

# Sourcing & Financing The Best Inventory With New Technologies

***Chad Spearman***

*Manager, Sales Effectiveness*



**Manheim**

***Will Chandler***

*Regional Director*

**NEXTGEAR**  
CAPITAL

# Partnering To Address Marketplace Challenges



No one can **“go it alone”** in the automotive industry



# COX AUTOMOTIVE™

To Transform the Way People Buy, Sell and Own Cars





# Marketplace Insights

*Inventory & Consumer*

# Dominant Forces Shaping the Automotive Industry

## INVENTORY AND CONSUMER

Age & education differences

**Labor Market**

Participation Rate

Involuntary part-time

Hours & earnings

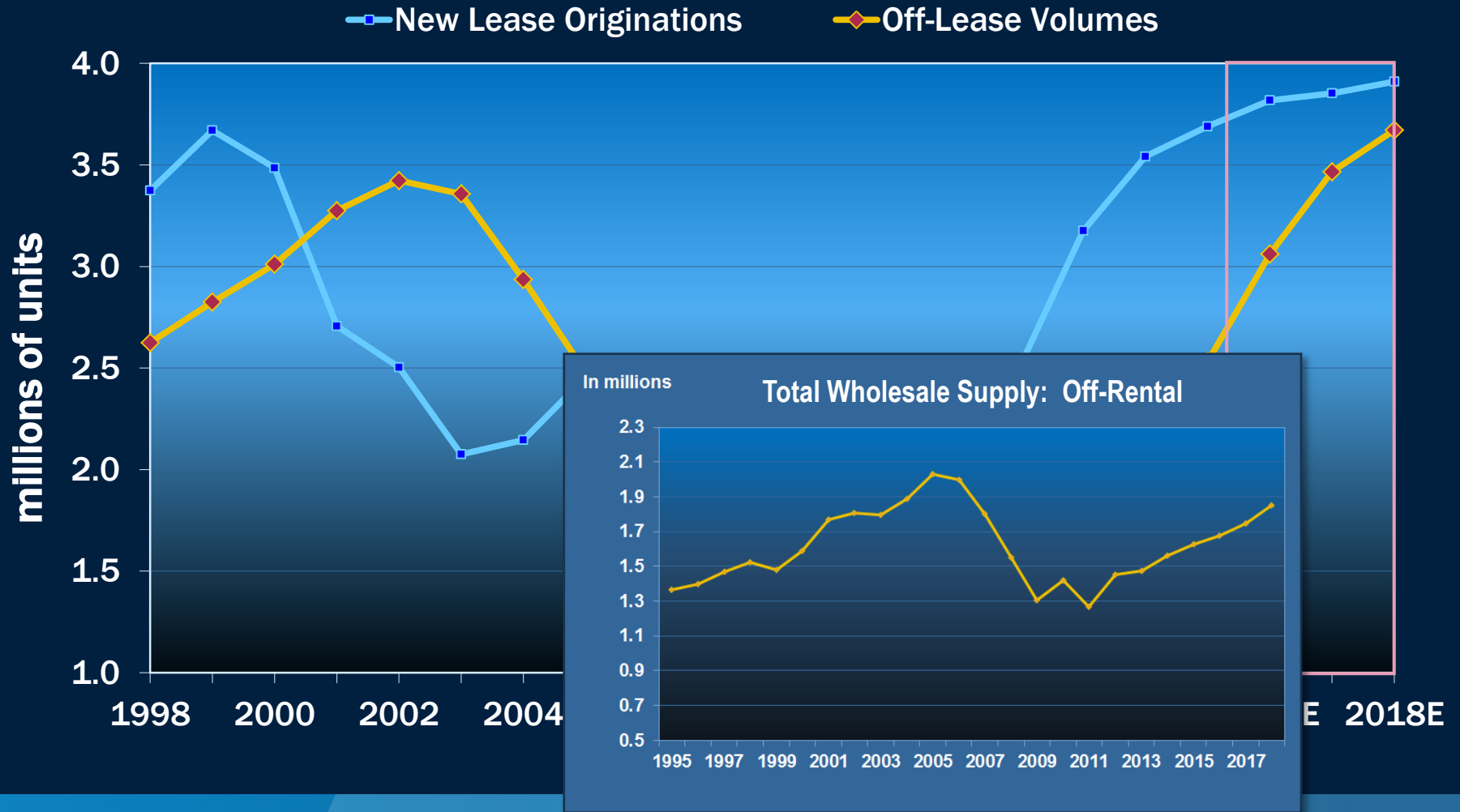
Energy Markets

Under-employed

Exchange Rates



# Inventory Volumes – Further Growth Ahead

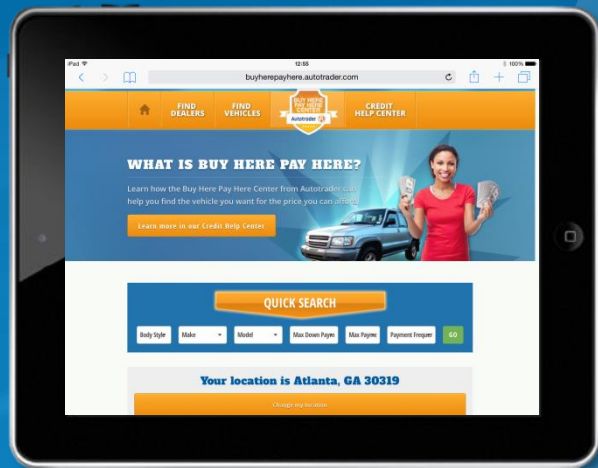
