERSION ONE · AI NUCLEUS

Redesigned for 2028.

AI at the nucleus. Agents where people used to be. The dealer owns the intelligence instead of renting it.

Net profit trend: compounding

The decisions made in the next 18 months determine which number your group is worth at exit.

Average Dealer Today

Running the 2023 model

Net Profit Before Tax	\$2.5M
Blue Sky Multiple (5x)	\$12.5M
Per Rooftop Value	\$12.5M
5-Store Group Blue Sky	\$62.5M

AI Nucleus Dealership

Redesigned for 2027

Net Profit Before Tax	\$5.0M
Blue Sky Multiple (5x)	\$25.0M
Per Rooftop Value	\$25.0M
5-Store Group Blue Sky	\$125M

+\$62.5M additional blue sky value per 5-store group. NADA 2025 · Haig Partners Q3 2025 (5x avg multiple)



The AI Nucleus.

Not a tech stack. A fundamental redesign.

What does AI handle, and what do humans do because humans are uniquely better at it?

- 04 **Digital Employees**
The compounding force
- 03 **AI + Intelligence Loops**
The intelligence layer
- 02 **Documented Workflows**
The operating system
- 01 **Clean, Owned Data**
The foundation

The AI Nucleus.

Most dealers are trying to skip straight to layer 3 or 4.

01

Clean, Owned Data

The foundation

02

Documented Workflows

The operating system

03

AI + Intelligence Loops

The intelligence layer

04

Digital Employees

The compounding force

Score each one. Zero to three. Twenty-one available. Under 15, you are not ready to buy an agent.

01 DATA. We know our duplicate customer record rate as a measured number from the last 90 days.

02 DATA. We have received a full export of our own data. Received, not promised.

03 DATA. One written definition of customer exists and leadership agrees on it.

04 WORKFLOWS. Our top three revenue workflows are documented end to end, each with a named owner.

05 AI. We can name the data every AI tool we pay for runs on, and say whether we own it.

06 AI. We wrote down what winning looked like for each tool before we bought it.

07 AGENTS. Our operator is named, titled, and has four protected hours a week.

01.

Data.

The foundation everything else depends on.

None of them talk to each other.
None of them tell you what to do next.

DMS

Transaction history.
Locked inside.

CRM

Customer data.
Siloed.

Inventory

Real-time.
But alone.

Marketing

Campaigns.
Disconnected.

→ **The problem isn't the technology.** It's that these systems were never designed to give you a single answer. That's what you fix first.

→ 42% of CRM contacts in the average dealership are unreachable.

Only one runs a business.

MARKETING-GRADE

Accurate enough to send an email.

- Works for targeting and campaigns.
- Fails the moment you need real answers.
- Feels like data, but isn't intelligence.

OPERATIONAL-GRADE

Accurate enough to run a business.

- Answers real questions in real time.
- Drives real action across departments.
- Compounds over time becoming your moat.

→ *Most dealers have the first. They think they have the second.*

The most expensive thing in your store is *what you don't know.*

Duplicate Records

Paid twice for the same customer.
Wasted ad spend. Eroded trust. 3–5% of gross revenue lost annually to bad data.

Incomplete RO Data

Missed service opportunities. Revenue left on the lift. The average RO written up is \$900. The average collected: \$494.

Bad Attribution

Mispriced units. Deals that make no sense at month close. You can't improve what you can't accurately measure.

→ The dealers who win own their data layer. They don't rent it from vendors.

Your data begins decaying the moment it is entered.

Wrong vehicle on record

Traded privately. Never updated in your DMS.

Outdated contact info

Moved. Changed number. Changed email. You don't know.

Misclassified intent

"Not interested" logged when they were ready to buy.

Silent defectors

Bought elsewhere. Still on your active follow-up list.

→ Bad data destroys good strategy. Everything you build on top of it will underperform.

Three things. This Monday.

01

Audit your DMS for duplicate customer records.

Pull the number. It will shock you. Most stores have 20–40% duplication. That's your baseline.

02

Test your data rights.

Ask your DMS/CRM vendor: "Can I export my full data set?" Watch the reaction. The answer reveals who actually owns your customer relationships.

03

Define 'customer' in writing.

One definition. Agreed by leadership. Most stores can't answer this the same way twice. Settle it this week, everything else depends on it.

02.

Workflows.

The operating system of your business.

You don't have a process. *You have a person.*

When that person leaves, the knowledge walks out with them.

