Sample Business Plan to Help You Start an Auto Leasing Venture

DriveFlex Leasing, LLC (LLC taxed as S-Corp), founded January 2024 in Austin, TX. CEO Jordan Matthews (ex-Enterprise Regional Director managing $180M fleet) launched to solve $48B urban leasing gap. We provide all-inclusive auto leases starting at $249/month to FICO 580+ borrowers, targeting $702K Year 1 revenue with 42% gross margin. Plan dated October 26, 2023.

1. Executive Summary

22% of new US vehicle transactions involve leasing ($33.4B annually), yet 68% of subprime borrowers (FICO 580-679) are rejected by traditional lessors due to minimum 680 FICO requirements (Experian 2023). DriveFlex solves this with AI underwriting accepting FICO 580+ and all-inclusive pricing starting at $249/month. Our hybrid D2C/B2B model generates revenue through lease payments inclusive of insurance, maintenance, and roadside assistance, with gross margins of 42% by Year 3. Year 1 revenue reaches $702K from 180 vehicles at $325 average monthly revenue per vehicle (AMR).

We seek $3.2M seed funding (70% equity at $8M pre-money, 30% convertible note at 20% discount). Funds deploy as: $1.76M (55%) for 80 vehicles ($22,000 avg cost), $480K (15%) tech development, $640K (20%) marketing, $320K (10%) ops. This funds 18 months runway to Month 20 break-even at 1,100 vehicles, achieving $750K net income by Year 3 with 5.2x projected ROI by Year 5 based on 8x EBITDA exit multiple.

2. Company Overview

LLC structure chosen for pass-through taxation and liability protection. Austin HQ selected for Texas Motor Vehicle Board licensing efficiency (60-day approval vs CA's 120+ days) and central logistics access. Founded January 2024. Ownership: Matthews 60%, Rodriguez 20%, Lee 15%, Austin Ventures 5%.

Matthews scaled Enterprise's Austin lease division to $42M annual revenue (2019-2023). Rodriguez managed Turo's 15,000-vehicle fleet with 92% utilization rate and 8% default rate. Lee built Carvana's underwriting engine processing 12,000 applications daily.

Date	Milestone	Status	Next Steps
Jan 2024	Texas Motor Vehicle Dealer License (Class A) secured	Complete	N/A
Mar 2024	10,000 sq ft warehouse lease signed ($8,500/month)	Complete	N/A
May 2024	AI underwriting engine v1.0 launch	Complete	Integrate Experian API by Month 6
Jul 2024	First 20 vehicles leased (Toyota RAV4 CPO)	Complete	Scale to 50 vehicles by Month 9
Month 6	Secure $1.5M warehouse line of credit (Regions Bank)	Pending	Close by November 2024
Month 12	600 vehicles under management	Target	Expand to Dallas market

3. Market Analysis

TAM: $152B (US auto leasing market, Statista 2027 projection). SAM: $48B (urban leasing for prime/non-prime excluding luxury/commercial, J.D. Power 2023). SOM: $384M (0.8% SAM capture by Year 3 via 2,500 vehicles at $12,960 average annual revenue per vehicle).

Primary segments: Urban professionals (25-45 years, $65K-$110K income, 12M addressable), gig workers (41% require vehicles, Pew Research 2022, 8.7M addressable), small businesses (2-10 vehicles, $45K-$120K annual spend, 3.2M addressable). 68% of millennials prefer leasing (J.D. Power 2023); digital leasing adoption grew 210% (2019-2023, McKinsey).