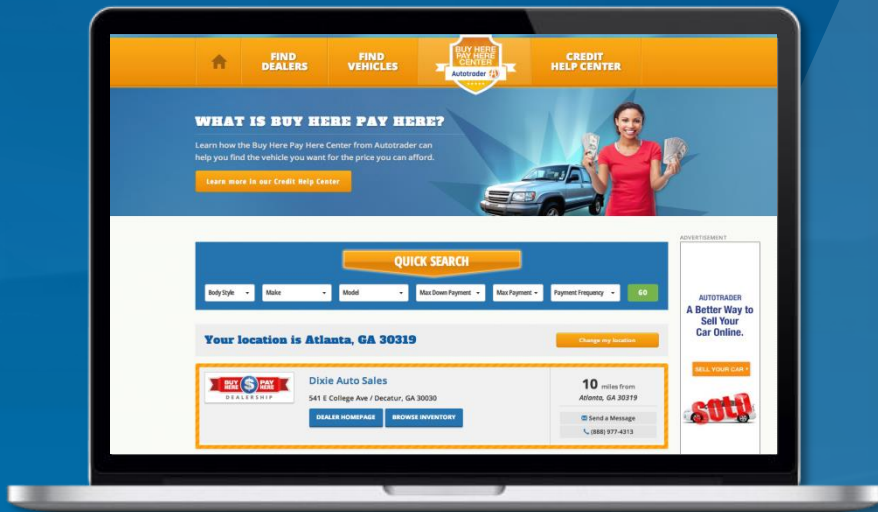


Source: Manheim Consulting



**4** out of **5**  
**BHPH**  
**Customers**

**conduct  
research**  
prior to visiting  
the dealership



**BHPH**  
shoppers  
are online

**70%**  
use the Internet



# Supporting Buy Here, Pay Here Dealers



Manheim



# 4 Digital Opportunities

# Sourcing the Best Inventory

- 1** **Expand** Inventory Options
- 2** **Fulfilling** Your Acquisition Needs
- 3** **Presenting** Inventory Options
- 4** **Saving** You Time & Money

A hand in a dark suit jacket is holding a key. A large, white, semi-transparent number '1' is overlaid on the key. The background is a blurred image of a person in a white lab coat, possibly a scientist or technician, working in a laboratory or office setting. The overall color scheme is dark blue and black.

