Sample Business Plan for a Successful Used car dealership in the US

DriveSure Motors LLC (TX LLC, founded March 15, 2023) operates a 20,000 sq. ft. used car dealership in Austin targeting 25-45 year olds earning $50k-$90k. We sell certified pre-owned vehicles at $8k-$30k with 127-point inspections and 7-day returns. Projecting $2.88M Year 1 revenue (120 units x $24,000 avg) at 13% gross margin. May 2024.

1. EXECUTIVE SUMMARY

Austin dealers sold 48,000 used vehicles in 2023 (TxDMV) but 68% of buyers report distrust in pricing (J.D. Power 2023). DriveSure solves this with no-haggle pricing based on real-time Manheim auction data and KBB Fair Market Range, reducing customer negotiation time by 72% versus competitors. We generate revenue through vehicle sales (85% of total), F&I products (12%), and service contracts (3%). Year 1 gross profit: $374,400 (120 units x $3,120 avg GP). Fixed costs of $750,000 require 118 units to break even. We achieve profitability in Month 10 by selling 20+ units monthly from Month 7.

We seek $750,000: $500,000 owner equity, $250,000 SBA 7(a) loan (10-year term, 7.5% fixed). Funds allocated to inventory ($450,000), facility buildout ($180,000), working capital ($120,000). This capital enables 120-unit Year 1 sales volume, capturing 0.6% of Austin's $48M SOM. Projected Year 3 net profit: $129,600 (2.9% margin) with $4.5M revenue. SBA loan repaid in 120 months at $2,901/month.

2. COMPANY OVERVIEW

DriveSure Motors LLC (EIN 87-4562311) is a Texas LLC formed for liability protection and pass-through taxation. Located at 5400 S. I-35 Service Road, Austin, TX 78744, we lease 20,000 sq. ft. at $18,000/month (3% annual escalation) due to Austin's 2.5% population growth (2018-2023) and 18% in-migration rate (US Census). Ownership: Michael Reynolds (CEO, 60%), Sarah Chen (COO, 25%), James Whitaker (CFO, 15%). All members contributed cash equity; no sweat equity.

Michael Reynolds managed AutoNation Houston ($28M annual revenue), achieving 14.2% gross margin in 2022. Sarah Chen reduced CarMax Austin's inventory holding days from 58 to 42 in 2021. James Whitaker structured $4.2M in SBA loans for 3 auto startups (2019-2022) with 0% defaults.

Date	Milestone	Status	Next Steps
Mar 2023	TxDMV dealer license #AU-12345 secured	Complete	N/A
Apr 2023	20,000 sq. ft. lease signed	Complete	N/A
May 2023	Manheim Auctions supplier agreement	Complete	N/A
Jun 2023	Reynolds & Reynolds DMS installed	Complete	N/A
Jul 2023	Ally Financial floor plan ($500k line)	Complete	Draw $250k by Aug 15
Aug 2023	Initial inventory acquisition (50 units)	Pending	Complete by Aug 30
Sep 2023	Grand opening	Pending	Sell 5 units by Sep 30
Dec 2023	Break-even achieved	Pending	Reach 118 cumulative units

3. MARKET ANALYSIS

TAM: $580B (38.2M US used vehicle sales at $15,183 avg price, Cox Automotive 2023). SAM: $3.2B (211,000 Texas dealer sales at $15,166 avg, TxDMV). SOM: $48M (3,165 Austin MSA dealer sales at $15,166 avg). SOM calculation: Austin MSA population 2.3M x 1.38 vehicles per capita (FHWA) x 0.6% annual turnover rate (NADA) = 3,165 units.

Primary customers: 25-45 year olds earning $50k-$90k (42% of Austin auto buyers, US Census). 72% start searches online (Google 2023), with $1,200 average research time (Cox). They prioritize reliability (87% cite), transparent pricing (79%), and under $300/month payments (68%). 61% abandoned purchases due to hidden fees (J.D. Power).

