



## BUSINESS STORIES

# USED CAR RETAILER AND DEALERSHIP

### AT A GLANCE

#### CHALLENGE

- Stock and cash flow distress
- Inconsistent, uncontrolled record keeping
- Expensive merchant facility account
- Lack of realistic business plan
- Poor quality stock with high costs

#### BENEFIT

- Clear strategy and defined direction
- Stronger business plan with longer term projections and financial control
- Improved margins
- No more reliance on commercial finance



*"This turnaround plan took two years from implementation to monitoring and was a very rewarding project to work on, despite the difficult environment the business was trading in and the delicate relationship with the bank and HMRC.*

*I was able to successfully renegotiate the terms of the debt without expensive refinancing. I restructured and realigned the business to the point that it was able to serve historical debt and day-to-day operational overheads."*

#### MARIA POMBO

Generator

### CHALLENGE

An independent used car retailer and dealership was focussed on quick turnover of low price stock. Applying to increase their credit facility, they found that their bank had lost confidence in the business' direction, rejecting the request and also reducing their rolling facility which caused the business unexpected financial and cash flow distress and a shortfall in working capital. The business was also unable to meet its statutory filing obligations with HMRC which led to a tax assessment and cumulative penalties.

### SOLUTION

- ✓ Developed a new business plan with a redefined business purpose and better financial, marketing and operational plans.
- ✓ Sourced quality stock and suppliers to offer better stock in the forecourt and add ons (car finance and guarantees).
- ✓ Helped the client introduce better operational and accounting processes and controls as well as supporting them to renegotiate debt terms with the bank.
- ✓ Formed a strategic JV partnership to eliminate reliance on commercial finance for stock purchases.

### BENEFIT

**HIGHER MARGINS** With higher quality stock and reduced preparation and repair costs, the business was able to achieve higher margins.

**IMPROVED PROCESSES** By being introduced to sustainable operational and accounting processes, the client's business administration was simplified.

### RESULT

By helping the business' improve its stock quality and helping them to provide a better overall service, their customers kept returning. They began to see high levels of repeat business and were receiving lots of positive feedback.

Not only that, but the business increased its turnover from £400k to £1.2m.