1

**Expanded Inventory Options**

# Expanded Inventory Options

The image displays three overlapping screenshots of car dealership websites:

- Top Screenshot (CarMax):** Shows the CarMax logo with the tagline "The way car buying should be." and a navigation menu with options: "Find a Car", "Sell Us Your Car", "Research", "Financing", "Why CarMax", and "Find". A search bar and a "MyCarMax" button are also visible.
- Middle Screenshot (Penske Cars):** Features the "PENSKE CARS.COM" logo and the text "Over 40 Brands and 30,000 Vehicles." It includes a search bar with the example "2011 Red Dodge Charge" and a "VEHICLE SEARCH" section with filters for "New", "Used", "All", "All Years", "All Makes", "All Models", "Any Body Style", and "Any Price". A "FIND MY CAR" button is at the bottom.
- Bottom Screenshot (DriveTime):** Shows the "DriveTime" logo and a "Find Your Car" section with dropdown menus for "All Makes" and "All Models", a "Search Atlanta Cars" button, and a "Start Your Approval" button. A large banner reads "FINANCING IS SIMPLE HERE. START SHOPPING." with the text "We are the bank and we've approved over 2.5 million people, so relax and start your approval or shop 9,947 vehicles online." Below this are three icons: "All Cars Include an AutoCheck Report", "No Questions Asked 5-Day Return Policy", and "We are BBB accredited". A testimonial from Shannon in Greensboro is included: "My husband and I had a great experience at Drive Time! The staff was polite, open and professional! No gimmicks, no fast talkers..."



FIND THE INVENTORY YOU WANT

**\$10K & UNDER**

Best priced inventory is filtered to the top of your search !

[ove.com](http://ove.com)

 Manheim

# Expanded Inventory Options



Chad Spearman (Logout) Help Contact Us

BUY

SELL

SERVICES

MY MANHEIM

LOCATIONS

Vehicle Search

Previous Vehicle

4 of 36

Next Vehicle

Back To Search Results

Workbook

Retail View

Print

## 2010 Toyota CAMRY 4C LE



Click + to zoom, then drag the image to move it.



Simulcast / In-Lane

Status: Presale  
Sale Date: 10/20/2015 - 09:30 AM ET  
Lane & Run: Lane 15 / Run 209  
Facilitation: FL - Manheim Orlando

PROXY BID

What's This

ENTER SALE

Condition

CR 3.2

MMR

\$7,550

VIN

4T1BF3EK3AU062520

Pickup Location

FL - Manheim Orlando

Odometer

74,957 mi

Vehicle Location

At Auction

Exterior / Interior

Gray / Beige

Vehicle History

 AutoCheck | CARFAX

Seller

WORLD OMNI FINANCIAL CORPORATION

### Vehicle Specifications

Year: 2010  
Make: Toyota  
Model: Camry  
Trim Level: LE  
Odometer: 74,957 mi

VIN: 4T1BF3EK3AU062520  
Body Style: Sedan  
Doors: 4  
Vehicle Type: Car  
Salvage: No

# Expanded Inventory Options

## 2013 HONDA CIVIC SDN LX



Click + to zoom, then drag the image to move it.