Market trends: 1) Online research up 22% YoY (Cox); 2) Sub-$15k vehicles growing at 5.1% CAGR (2019-2023); 3) 30-day warranties now expected by 83% of buyers (Edmunds); 4) Inventory days supply down to 34 (vs 52 in 2022) due to supply constraints.

Segment	Size ($)	Growth Rate	Our Share Target	Rationale
Sub-$15k value vehicles	$14.4M	5.1%	1.0%	High demand from entry-level buyers; 25% GP vs 10% industry avg
$15k-$25k certified	$24.0M	2.3%	0.5%	Core focus; 13% GP target
$25k+ premium	$9.6M	-1.2%	0.1%	Limited inventory; CarMax dominates
Service contracts	$1.2M	8.7%	3.0%	Attaching to 30% of sales at $300 avg

Category	Total Addressable	Serviceable Available	Serviceable Obtainable	Methodology
Units	38,200,000	211,000	3,165	TxDMV county data x Austin MSA population share
Revenue	$580,000,000,000	$3,200,000,000	$48,000,000	Units x $15,166 avg price

4. COMPETITIVE ANALYSIS

CarMax Austin (45% local market share) sells 1,424 units annually at $22,500 avg price (2022 TxDMV). Weaknesses: 4.1-star Google rating (vs 4.7 target), 58-day inventory holding, no test drives for online orders. Carvana's Austin kiosk averages 89 units/month with 22% return rate (Q1 2023 earnings). Local independents (e.g., Austin Auto Outlet) average 3.8-star ratings with inconsistent inventory quality.

Our advantages: 1) 127-point inspection reduces reconditioning costs by $420/unit vs industry avg ($1,050) based on CarMax data; 2) 7-day return policy lowers CAC by 15% (measured in pilot); 3) Hybrid model enables same-day test drives (Carvana average 7.2-day delivery); 4) No-haggle pricing cuts sales cycle from 3.2 to 1.7 hours (NADA benchmark).

Competitor	Revenue Est.	Pricing	Key Strength	Key Weakness	Our Differentiation
CarMax	$32M/yr	15% markup	Brand recognition	Impersonal; 58-day inventory hold	Local service; 45-day turnover
Carvana	$2.1M/yr (kiosk)	18% markup	Online convenience	22% return rate; no test drives	Same-day test drives; 7-day return
Austin Auto Outlet	$1.8M/yr	22% markup	Low prices	3.8-star rating; no warranties	30-day warranty; 4.7+ target rating
Toyota of Austin (used)	$8.7M/yr	12% markup	New car traffic	72-hour financing approval	45-minute approvals
Facebook Marketplace	N/A	10% below market	No fees	No warranties; high fraud risk	Full history reports; warranties

Strengths	Weaknesses	Opportunities	Threats
Proprietary inspection process (saves $420/unit)	Limited brand awareness (0% aided recall)	Austin population growth (2.5%/yr)	Economic downturn reducing auto spending
Hybrid sales model (online + physical)	Small inventory (80-100 units)	Sub-$15k demand up 5.1% YoY	Carvana expanding kiosks
7-day return policy (lowers CAC 15%)	No service department (yet)	30-day warranty becoming standard	TxDMV regulation changes

Experienced leadership team	Dependent on floor plan financing	Ally Financial partnership	Inventory depreciation risk

5. PRODUCTS & SERVICES

We sell two vehicle tiers: Certified Pre-Owned (2018-2023 models, <60k miles, $15k-$30k) and Value Vehicles (2013-2017, 60k-100k miles, $8k-$14,999). All vehicles undergo 127-point inspection (3.2 hours labor) with reconditioning capped at $1,050. Certified units include 30-day/3,000-mile warranty and free 12-month maintenance (4 oil changes, tire rotations). Value vehicles include 15-day warranty. F&I products: Extended warranties ($300-$900), GAP insurance ($400), tire/wheel protection ($250).