Segment	Size ($)	Growth Rate	Our Share Target	Rationale
Urban Professionals	18.2B	7.2% CAGR	0.5%	Lowest CAC ($720), 92% retention
Gig Workers	14.4B	14.1% CAGR	1.2%	Uber partnership drives 35% of leads
Small Business	15.4B	6.8% CAGR	0.3%	Higher CAC ($1,100) but 28% revenue share

Category	Total Addressable	Serviceable Available	Serviceable Obtainable	Methodology
US Auto Leasing	152B	48B	384M	TAM: Statista 2027; SAM: Exclude luxury/commercial (68% of TAM); SOM: 0.8% SAM based on fleet capacity (2,500 vehicles x $12,960 ARPU)

4. Competitive Analysis

Direct competitors: LeaseTrader (est. $85M revenue, 12% market share), Swapalease ($42M revenue, secondary lease focus), Carvana Leasing ($210M revenue). Weaknesses: LeaseTrader requires FICO 650+; Swapalease has 18% transaction fees; Carvana lacks subprime focus. Indirect: Dealerships (Toyota Financial Services, 22% market share) reject 38% of subprime applicants; Uber Pro charges $399/week with $500 deductible.

Competitive advantages: 1) Lower credit threshold (FICO 580+ vs 650+ industry standard) driving 22% higher conversion; 2) All-inclusive pricing ($349 vs $299 base + $65 insurance/maintenance industry avg); 3) 60-second underwriting (vs 72 hours industry avg) via proprietary AI trained on 500,000+ records; 4) 8% default rate (vs 10-12% industry) through income verification.

Competitor	Revenue Est.	Pricing	Key Strength	Key Weakness	Our Differentiation
LeaseTrader	85M	229/mo	National inventory	FICO 650+ min	Accept FICO 580+, include insurance
Swapalease	42M	18% fee	Secondary market	High fees	Direct leasing, no transfer fees
Carvana	210M	279/mo	Brand recognition	Rejects subprime	AI underwriting for non-prime
Toyota Financial	4.2B	299/mo	Dealer network	High down payments	$99 down payment standard

Strengths	Weaknesses	Opportunities	Threats
AI underwriting (60-sec approval)	Limited brand awareness	Uber/Lyft partnership expansion	Interest rate hikes >7%
8% default rate (vs 10-12% avg)	Single-state operations (TX)	Subprime demand growth (14% CAGR)	New FTC leasing regulations
LTV:CAC 3.76	Warehouse capacity (120 vehicles)	Commercial insurance partnerships	Used car price volatility
All-inclusive pricing	Dependent on 3PL logistics	FL/CA market entry	Economic downturn reducing leasing

5. Products & Services

Standard Consumer Leasing: 12-48 month terms on CPO Toyota/Honda (2.3 yr avg age). Includes $500 deductible insurance, 15K miles/year, maintenance, roadside assistance. GigFlex Leasing: 12-24 month terms with commercial insurance rider, weekly mileage tracking, wear-and-tear coverage. Small Business Fleet: Centralized billing for 2-10 vehicles with replacement scheduling.

Pricing set at 4.5% below dealerships after including insurance/maintenance. Example: 36-mo Honda CR-V lease (MSRP $32,500, residual 58%). Payment = [($32,500 - $18,850) / 36] + [($32,500 + $18,850) x 0.0023] = $349/month. APR tiers: 6.9% (FICO 680+), 9.9% (620-679), 12.9% (580-619). Gross margin 42% at scale via 7% annual depreciation (vs industry 9%) on Toyota/Honda.

Tier	Price	Features	Target Customer	Expected % Revenue	Gross Margin
Standard	249-399/mo	10-15K miles, basic insurance	Urban professionals	62%	38%
GigFlex	299-449/mo	Commercial insurance, wear coverage	Rideshare drivers	28%	45%
Business Fleet	325-475/mo	Central billing, replacements	Small businesses	10%	40%

Metric	Value	Calculation/Notes
Price per unit	325	Weighted avg across tiers
COGS per unit	188	Depreciation $102 + Insurance $58 + Maintenance $28
Gross Profit per unit	137	325 - 188
Gross Margin %	42.2%	137 / 325
CAC	850	Marketing spend / new customers (Year 3)
LTV	3,200	137 GP x 32 mo avg term x 0.72 retention

LTV:CAC	3.76	3,200 / 850
Payback Period	6.2 mo	850 CAC / (137 x 1.05) monthly GP

6. Marketing & Sales

Primary channel: Paid search targeting "no credit check car lease" (1,200 monthly searches, $3.80 CPC). Budget allocation: Google Ads 55% ($41,250/mo), Facebook 25% ($18,750/mo), Uber partnership 15% ($11,250/mo), events 5% ($3,750/mo). Target CPA: $180. Conversion funnel: 1,150 leads/mo (Google Ads) x 4.1% conversion = 47 customers at $180 CAC.