Online Event Sale Honda Remarketing Open Sale 10/16/2015 - 10/19/2015

[Honda Legal Disclosure](#)

<b>Time Left</b>	2 Hours 44 Minutes	<b>Current Bid:</b>	<b>\$9,800</b>	<b>BID</b>
<b>Start Date</b>	10/16/2015 5:00PM ET	8 Views   1 Bids		
<b>End Date</b>	10/19/2015 3:00PM ET			
<b>Facilitation</b>	Manheim Pennsylvania (717) 665-3571			
<a href="#">View Fees</a>				

### Condition

CR 3.5

### MMR

\$11,150

### VIN

2HGFB2F51DH573902

### Vehicle History



### Odometer

25,918

### Black Book

Extra Clean:	\$12,725
Clean:	\$12,500
Average:	\$11,625
Rough:	\$10,100

### Exterior / Interior

Gray / Gray

### Pickup Location

PA - Manheim Pennsylvania

### Vehicle Location

At Auction

[Show Adds/Deducts](#)

### ANNOUNCEMENTS

### VEHICLE SPECIFICATIONS



# Workbook



BUY

SELL

SERVICES

MY MANHEIM

LOCATIONS

Vehicle Search



[Home](#) > [My Manheim](#)

[Print](#)

## My Manheim

### PowerSearch

Year Range

ALL 2016

Make

ALL

Model

ALL

For non-Passenger  
Vehicle searches, please  
[click here.](#)

SEARCH

### Quick Links

- [OVE.com](#)
- [Simulcast](#)
- [Internet MMR](#)
- [Workbook](#)
- [My Purchases](#)
- [Change Password](#)