Pricing uses KBB Fair Market Range minus 2% (vs CarMax's 0.5% discount) to attract price-sensitive buyers. Example: 2020 Honda CR-V (58k miles) priced at $21,999 vs KBB $22,450 range. Markup averages 18.5% over acquisition cost ($18,000 avg) to achieve 13% gross margin after recon. Financing markup: 2.5% above prime (capped at 14.9% APR), generating $180 avg F&I revenue per unit.

Tier	Price	Features	Target Customer	Expected % Revenue	Gross Margin
Certified Pre-Owned	$15k-$30k	127-pt insp, 30-day warranty, free maintenance	25-45yo, $50k-$90k income	70%	13.0%
Value Vehicles	$8k-$14,999	Basic insp, 15-day warranty	First-time buyers, <25yo	27%	25.0%
F&I Products	$250-$900	Warranties, GAP, tire protection	All buyers	3%	85.0%

Metric	Value	Calculation/Notes
Price per unit	$24,000	Weighted avg: 70% @ $25,715, 30% @ $11,500
COGS per unit	$20,880	Acquisition $18,000 + recon $1,050 + F&I $180 - hold cost $350
Gross Profit per unit	$3,120	$24,000 - $20,880
Gross Margin %	13.0%	$3,120 / $24,000
CAC	$1,000	$120,000 annual marketing / 120 units

LTV	$5,200	2.5 transactions x $2,080 GP per transaction
LTV:CAC	5.2	$5,200 / $1,000
Payback Period	3.8 months	CAC / ($3,120 GP x 33% monthly retention)

6. MARKETING & SALES

Go-to-market via performance marketing: Google Ads targeting "used cars Austin" ($5.20 CPC) and SEO for "no-haggle dealer Austin". Digital channels generate 82% of leads (vs 67% industry avg, Cox). Radio ads on 96.7 FM target commuters (18% Austin market share, Nielsen). $250 referral program leverages local networks; 22% of pilot leads came from referrals.

Sales cycle: 1) Lead capture (website/chat); 2) Pre-qualification (15-min phone call); 3) Test drive (same-day); 4) Financing approval (45 mins via RouteOne); 5) Close (e-signing). Conversion rates: 4.1% website visitors to leads, 32% leads to test drives, 28% test drives to sales. Average cycle: 2.1 days (vs 3.2 industry avg).

Retention: Free maintenance drives 68% service retention (CarMax: 41%). Loyalty discount ($500 off next purchase) targets 25% repeat rate by Year 3. Post-purchase check-ins at 30/90 days reduce negative reviews by 37% (Reputation.com data).

Channel	Monthly Budget	Expected CAC		E L Conversion Rate	Expected Customers/Month	ROI	
Google Ads	$8,000	$58.60		1374.1%	5.6	53.2%	
Facebook/Instagram	$3,000	$75.00		40	3.5%	1.4	40.0%
Radio (96.7 FM)	$4,000	$133.33		302.8%	0.8	24.0%	
Referral Program	$2,500	$100.00		2510.0%	2.5	210.0%	
SEO/Content	$5,000	$0		803.0%	2.4	N/A	
Total	$22,500	$1,000		3124.1%	12.7	62.4%	

Month	Google Ads	Social Media	Content/SEO	Events	Other	Total	Expected Leads	Expected Customers
1	8000	3000	5000	0	2500	18500	257	10.5
2	8000	3000	5000	0	2500	18500	257	10.5
3	8000	3000	5000	0	2500	18500	257	10.5
4	8000	3000	5000	1000	2500	19500	272	11.2
5	8000	3000	5000	1000	2500	19500	272	11.2
6	8000	3000	5000	1000	2500	19500	272	11.2
7	8000	3000	5000	2000	2500	20500	287	11.8
8	8000	3000	5000	2000	2500	20500	287	11.8
9	8000	3000	5000	2000	2500	20500	287	11.8
10	8000	3000	5000	3000	2500	21500	302	12.4
11	8000	3000	5000	3000	2500	21500	302	12.4
12	8000	3000	5000	3000	2500	21500	302	12.4

7. OPERATIONS

Daily workflow: 1) Acquire inventory via Manheim auctions (60%), trade-ins (25%), lease returns (15%); 2) 127-point inspection (max 4 hours); 3) Reconditioning (max $1,050); 4) Price within 24 hours; 5) List online; 6) Sell (target 45-day turnover). Capacity: 12 sales consultants handle 180 test drives/month; 3 technicians recondition 25 vehicles/month. Peak inventory: 100 units (80 indoor, 20 outdoor).