Sales cycle: 90-sec pre-qual form (78% completion rate) -> 60-sec AI underwriting (82% approval rate) -> digital quote (65% acceptance) -> e-sign/delivery (48-hour fulfillment). Average cycle: 3.2 days. Retention: 92% via $200 renewal credit, app-based service tracking, and NPS-driven interventions targeting 5.8% monthly churn.

Channel	Monthly Budget	Expected CAC	Expected Leads/Month	Conversion Rate	Expected Customers/Month	ROI
Google Ads	41,250	175	1,150	4.1%	47	2.8x
Facebook	18,750	192	480	3.8%	18	2.3x
Uber Partnership	11,250	158	210	5.2%	11	3.1x
Referral Program	3,750	110	68	100%	68	4.7x

Month	Google Ads	Social Media	Content/SEO	Events	Other	Total	Expected Leads	Expected Customers
1	5,000	2,000	1,000	500	500	9,000	140	5
2	10,000	4,000	2,000	1,000	1,000	18,000	320	12
3	15,000	6,000	3,000	1,500	1,500	27,000	500	20
4	20,000	8,000	4,000	2,000	2,000	36,000	700	28
5	25,000	10,000	5,000	2,500	2,500	45,000	900	36
6	30,000	12,000	6,000	3,000	3,000	54,000	1,100	44
7	35,000	14,000	7,000	3,500	3,500	63,000	1,300	52
8	40,000	16,000	8,000	4,000	4,000	72,000	1,500	60
9	45,000	18,000	9,000	4,500	4,500	81,000	1,700	68
10	50,000	20,000	10,000	5,000	5,000	90,000	1,900	76
11	55,000	22,000	11,000	5,500	5,500	99,000	2,100	84
12	60,000	24,000	12,000	6,000	6,000	108,000	2,300	92

7. Operations

Daily workflow: Vehicle sourcing (Manheim/ADESA auctions 3x/week) -> 150-point inspection at Austin warehouse (4-hour turnaround) -> reconditioning ($850 avg cost) -> digital titling (3-day processing) -> delivery via Ryder (48-hour window). Capacity: 120 vehicles in 10,000 sq ft facility. Title processing handled by Texas-based agency (1.5% fee).

Key vendors: Manheim Auctions (60% inventory, $22,000 avg vehicle cost), Progressive (insurance at $58/month/vehicle), CDK Global ($450/month CRM license). Technology stack built for SOC 2 compliance with automated TILA/ECOA disclosures.

Vendor/Supplier	Service	Monthly Cost	Contract Terms	Backup Option
Manheim Auctions	Vehicle sourcing	0 (fee per vehicle)	Month-to-month	ADESA
Progressive	Insurance	58/vehicle	12-month min	Geico Fleet
Ryder	Vehicle delivery	185/delivery	6-month min	Local Fleet Logistics
CDK Global	CRM software	450	24-month	Salesforce Automotive Cloud

Tool	Purpose	Monthly Cost	Users	Alternatives Considered
Proprietary AI Engine	Underwriting	0 (in-house)	3	Upstart, Zest AI
Salesforce	CRM	320	12	HubSpot
Fleetio	Fleet management	225	5	ManagerPlus
DocuSign	E-signatures	105	12	Adobe Sign

8. Management Team

12 FTE structure by Year 1: 3 sales, 4 customer service, 2 ops, 2 marketing, 1 finance. Salaries: Sales $55K-$65K, Ops $48K-$58K, Tech $95K-$115K. Advisory board: Maria Chen (ex-CFO CarMax, $5K/month retainer), David Torres (ex-CTO Turo, equity compensation).

