

Independent Dealer Chooses the Right Floor Plan Partner to Grow & Prosper

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Case studies from NextGear Capital are designed to illustrate how various types of auto dealerships across the country are using lending products, tools and technology to transform their operations. This case study looks at how an independent dealer evaluated competing floor plan providers and decided to partner with NextGear Capital to solidify business and fuel expansion to become a strong multi-location regional competitor.

About CIA Autoplex

CIA Autoplex is an independent dealership located in Brandon, Mississippi, population 23,000, located east of the state capitol, Jackson. The dealership usually stocks 150-180 high-quality used vehicles selected by President and Owner, Cliff Awabdy. In addition to Awabdy, the dealership is staffed with a General/Sales Manager and three to four Sales Representatives. They also employ a Service Technician, Mechanic and Lot Supervisor, but outsource reconditioning to a trusted on-site contractor.

In 2003, Awabdy began his automotive career in sales, growing into roles as a Finance Manager, Internet Manager and Used Car Manager. Armed with a wealth of experience running a successful dealership, he founded CIA Autoplex in 2007. Awabdy based his operational philosophy on creating a personalized sales experience with a no-pressure, transparent approach to earning the customer's trust. Critical to earning that trust is standing behind their inventory, which means using a multi-tiered quality control protocol to ensure every vehicle meets standards of safety, cleanliness, performance and reliability. CIA Autoplex features on-site bank financing, a complete service and repair center and a comfortable lounge area where customers are encouraged to make themselves at home.



*Cliff Awabdy, President/Owner
CIA Autoplex*

"We put our customers first. Taking care of the customer and being transparent comes before anything," Awabdy says, adding that putting the customer first means "offering an outstanding product that you can stand behind always. No exceptions." According to Awabdy, their primary customers range in age from 25-55 (split evenly between men and women), are tech-savvy and have FICO scores in the mid-650s and up. "We have customers come from all over, including out of state," he says. "We cater to a mix of local customers and others mainly in the southeastern region."

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- Cliff Awabdy, President/Owner, CIA Autoplex

Snapshot

Dealership	CIA Autoplex
Type	Independent
Market	Brandon, MS
Average Customer Profile	Age 25-55, FICO Score - Mid 650s & Higher
New Inventory	N/A
Used Inventory	150-180
Employees	5
Inventory Turn	~Every 45 Days
Average Monthly Sales Volume:	\$1.5-2M
Floor Plan Provider:	NextGear Capital

Inventory Philosophy

Attracting customers throughout the region is accomplished by meticulously selecting high-quality, in-demand inventory. Each vehicle is fully serviced and inspected with a complete Carfax® report and detailed service record. Awabdy personally networks at auctions throughout the South to ensure that his selection of pre-owned cars, trucks and SUVs is unmatched by the competition. On sourcing multiple networks for inventory, he adds, "We have a few trusted wholesalers, and between trade-ins, auction, wholesale and online purchases, we can piece together a good inventory."



"Our inventory has evolved," he continues. "We used to sell a lot of specialty trucks (lifted and with custom wheels) and sports cars, but as we have scaled the business, we have incorporated a more diverse inventory to target a larger market and sell more vehicles. For example, every day we sell nice Toyota Camrys. We do at least try to sell an SE Camry, something with a little bit of flare to it." Awabdy adds that they strive to focus on selling newer models that "attract customers who have good credit or good cash positions where they can pay cash or finance with us," he says.

Trade-Ins

Older trade-ins also have a role to play in appealing to a broader demographic. "If the vehicle is respectable, presentable, mechanically sound and cosmetically in fair to good condition, it doesn't matter. It can have 100,000 or more miles on it – as long as we can truly stand behind it and represent it properly then we will retail it," Awabdy says. "We always

look for a way to retail versus wholesale, but if it's something a little on the edgy side, with excessive mileage, or reaching its mechanical limits and is more of a potential liability issue, we usually just liquidate those at the auction." The CIA Autoplex website offers a trade-in valuation form that customers can fill out ahead of time to set expectations and smooth negotiations in store.

Pricing

In-store negotiations are minimized by CIA Autoplex's pricing strategy. "We don't do a fixed price, but we do price our vehicles appropriately for a competitive market," Awabdy says, adding that while they initially price vehicles to sell quickly, they also have "a two- to three-stage mark-down process depending upon the age of the vehicle. So when we get the vehicle, we are more in the medium, as opposed to high price point range, but as the inventory ages we incrementally reduce the price."

"As our sales volume increases, the prices generally decrease," Awabdy continues. "It's kind of like shopping at Walmart or Costco or Sam's. Just offering a good price and not getting too fixated on one vehicle. They are all just cars, you know, and they all need to be sold at a reasonable fair market price and they need to move."

Customer Satisfaction

Customers can use tools on the dealership's website to search for desired vehicles, calculate loan payments and apply for credit. This helps to streamline the in-store sales process and reduce the amount of time required to complete a sale that's based on a "listen-deliver-stand-behind" method of earning a customer's trust. The CIA Autoplex team is trained to listen intently to discern the customer's specific needs, deliver a vehicle with pricing and payments to meet those needs, and stand behind their product, following up to ensure the customer is completely satisfied. This is accomplished through a transparent, stress-free process that focuses on providing personalized attention, fair pricing and doing whatever it takes to ensure the customer's peace of mind.