The fix isn't better people. It's documenting the system so the system survives the person.

A FULLY DOCUMENTED DEALERSHIP HAS:

The gap between documented and actual is where your revenue leaks.

265+

Total Workflows

7

Departments

28

Positions

<10

Avg. Documented

A workflow is not a binder nobody reads. It is step-by-step, role-assigned, teachable on day one, and auditable when something goes wrong.

Average salesperson productivity: 10 cars/month. Unchanged for 75 years through computers, CRMs, and digital retailing. Technology layered on top of an unchanged model does not change outcomes.

Three things. This Monday.

01**Map 3 core processes end-to-end.**

Start with your highest-revenue, highest-turnover workflows: internet lead to sold, vehicle turn decision, RO write-up. Every step. Every owner.

02**Record your top performer.**

Shadow your best service advisor, BDC rep, or F&I manager for one day. Write down exactly what they do differently. That's your workflow baseline.

03**Assign one workflow owner per department.**

Name the person responsible for keeping each process current. Without ownership, documentation dies within 30 days. One name. This week.

03.

AI.

The intelligence layer. Powerful on clean data. Dangerous on bad data.

AI outward is a commodity. AI inward is a moat.

AI OUTWARD — THE VISIBLE LAYER

- Chatbots and website AI assistants
- AI voice response for inbound leads
- Digital retailing automation
- Customer-facing messaging tools

Any competitor can buy the same tool tomorrow.

AI INWARD — THE STRATEGIC LAYER

- Identity resolution and data validation
- Cross-department intelligence routing
- Margin protection and trade cycle detection
- Behavioral prediction and defection alerts

An asset no competitor can replicate without your data history.

AI on bad data = *fast bad decisions.*

The question to ask every AI vendor:

"What data are you running on, and do I own it?"

Renting intelligence stops when you stop paying. Owned intelligence compounds every day you operate.

Everyone in the room *wanted it to be true.*

Julie Averill, former CIO of Lululemon, thirty years in technology:

She calls it "AI wishing." AI is magic. Wave the wand, skip the work.

New York Times, August 2026. What is left is layer one and layer two. No way around them.

FOUR SIGNS YOU ARE BUYING A WISH

The vendor who never asks about your mess sells demos.

They asked you nothing

No questions about your data or how you work.

The promise has no edges

It answers everything. So it was tested on nothing.

A board member sent them

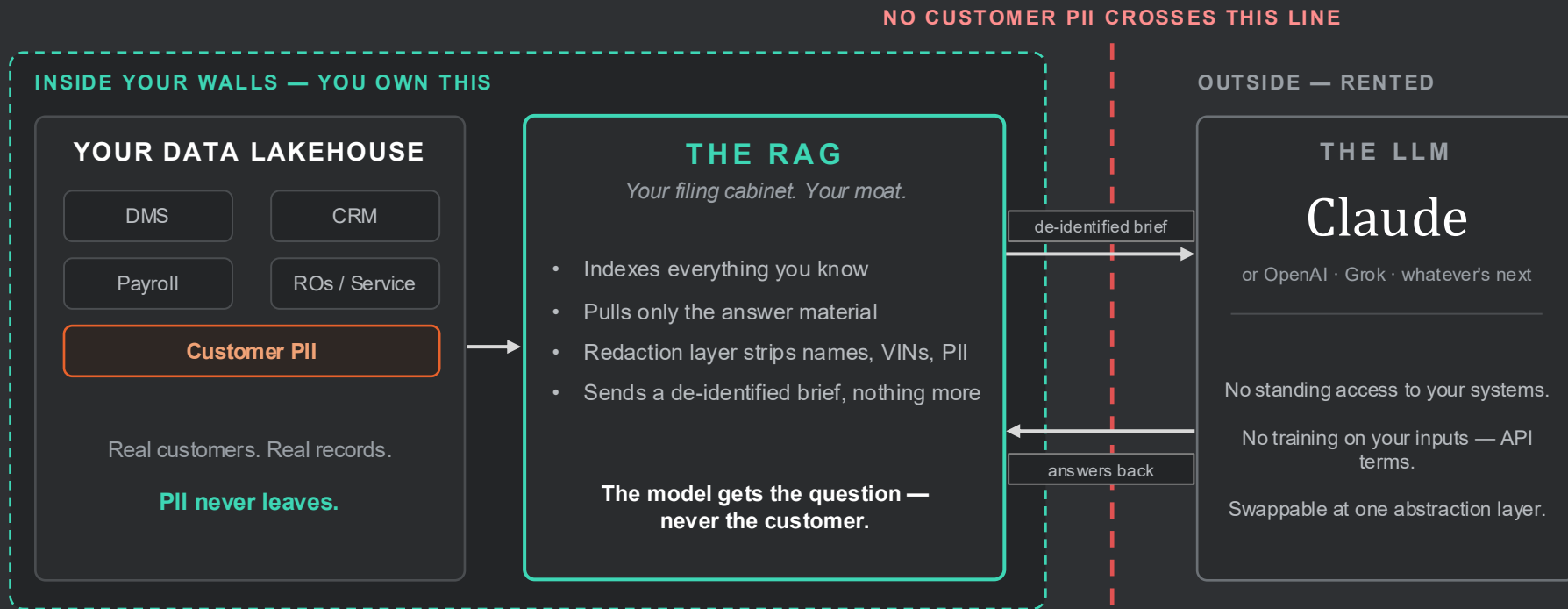
Pressure from above is how bad tools skip review.