Key vendors: Manheim Auctions (60-day payment terms), Ally Financial (floor plan at 6.5% APR, 30-day terms), O'Reilly Auto Parts (net 30). Technology stack enables same-day e-contracting and inventory tracking.

Vendor/Supplier	Service	Monthly Cost	Contract Terms	Backup Option
Manheim Auctions	Vehicle acquisition	$0 (fee per unit)	Month-to-month	Adesa Austin
Ally Financial	Floor plan financing	$2,708	12 months	Wells Fargo Dealer Services
O'Reilly Auto Parts	Replacement parts	$1,200	Net 30	AutoZone
Bridgestone Tires	Tire packages	$800	Per order	Discount Tire
RouteOne	Digital F&I	$300	Annual	ProMax

Tool	Purpose	Monthly Cost	Users	Alternatives Considered
Reynolds & Reynolds ERA	DMS	2,200	12	CDK Global
Salesforce Automotive Cloud	CRM	1,800	12	DealerSocket
CarGurus API	Inventory syndication	500	1	Autotrader
Google Workspace	Email/collaboration	180	12	Microsoft 365
RingCentral	Phone system	300	12	Nextiva

8. MANAGEMENT TEAM

12 FTE structure: 3 sales consultants ($45k base + 1.5% commission), 2 finance managers ($55k base + 0.5% commission), 3 technicians ($50k base), 2 detailers ($38k base), 1 operations manager ($65k), 1 receptionist ($35k). Total payroll: $525,000/year. Benefits: 4% 401(k) match, health insurance (25% employee premium share).

Advisory board: David Torres (ex-CarMax Regional VP, 20 years auto retail), Linda Chen (SBA lender, $200M portfolio). Compensation: $1,000/month stipend + equity options.

Month	Role	Salary	Priority	Source	Onboarding Time
0	CEO/COO/CFO	Owner equity	1	Founders	N/A
1	Sales Consultant (x2)	$45k base + 1.5%	1	AutoTrader job board	30 days
1	Technician (x2)	$50k base	1	Indeed	45 days
2	Finance Manager (x1)	$55k base + 0.5%	2	Internal promotion	15 days
3	Detailer (x2)	$38k base	2	Craigslist	30 days
4	Receptionist	$35k base	3	Local job fair	21 days
6	Sales Consultant (x1)	$45k base + 1.5%	3	Employee referral	21 days
8	Finance Manager (x1)	$55k base + 0.5%	4	AutoNation referral	30 days

9. FINANCIAL PLAN

Key assumptions: 1) Sales ramp: Months 1-3: 5 units/month; Months 4-6: 8 units/month; Months 7-9: 10 units/month; Months 10-12: 12 units/month; 2) Avg revenue per unit: $24,000; 3) Monthly churn: 33% (based on pilot data); 4) COGS: 87% of revenue (acquisition 75%, recon 4.3%, hold cost 1.4%, F&I 6.3%); 5) Fixed costs: $62,500/month.

Revenue model: 85% vehicle sales, 12% F&I products, 3% service contracts. Growth drivers: Digital marketing scaling (leads from 257 to 302/month), referral program expansion (22% of leads by Month 12), and inventory turnover improvement (60 days to 45 days by Year 2).

Cost structure: 68% fixed costs ($42,500 rent/payroll/software), 32% variable (COGS, marketing, floor plan interest). Fixed costs grow 3% annually (lease escalation). Variable costs scale linearly with units sold. Payroll is 52% of total OpEx.

Funding: $750,000 total. Use: Inventory ($450,000), Facility buildout ($180,000), Working capital ($120,000). Provides 9.6 months runway at $12,500 monthly burn (Months 1-9). Funds 120-unit Year 1 sales and Month 10 break-even.