Month	Role	Salary	Priority	Source	Onboarding Time
1	Lead Mechanic	58,000	Critical	Trade school	30 days
2	Sales Rep (2)	60,000	Critical	Auto industry	45 days
4	Customer Service (2)	48,000	High	Outsourcing	60 days
6	Marketing Manager	75,000	Medium	Agency hire	90 days

9. Financial Plan

Key assumptions: 15 new customers/month Month 1-3 growing to 92/month by Month 12. Avg revenue per customer: $325. Monthly churn: 5.8%. COGS: 58% of revenue (depreciation 31%, insurance 18%, maintenance 9%). Sales cycle: 3.2 days. CAC payback: 6.2 months. Default rate: 8% (covered by insurance).

Revenue generated solely from lease payments inclusive of all services. Growth driven by geographic expansion (Dallas Month 7) and Uber partnership scaling (35% of leads by Month 12). COGS scales linearly with vehicles; fixed costs dominate early (salaries 42% of OpEx).

Fixed costs: $41,700/month (rent $8,500, salaries $24,000, software $1,100, insurance $3,200, other $4,900). Variable costs: $188/vehicle (depreciation $102, insurance $58, maintenance $28). Funding provides 18 months runway to Month 20 break-even.

Seeking $3.2M seed funding. Use of funds: $1.76M (55%) vehicle inventory (80 units), $480K (15%) technology, $640K (20%) marketing, $320K (10%) operations. Funds 18 months to Month 20 break-even at 1,100 vehicles.

Ca	Item	Cost	Notes
Legal Formation	LLC filing	500	Texas SOS fee
Licenses/Permits	Motor Vehicle Dealer License	2,500	Texas Class A
Equipment	Warehouse tools	15,000	Lifts, diagnost equipme
Technology Setup	AI engine development	350,000	In-house build
Initial Inventory	80 vehicles ($22,000 avg)	1,760,000	Manheim auction cost
Marketing Launch	Digital campaign	100,000	Google/F ads
Working Capital	3 months OpEx	155,100	$51,700 x 3

Insurance	General liability annual	38,400	$3,200 x 12
Professional Fees	Legal/accounting	45,000	Startup complian
Website Development	E-commerce platform	25,000	Custom React build
Office Setup	Warehouse lease deposit	17,000	2 months rent
Branding	Logo/design	8,000	Agency fee
Training	Staff certification	12,000	NADA courses
Contingency	10% buffer	256,500	10% of total
Other	Title processing setup	5,000	Agency onboardi
	Total	2,494,500	

C	Type	Monthly Cost	Annual Cost	Notes
Rent	Fixed	8,500	102,000	10,000 sq ft warehous
Salaries	Fixed	24,000	288,000	6 FTE by Month 6

Benefits	Fixed	4,800	57,600	20% of payroll
Insurance	Fixed	3,200	38,400	General liability
Software	Fixed	1,100	13,200	CDK, DocuSign, Fleetio
Utilities	Fixed	1,200	14,400	Electricity, internet
Marketing	Variable	9,000	108,000	$75,000/y budget
Professional Services	Fixed	2,500	30,000	Legal/acc
Supplies	Variable	1,200	14,400	Recondit materials
Travel	Fixed	800	9,600	Auction trips
Loan Payments	Fixed	0	0	No debt at startup
Other	Variable	1,400	16,800	Delivery, title fees
	Fixed Total	45,000	540,000	
	Variable Total	10,600	127,200	
	Combined Total	55,600	667,200	

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Year 1 Total
Revenue	1,625	4,875	9,750	19,500	29,250	39,000	50,050	62,400	74,750	87,100	99,450	111,800	702,000
COGS	943	2,829	5,658	11,316	16,974	22,632	29,029	36,192	43,355	50,518	57,681	64,844	407,000
Gross Profit	682	2,046	4,092	8,184	12,276	16,368	21,021	26,208	31,395	36,582	41,769	46,956	295,000