The pause on ownership

Ask what data it runs on and who owns it. Time it.

→ Ask what they need from you before they can work. If the answer is nothing, walk away.

The RAG. Why your customers never meet the model.



Without this layer: employees paste PII into consumer chat apps is usable for training, discoverable in court, deletion not guaranteed.

This is what AI looks like in your dealership.

SIGNAL → Your service absorption dropped 4 points this week.

→ Here's why — and the 3 advisors pulling it down.

SIGNAL → Three deals have gone 14 days without contact.

→ Here are the names, deal values, and the suggested next action for each.

SIGNAL → Your F&I PVR is trending below plan.

→ Here are the deals pulling it down and the pattern they share.

SIGNAL → A customer who serviced 18 months ago is researching trades online.

→ Here's their full history and the right offer to make today.

AI can do the task. **You still own the job.**

THE TASK

**Generate the report. Make the call.
Fill in the form. Send the follow-up.**

AI can do most of these. Faster. Cheaper. At scale. This is where most vendors stop, and where most dealers think the job is done.

THE JOB

**Know which customer needs a call right now,
and exactly why.**

Know which deal is about to die. Know what your service team isn't telling you. That requires intelligence built on YOUR data, not a vendor's generic model.

Three things. This Monday.

01**Interview every AI vendor you're currently paying.**

"What data are you running on, and do I own it?" Write the answers down. Vendors who can't answer clearly are renting you their intelligence.

02**Name your 5 operational signals.**

The numbers your GM checks every morning. Write them down. That's your AI blueprint, the five things AI should surface for you every single day.

03**Define your AI win before you buy anything.**

What does 'AI working' look like in your store specifically? If you can't answer that, you're not ready to buy. Get clear on the outcome first.

04.

Digital Employees.

The compounding force. The fourth layer of the stack.

Your next hire will not *ask for a vacation.*

One person managing a well-configured fleet of agents replaces the function of 8–10 human positions in repetitive, process-driven roles.

They don't clock out, call in sick, forget the script, or ask for a raise. They execute documented workflows at scale, around the clock.

The numbers to internalize.

\$115B

In gross profit sitting in declined service work across 284M franchise ROs last year

\$80B

In declined F&I products that were never revisited — Stone Eagle data

\$900

Average RO written up. Average collected: \$494. The gap is where agents live.

8–10x

Human positions one agent operator can replace in repetitive, process-driven roles

What agents handle. What humans do because humans are better at it.

DIGITAL EMPLOYEES HANDLE

- Lead follow-up and qualification
- Service appointment scheduling
- Declined service re-engagement
- F&I pre-qualification briefings
- Inventory pricing updates
- Reporting and signal surfacing

HUMANS OWN (IRREPLACEABLE)

- Relationship and trust building
- Complex negotiation and judgment
- Experience design at key moments
- Local community connection
- High-stakes deal closes
- Managing the agent fleet

Three things. This Monday.

01

Map one repetitive workflow that a digital employee could run.

BDC follow-up sequence, service appointment confirmation, or declined service re-engagement. Pick one. Write every step. That's your first agent brief.

02

Find your agent operator candidate.

They are already in your building, under thirty, and have already automated something small without being asked. Find them. They are your most important hire of 2026.

03

Calculate the cost of your first agent vs. your current cost.