Category	Ite	Cost	Notes
Legal/Formation	TX LLC filing	300	N/A
Licenses/Permits	TxDMV dealer license	5,000	Non-refu
Equipment	Service bay tools	45,000	2% discount for cash
Equipment	Detailing center	25,000	N/A
Technology Setup	DMS installation	15,000	Reynolds & Reynolds
Technology Setup	Website development	10,000	WordPre + CarGuru

Initial Inventory		50 vehicles @ $9k avg	450,000		Manheim auction cost
Marketing Launch		Pre-opening campaign	25,000		Digital ads only
Working Capital		3 months fixed costs	187,500		$62,500 x 3
Insurance		Annual garage liability	18,000		$2M coverag
Professional Fees		SBA loan packaging	5,000		CPA services
Office/Facility		Buildout, improvements	180,000		Leaseho improver
Branding/Design		Signage & uniforms	12,000		Exterior/ signs
Training		Sales, process certification	7,200		NADA training
Contingency (10%)		Miscellaneous	92,000		Calculate on total
Total			**1,000,000**		

Category	T	Monthly Cost	Annual Cost		Notes

Rent		Fixed	18,000	216,000		3% annual escalatio
Salaries/Payroll		Fixed	43,750	525,000		12 FTEs avg $43,750
Benefits		Fixed	10,938	131,250		25% of payroll
Insurance		Fixed	1,500	18,000		Garage liability
Software		Fixed	4,980	59,760		DMS, CRM, tools
Utilities		Fixed	4,000	48,000		Electricity water, internet
Marketing		Variable	18,750	225,000		$22,500 avg x 12
Floor Plan Interest		Variable	1,875	22,500		6.5% APR on $346k avg balance
Reconditioning		Variable	4,200	50,400		$1,050 x 4 units
Parts/Supplies		Variable	2,000	24,000		O'Reilly purchase
Sales Commissions		Variable	2,160	25,920		1.8% of revenue
Loan Payment		Fixed	2,901	34,812		SBA 7(a) loan
Fixed Total			**83,168**	**998,012**		

Variable Total		**27,085**	**325,020**	
Combined Total		**110,253**	**1,323,032**	

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Year 1 Total
Revenue	120,000	120,000	120,000	192,000	192,000	192,000	240,000	240,000	240,000	288,000	288,000	288,000	2,592,000
COGS	104,400	104,400	104,400	167,040	167,040	167,040	208,800	208,800	208,800	250,560	250,560	250,560	2,255,040
Gross Profit	15,600	15,600	15,600	24,960	24,960	24,960	31,200	31,200	31,200	37,440	37,440	37,440	336,960
Marketing	18,500	18,500	18,500	19,500	19,500	19,500	20,500	20,500	20,500	21,500	21,500	21,500	234,000
Salaries	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	525,000
Rent	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	216,000
Software	4,980	4,980	4,980	4,980	4,980	4,980	4,980	4,980	4,980	4,980	4,980	4,980	59,760
Insurance	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Other OpEx	16,423	16,423	16,423	17,423	17,423	17,423	18,423	18,423	18,423	19,423	19,423	19,423	214,284
Total OpEx	103,153	103,153	103,153	105,153	105,153	105,153	107,153	107,153	107,153	109,153	109,153	109,153	1,267,044
EBITDA	-87,553	-87,553	-87,553	-80,193	-80,193	-80,193	-75,953	-75,953	-75,953	-71,713	-71,713	-71,713	-930,084
Depreciation	7,667	7,667	7,667	7,667	7,667	7,667	7,667	7,667	7,667	7,667	7,667	7,667	92,000
EBIT	-95,220	-95,220	-95,220	-87,860	-87,860	-87,860	-83,620	-83,620	-83,620	-79,380	-79,380	-79,380	-1,022,084
Interest	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	34,812
Taxes (25%)	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	-98,121	-98,121	-98,121	-90,761	-90,761	-90,761	-86,521	-86,521	-86,521	-82,281	-82,281	-82,281	-1,056,896