Marketing	9,000	18,000	27,000	36,000	45,000	54,000	63,000	72,000	81,000	90,000	99,000	108,000	648,000
Salaries	12,000	12,000	12,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	264,000
Rent	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000
Software	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200
Insurance	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	38,400
Other OpEx	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	58,800
Total OpEx	38,700	47,700	56,700	77,700	86,700	95,700	104,700	113,700	122,700	131,700	140,700	149,700	1,124,400
EBITDA	-38,018	-45,654	-52,608	-69,516	-74,424	-79,332	-83,679	-87,492	-91,305	-95,118	-98,931	-102,744	-829,400
Depreciation	14,667	14,667	14,667	14,667	14,667	14,667	14,667	14,667	14,667	14,667	14,667	14,667	176,000
EBIT	-52,685	-60,321	-67,275	-84,183	-89,091	-93,999	-98,346	-102,159	-105,972	-109,785	-113,598	-117,411	-1,005,400
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	-52,685	-60,321	-67,275	-84,183	-89,091	-93,999	-98,346	-102,159	-105,972	-109,785	-113,598	-117,411	-1,005,400

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Beginning Cash	3,200,000	3,117,315	3,016,994	2,899,719	2,745,536	2,586,445	2,412,446	2,234,099	2,051,940	1,865,968	1,676,183	1,482,585
Cash In	1,625	4,875	9,750	19,500	29,250	39,000	50,050	62,400	74,750	87,100	99,450	111,800
Total Cash In	1,625	4,875	9,750	19,500	29,250	39,000	50,050	62,400	74,750	87,100	99,450	111,800
Cash Out	82,685	100,321	107,275	124,183	134,091	143,999	153,346	162,159	170,972	179,785	188,598	197,411
Total Cash Out	82,685	100,321	107,275	124,183	134,091	143,999	153,346	162,159	170,972	179,785	188,598	197,411
Net Cash Flow	-81,060	-95,446	-97,525	-104,683	-104,841	-104,999	-103,296	-99,759	-96,222	-92,685	-89,148	-85,611
Ending Cash	3,117,315	3,016,994	2,899,719	2,745,536	2,586,445	2,412,446	2,234,099	2,051,940	1,865,968	1,676,183	1,482,585	1,285,174

Metric	Y1	Y2 Q1	Y2 Q2	Y2 Q3	Y2 Q4	Y3 Q1	Y3 Q2	Y3 Q3	Y3 Q4	Y3 Total
Revenue	702,000	780,000	1,014,000	1,248,000	1,326,000	1,872,000	2,184,000	2,340,000	2,262,000	8,658,000
COGS	407,000	455,000	591,500	728,000	773,500	1,092,000	1,274,000	1,365,000	1,319,500	5,047,000

Gross Profit	295,000	325,000	422,500	520,000	552,500	780,000	910,000	975,000	942,500	3,611,000
OpEx	1,124,400	325,000	325,000	325,000	325,000	650,000	650,000	650,000	650,000	2,900,000
EBITDA	-829,400	0	97,500	195,000	227,500	130,000	260,000	325,000	292,500	711,000
Net Income	-1,005,400	-180,000	-82,500	90,000	122,500	130,000	260,000	325,000	292,500	750,000
Ending Cash	1,285,174	1,105,174	1,022,674	1,112,674	1,235,174	1,365,174	1,625,174	1,950,174	2,242,674	2,242,674

Metric	Value	Calculation
Monthly Fixed Costs	45,000	From OpEx table
Variable Cost per Unit	188	COGS per vehicle
Price per Unit	325	AMR
Contribution Margin per Unit	137	325 - 188
Contribution Margin %	42.2%	137 / 325
Break-Even Units per Month	328	45,000 / 137
Break-Even Revenue per Month	106,600	328 x 325
Expected Break-Even Month	20	Per cash flow projection
Safety Margin	15.2%	(1,100 - 328) / 1,100

Metric	Y1	Y2	Y3	Industry Benchmark
Gross Margin %	42.0%	41.7%	41.7%	35-45%
Operating Margin %	-160.3%	-18.5%	33.5%	N/A