What does BDC staff cost annually? What does an agent running 24/7 on that same workflow cost? Do the math before the next budget conversation.

05.

Your Roadmap.

The 18-month sequence to build an AI nucleus.

To whoever needs to read this —

I am writing from my office on a Monday morning in October 2028. My group sold 487 vehicles last month. We sold 1,104 in October 2025. Front-end gross per new vehicle: \$214. It was \$1,840.

A customer named Marcus Chen walked in to buy an Expedition. Before my F&I manager opened the menu, Marcus said: "I've already been pre-approved at 5.1%. I ran your GAP product against three alternatives and the expected value doesn't work for this vehicle's loss history." He had a printout. Generated that morning by an AI agent.

That was not an outlier. That was a preview.

I wish someone had named this pattern clearly, to me, in 2024. The problem did not disappear overnight. It graduated. And I did not graduate with it in time.

The window to act: 18 months.

OCT 2025 → OCT 2028

Vehicles/mo

1,104

↓ 487

Front-end gross

\$1,840

↓ \$214

F&I gross/unit

\$2,490

↓ \$1,380

This fails in predictable ways. Every one of them has already been avoided by somebody.

01 Bought the tool before running the data audit. The tool worked fine. The data underneath it did not.

02 No named owner, so the documentation died inside thirty days. Everyone agreed it mattered.

03 Deployed an agent onto a workflow nobody had written down. It ran the bad process faster.

04 Found the tech-first employee and never protected the time. New title, same job, nothing shipped.

05 Leadership mandated AI without touching the systems underneath. The mandate made activity, not results.

06 Ran a pilot with no written definition of winning. It never failed. It also never ended.

07 Treated month three as a milestone instead of a gate, and moved on to agents with dirty data anyway.

Cost in year one: \$80K–\$150K. What you already pay vendors: \$150K–\$400K.

The AI nucleus does not cost more than the current model. *It costs differently.*

At the end of year one, the dealer owns the intelligence instead of renting it.

01

Months 1–3

Foundation

- Audit your data, and know your duplication rate
- Identify your tech-first employee and promote them
- Pick one workflow (service scheduling) and start there

02

Months 4–9

First Wins

- Service scheduling agent in production
- Declined service follow-up automation (4–8x ROI in year one)
- F&I pre-qualification briefings running before appointments

03

Months 10–18

Intelligence Layer

- AI nucleus stops being tools and becomes a platform
- Which customers are 90 days from lease end?
- Which advisors convert declined service at twice the peer rate?

You do not advance on the calendar. You advance when the gate opens.

Most failed builds moved to the next phase on schedule *with the last one unfinished.*

If a gate will not open, do not push past it. Fix what is holding it shut.

01

Before you buy anything

Gate One

- Duplication rate measured, and under 10 percent
- Full data export in your hands, not promised
- One written definition of customer, signed by leadership

02

Before you deploy an agent

Gate Two

- The workflow documented end to end, every step, every owner
- A named operator with four protected hours a week
- Winning defined in writing, and the number that proves it

03

Before you scale the fleet

Gate Three

- First agent has run 90 days with a measured result
- One vendor line item canceled and the savings booked
- The next three workflows documented and waiting

Nobody fails on the budget. They fail on the hours.

\$115K

Cash, year one

6 hrs

Controller, weekly, 90 days

4 hrs

Operator, weekly, protected

12

Workflow sessions, year one

Every vendor quotes you the first number. None of them quote the other three. The other three are why implementations stall.

What you already pay vendors is \$150K to \$400K a year, and none of that spend buys anything you keep. This is not more expensive. It costs differently, and part of the cost is your own people's time.

The receipts. Real stores. The last twelve months.

\$1.3M

Email spend, gone.

A 45-store group built email on its own data. Canceled the marketing vendors. Same volume, full attribution, zero middlemen.

3 days → 15 min

Month-end close.

A six-store Dallas group automated close-out on owned data. The office spot-checks the output instead of grinding through it.

1,200 calls

Before the storm hit.

A Midwest group pulled every declined tire and brake job ahead of the first snowstorm and called each customer. The service line spiked off the chart.

\$0

Equity mining. Dashboards. Data fees.

Once the data is yours, the tools reselling it get canceled: equity mining in month one, analytics dashboards next, then every per-vendor fee you pay just to move your own data.

None of them added headcount. They added infrastructure.

They are already in your building.

You have 90 days to find them.