The result of this customer-centric culture is consistent repeat-and-referral business bolstered by a strong social media presence. The CIA Autoplex Facebook page features hundreds of photos of satisfied buyers posing happily with their newly purchased vehicles, along with glowing customer reviews. "If you take care of the customer, you follow up with them and they are happy, the referrals are just going to come," Awabdy says. "Repeat-and-referral business is earned through your customer base and there's no secret strategy other than just good, clean business with your customers."

"Online reviews are a big deal these days," he adds. "We don't ask our customers to give us a 5-star review, we just ask them to go online and review their experience with us, and if there is anything that was not a 5-star experience, we would like to know so we can correct it. We have a strong presence online with reviews, and that drives a lot of customers in. You know, when you go online before you go to a restaurant out of town, and the first thing you do is Yelp. I don't know about you, but I look at reviews. Whichever restaurant has good reviews and something that looks tasty, that's where you end up. Same with the car business."



Hundreds of online photos of satisfied buyers, along with glowing reviews, help generate robust referral business for CIA Autoplex.

Choosing NextGear Capital Over the Competition

CIA Autoplex owes much of its success to partnering with NextGear Capital for its floor planning needs. That relationship began in 2007 when NextGear Capital provided \$100,000 to stock the dealership with a modest inventory of 10-15 vehicles. Today, their floor planning partnership provides the capital for CIA Autoplex to routinely stock 150-180 vehicles, with the goal of increasing their average inventory to 200 in the near future. The dealership is also developing a new location which will be located in nearby Madison, MS where Awabdy plans to eventually stock 200 additional vehicles.

NextGear Capital beat out the competition to earn Awabdy's business because of their desire to form a relationship based on the dealership's specific needs, mutual trust when it comes to local market expertise, and a willingness to grow the partnership as CIA Autoplex grows its footprint.



Awabdy says that choosing NextGear Capital over competing floor plan providers in the region has been key to the dealership's smooth and aggressive expansion. According to Awabdy, his search for the right floor plan provider came down to two partners. "A defining moment was when NextGear Capital Account Executive, Ronnie Holliday, separated himself from the competition," Awabdy says. "NextGear stepped up when the other company just couldn't handle it."

According to Awabdy, NextGear Capital beat out the competition to earn his business because of their desire to form a relationship based on the dealership's specific needs, trusted local market expertise and a willingness to grow the partnership as CIA Autoplex grows its footprint.

"The local market has floor plan options, and when I first started the business, I got in touch with Ronnie and we just established a great relationship," Awabdy says. "I originally had two different floor plan providers, but it was NextGear that has grown with the company. The other provider didn't want to grow; they slowed down and wouldn't increase their investment and wouldn't grow with the business."

"That was when NextGear really stepped up," Awabdy continues. "They jumped on the opportunity to increase the limits and work with the dealership as they saw we were scaling upward. I really started being a true believer in what Ronnie was doing. He represents the company well. He is always on the spot if needed and he's always done a really excellent job. NextGear has allowed us to grow the inventory to reach where we are at today."

Awabdy adds that implementing a floor plan with NextGear Capital was a fast and straightforward process: "It was fairly simple. I had good credit and basic financials, so they gave me a shot to manage a small floor plan and it has grown from there." Awabdy says they leverage the buying power they get from NextGear Capital mainly for auction units, which frees dealership capital to be used for acquiring inventory from trade-ins and devoting funds to other dealership investments. As of July 2017, NextGear Capital's universal source network provides access to 1,000 live and online auctions nationwide.

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Partnering with NextGear Capital provides the additional advantage of tools and technology that allow the dealership to easily manage its account online. "My General Manager manages the floor plan on the NextGear website. It's easy to make payments, access an inventory overview and

more," Awabdy says. NextGear Capital's account management platform, myNextGear, offers 24/7 account access from virtually anywhere. Dealers can floor a vehicle, request or view titles and check a unit's MMR – all in real-time from the convenience of a smart phone or computer.

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CIA Autoplex also enjoys efficiencies resulting from NextGear Capital's integration with Manheim. Since both NextGear Capital and Manheim are Cox Automotive companies, CIA Autoplex is able to purchase vehicles at Manheim auctions without waiting in checkout lines. "We just buy the vehicles, then basically leave the auction and make the payments on the NextGear website," Awabdy says.

A Personal Floor Planning Relationship

Operational perks aside, Awabdy stresses that one of the biggest advantages of his floor plan partnership is the personal relationship he's forged with his NextGear Capital Account Executive, Ronnie Holliday. Every NextGear Capital dealer floor plan is serviced and supported by a dedicated Account Executive like Holliday. These local representatives – the majority of whom are graduates of NIADA's Certified Master Dealer program – provide onsite, online and over-the-phone assistance.

Holliday says that Awabdy is an ideal client. "Cliff runs one of the most professional dealerships that I've seen, whether independent or franchise. He's got a great staff there. He has constantly had vision and is continually thinking ahead to the next step, and it shows with his business and the loyalty of the people that work for him. He has grown a

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tremendous business there and has done it the right way, by not only treating his customers right but also by doing right by his employees and anyone with whom he does business. CIA Autoplex is a top-notch dealership in my market."

About Cox Automotive

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