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Beginning Cash	120,000	21,879	-76,242	-174,363	-265,124	-355,885	-442,406	-528,927	-615,448	-701,969	-784,250	-866,531
Cash In (Revenue)	120,000	120,000	120,000	192,000	192,000	192,000	240,000	240,000	240,000	288,000	288,000	288,000
Cash In (Funding)	500,000	0	0	0	0	0	0	0	0	0	0	0

Total Cash In	620,000	120,000	120,000	192,000	192,000	192,000	240,000	240,000	240,000	288,000	288,000	288,000
Cash Out (COGS)	104,400	104,400	104,400	167,040	167,040	167,040	208,800	208,800	208,800	250,560	250,560	250,560
Cash Out (OpEx)	103,153	103,153	103,153	105,153	105,153	105,153	107,153	107,153	107,153	109,153	109,153	109,153
Cash Out (CapEx)	180,000	0	0	0	0	0	0	0	0	0	0	0
Cash Out (Debt)	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901
Total Cash Out	390,454	210,454	210,454	275,094	275,094	275,094	318,854	318,854	318,854	362,614	362,614	362,614
Net Cash Flow	229,546	-90,454	-90,454	-83,094	-83,094	-83,094	-78,854	-78,854	-78,854	-74,614	-74,614	-74,614
Ending Cash	21,879	-76,242	-174,363	-265,124	-355,885	-442,406	-528,927	-615,448	-701,969	-784,250	-866,531	-948,812

Metric	Y1	Y2 Q1	Y2 Q2	Y2 Q3	Y2 Q4	Y3 Q1	Y3 Q2	Y3 Q3	Y3 Q4	Y3 Total
Revenue	2,592,000	864,000	907,200	952,560	1,000,188	1,050,197	1,102,707	1,157,842	1,215,734	4,526,480
COGS	2,255,040	751,680	789,264	828,727	869,164	912,619	958,250	1,006,162	1,056,471	3,933,502
Gross Profit	336,960	112,320	117,936	123,833	131,024	137,578	144,457	151,680	159,263	592,978
OpEx	1,267,044	316,761	316,761	316,761	316,761	326,264	326,264	326,264	326,264	1,305,056
EBITDA	-930,084	-204,441	-198,825	-192,928	-185,737	-188,686	-181,807	-174,584	-166,999	-712,078
Net Income	-1,056,896	-224,441	-208,825	-192,928	-175,737	-178,686	-161,807	-144,584	-126,999	-792,478
Ending Cash	-948,812	-1,173,253	-1,382,078	-1,575,006	-1,750,743	-1,929,429	-2,091,236	-2,235,820	-2,362,819	-2,362,819

Metric	Value	Calculation
Monthly Fixed Costs	62,500	Rent $18k + Payroll $43.75k + Software $5k + Insurance $1.5k + Loan $2.9k
Variable Cost per Unit	20,880	COGS per unit

Price per Unit	24,000	Avg revenue per unit
Contribution Margin per Unit	3,120	$24,000 - $20,880
Contribution Margin %	13.0%	$3,120 / $24,000
Break-Even Units per Month	20.0	$62,500 / $3,120
Break-Even Revenue per Month	480,000	20 units x $24,000
Expected Break-Even Month	10	Cumulative units: 115 by Month 10
Safety Margin	37.5%	($576,000 actual revenue - $480,000) / $576,000 (Month 12)

Metric	Y1	Y2	Y3	Industry Benchmark
Gross Margin %	13.0%	13.0%	13.1%	12.7% (NADA)
Operating Margin %	-48.5%	-27.3%	-16.3%	-5.2% (NADA)
Net Profit Margin %	-40.8%	-22.9%	-17.5%	-2.1% (NADA)
Current Ratio	0.8	0.9	1.1	1.3
Quick Ratio	0.3	0.4	0.6	0.8
CAC Payback Period	3.8 months	3.5 months	3.2 months	6-18 months
LTV:CAC Ratio	5.2	5.5	5.8	3.0+
Monthly Burn Rate	88,075	58,000	39,000	N/A
Runway (months)	1.4	2.0	3.0	N/A

10. RISK ANALYSIS

Top risks: 1) Inventory depreciation (probability 4/5, impact $50k loss/month if ASP drops 5%); 2) Floor plan default (probability 3/5, impact $250k loss if Ally terminates line); 3) Regulatory violation (probability 2/5, impact $100k fines per TxDMV audit); 4) Economic downturn (probability 3/5, impact 20% unit sales decline).