"Under thirty. Have already automated something small without being asked. Promote them. Give them a title and four hours a week protected from everything else."

01 Find them

Ask: who in your building is already building things without being asked? That person exists in every store.

02 Promote them

Give them a title like Agent Operator, AI Lead, whatever fits your culture. The title signals priority.

03 Protect their time

Four hours a week, blocked, not negotiable. That's the time the AI nucleus gets built in.

Answer these honestly. They will tell you which version you are actually building.

Q1 What percentage of your gross profit depends on information the customer no longer needs you for?

Q2 How many of your service lane repair orders could be resolved by an OTA update by 2028?

Q3 Does your customer's primary digital relationship go through you — or through your OEM?

Q4 Who in your building is already building things without being asked?

Q5 If information asymmetry in your market were eliminated tomorrow, what is left that you would still get paid for?

Q6 Is the AI you are buying product evolution or true innovation?

Q7 Which version of the dealership are you actually building — based on the decisions you made in the last 90 days?

Three decisions. Not ninety days from now.

01

Audit what your margin actually depends on.

Which F&I products are price-comparable on a consumer's phone in under 60 seconds? How many ROs could be resolved by OTA by 2028? Know the number before the next vendor conversation.

02

Find and promote your tech-first employee within 90 days.

Not 90 days to start looking. 90 days to have them identified, promoted, titled, and working on a specific problem. They are already in your store.

03

Decide what your dealership is actually selling in 2026.

If the answer is the vehicle, you are already losing. If the answer is the relationship, the experience, the local trust that is defensible. But it must be built deliberately, not assumed.

One commitment. Not sixteen.

01 Write down the one thing.

Not the list. One line. The single move you make before this group meets again. Sixteen assignments produce zero. One produces one.

02 Put a name and a date on it.

Yours or someone in your building, and a date before the next meeting. A commitment with no name on it is a wish.

03 Report the number at the next meeting.

The number, not the effort. Duplication rate, workflow count, operator's name. The group holds you to it.

The dealership
that *knows the most*,
wins.

I wrote the playbook

The Intelligent Dealership

How AI and Data
Transform
Automotive
Retail

Todd Smith

Everything I mentioned is free. No login. No demo. No pitch.

BLUEPRINT

Map your workflows by talking to it. Builds your SOPs and pay plans as you go. The documentation layer, done for you.

AI POLICY SCAFFOLD

A complete AI-use policy for your store. Hand it to your attorney to customize instead of starting from a blank page.

THE AI-HIRE KIT

The job ad, the interview questions, and the answers you should expect. Dealer groups have used it to land their AI champion.

THIS DECK + THE MONDAY LETTER

Today's full deck lands in your inbox tonight. The systems-thinking newsletter lands every Monday.

qoreai.com → Resources → Free Tools

The Intelligent Dealership

Your AI Architecture.



One platform. All your data cleaned, unified, and connected to every AI tool your dealership runs.

YOUR DATA SOURCES

DMS

CRM

Marketing

Payroll

Phone System

Website / Chat

Inventory Feeds

F&I / Desking

APIs, SFTP, Automated Reports,
Manual Uploads

ETL

AWS DATA LAKEHOUSE

1

Deduplication

One record per customer — no more duplicates across systems

2

Hygiene & Standardization

Clean names, addresses, phone numbers, and emails

3

AI Enhancement

Fill gaps, score leads, and predict customer intent

3rd Party Data Validation

Accuracy verified against external sources before it enters your intelligence layer

Equifax

LexisNexis

Black Book Pricing

Marketplace Inventory

INTELLIGENCE LAYER

RAG

Retrieval-Augmented Generation

Your dealership's private knowledge base — inventory, history, pricing, and playbooks. Unique to your group.

PII redacted before inference

MCP SERVERS

Model Context Protocol

Connects Claude to your tools in real time. Reads, writes, and acts across every system without manual handoffs.

FOUNDATION MODEL

Claude

by Anthropic

World-class reasoning, safety, and reliability.

The engine behind every AI action.

ACTIVATION & SERVICES

Agentic AI Agents

Build in-house or deploy ours

Licensed AI Tools

3rd party AI, plug right in

Active Campaign

Marketing automation & email

Facebook & Google Ads

Paid media audiences & retargeting

Data Lakehouse Write-Back

Data always flows back — bidirectional

↔ Data flows in both directions — always in sync

Questions?

let's talk.

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**Did you find our
time together
useful?**