Net Profit Margin %	-143.2%	-18.5%	8.7%	5-10%
Current Ratio	1.2	1.8	3.1	1.5+
CAC Payback	N/A	6.5 mo	6.2 mo	6-18 mo
LTV:CAC Ratio	0.8	3.2	3.76	3.0+
Monthly Burn Rate	83,800	0	0	N/A
Runway	18 mo	24 mo	36 mo	12-18 mo

10. Risk Analysis

Top risks: 1) Economic downturn (Probability 4/5, Impact 5/5) reducing leasing demand; 2) Interest rate hikes >7% (Probability 3/5, Impact 4/5) increasing borrowing costs; 3) Regulatory changes (Probability 3/5, Impact 4/5) in subprime lending; 4) Vehicle depreciation exceeding 7% (Probability 2/5, Impact 5/5) due to market volatility.

Mitigation: Economic risk addressed through 12-month lease terms (35% of portfolio) and income verification (92% approval rate for gig workers with $2,500+ monthly earnings). Interest rate risk mitigated by fixed-rate warehouse line of credit at 6.5% (Regions Bank). Regulatory risk managed via automated TILA/ECOA disclosure engine and $5M cyber insurance. Depreciation risk controlled by 58% residual estimates (vs industry 60%) on Toyota/Honda.

Risk	Probability	Impact	Risk Score	Mitigation Strategy	Contingency Plan	Owner
Economic downturn	4	5	20	Offer 12-mo terms; diversify to B2B	Reduce marketing spend by 30%	CEO
Interest rate hikes	3	4	12	Lock fixed-rate credit line	Pass 2% APR increase to customers	CFO
Regulatory changes	3	4	12	Compliance officer hire (Month 4)	Pause subprime leasing	COO
Vehicle depreciation	2	5	10	Conservative residual estimates	Sell vehicles at 24 months	COO
High default rate	3	4	12	AI underwriting + income verification	Activate insurance coverage	CTO
Supply chain disruption	2	3	6	Diversified auction partners	Use dealer trade-ins (30% buffer)	COO

11. Implementation Timeline

Critical path: Month 1-3 (license/warehouse setup), Month 4-6 (first 50 vehicles), Month 7-9 (Dallas expansion). Dependencies: Warehouse lease contingent on license approval; Uber partnership requires 100-vehicle minimum. Key priority: Achieve 8% default rate by Month 6 through income verification integration.

Month	Milestone	Deliverables	Resources Needed	Success Metric	Owner
1	License compliance	Texas MVDB approval	$2,500 fee, legal counsel	License secured	COO
2	Warehouse operational	10,000 sq ft facility ready	$17,000 deposit, tools	First vehicle processed	COO
3	AI engine v1.0 launch	Underwriting platform live	$350,000 dev cost	60-sec approval rate 85%	CTO
4	First 20 leases closed	20 vehicles delivered	$440,000 inventory	$6,500 MRR achieved	Sales Lead
5	Marketing campaign launch	Google/Facebook live	$45,000 budget	150 leads/month	Marketing Manager
6	50 vehicles under management	50 active leases	$1.1M inventory	$16,250 MRR	CEO
7	Dallas market entry	Local partnerships signed	$25,000 legal	10 Dallas leases	COO
8	Uber partnership activation	Co-branded program live	Integration API	35% leads from Uber	CTO
9	100 vehicles under management	100 active leases	$2.2M inventory	$32,500 MRR	CEO
10	Break-even analysis	Financial model validation	CFO review	Path to Month 20 break-even	CFO
11	Series A preparation	Financial package ready	Investor deck	Term sheet by Month 14	CEO
12	600 vehicles under management	600 active leases	$13.2M inventory	$195,000 MRR	CEO

12. Appendix

Supporting documents include: Texas Motor Vehicle Dealer License #DL-12345, Regions Bank credit line term sheet, Experian API integration agreement, 500,000-record underwriting dataset license. All financial assumptions based on J.D. Power 2023 Auto Finance Study, Experian Automotive Market Report, and internal pilot data from 200 test applications. Full source documentation available upon request.