Mitigation: 1) Dynamic pricing adjusts daily based on Manheim auction data; 2) Maintain 30% equity buffer (vs Ally's 20% requirement); 3) Monthly compliance audits using Reynolds DMS checklist; 4) Focus on sub-$15k vehicles (demand inelasticity: -0.3 elasticity vs -0.8 for luxury).

Risk	Probability	Impact	Risk Score	Mitigation Strategy	Contingency Plan	Owner
Inventory depreciation	4	4	16	60-day max holding period; price 1% below KBB	Discount older inventory by 2% weekly	COO
Floor plan default	3	5	15	Maintain 30% equity buffer; draw only 80% of line	Secure Wells Fargo backup line	CFO
TxDMV violation	2	5	10	Monthly compliance training; F&I manager certification	Retain auto compliance attorney ($200/hr)	CEO
Economic downturn	3	4	12	Focus on sub-$15k vehicles; 72-month financing	Reduce marketing spend by 30%	CEO
High return rate	3	3	9	7-day policy with $250 restocking fee	Cap returns at 5% of sales	COO
Key personnel loss	2	4	8	401(k) match; 2% profit sharing	Cross-train managers	CEO
Cyberattack	2	3	6	$500k cyber insurance; daily backups	Manual DMS override process	CFO
Reputation damage	3	3	9	24-hour review response; $50 gas card incentives	PR agency retainer ($5k/mo)	COO

11. IMPLEMENTATION TIMELINE

Critical path: Inventory acquisition (Month 1), DMS integration (Month 2), and achieving 8 units/month by Month 6 to maintain cash flow. Dependencies: SBA loan approval required before inventory purchase; Manheim supplier agreement must precede auction access. Key priority: Reduce inventory holding days from 60 to 45 by Month 9 through dynamic pricing.

Month	Milestone	Deliverables	Resources Needed	Success Metric	Owner
1	Inventory acquisition	50 vehicles on lot	$450k capital; Manheim account	5 units sold	COO
2	DMS optimization	Full Reynolds ERA integration	$15k setup; IT support	100% inventory tracking	CFO
3	Marketing launch	Google Ads/SEO live	$18.5k budget; vendor contracts	257 leads generated	CEO
4	Sales process refinement	Documented workflow	Staff training; NADA materials	28% test drive to sale rate	COO
5	Referral program launch	Customer incentive system	$2.5k budget; CRM setup	22% referral leads	CEO
6	Cash flow stabilization	Positive EBITDA	8 units sold; cost controls	-80,193 EBITDA (improved from -87k)	CFO
7	Inventory turnover improvement	45-day holding target	Pricing software; staff training	10 units sold	COO
8	Service department planning	Business case for expansion	Market research; financial model	30% service attachment rate	CFO
9	Break-even preparation	Cost reduction initiatives	Process review; vendor renegotiation	-75,953 EBITDA (improved from -80k)	CFO
10	Break-even achievement	115 cumulative units sold	Marketing push; inventory boost	20 units sold	CEO
11	Profitability planning	Year 2 budget finalized	Financial modeling; team input	150 units projected	CFO

12	Year 1 review	Performance analysis	Financial reports; customer feedback	120 units sold; 13% GP	CEO

12. APPENDIX

Supporting documents: SBA loan commitment letter, Manheim supplier agreement, Reynolds & Reynolds DMS contract, 12-month cash flow model with sensitivity analysis. Key assumptions documented per NADA industry benchmarks and Cox Automotive market data. All financial projections validated by CPA James Whitaker (TX license #123456).