Search Vehicles Available 24/7

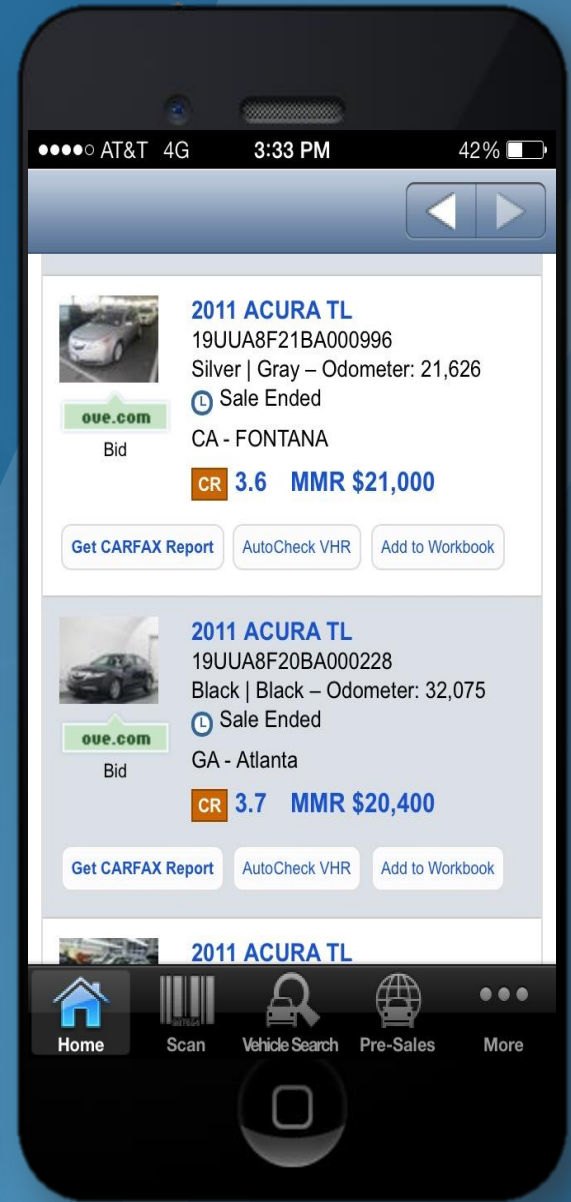
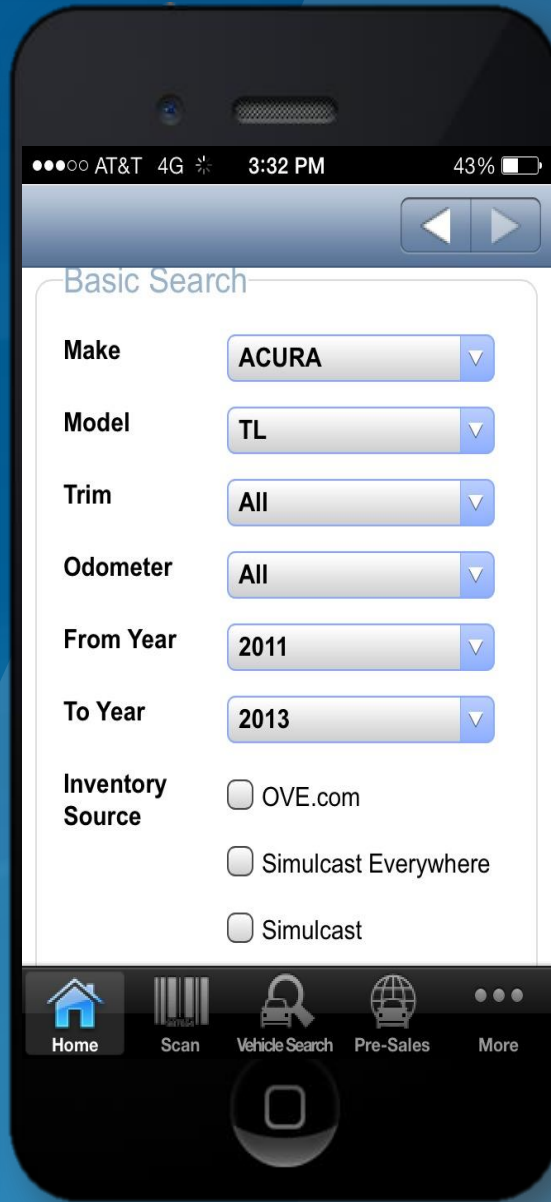
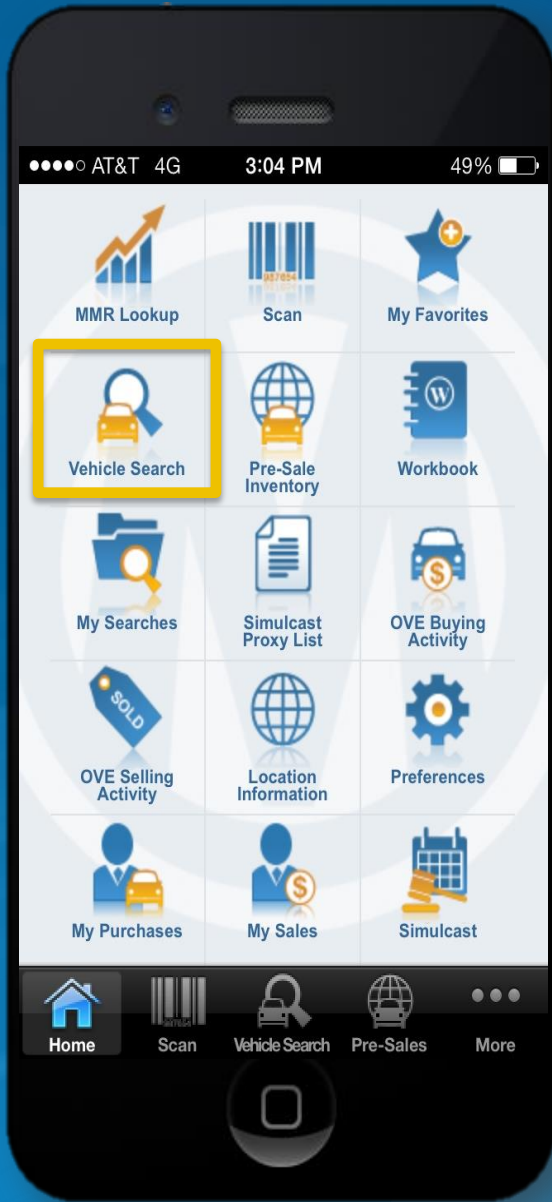
- [View Bid Sale Inventory](#)

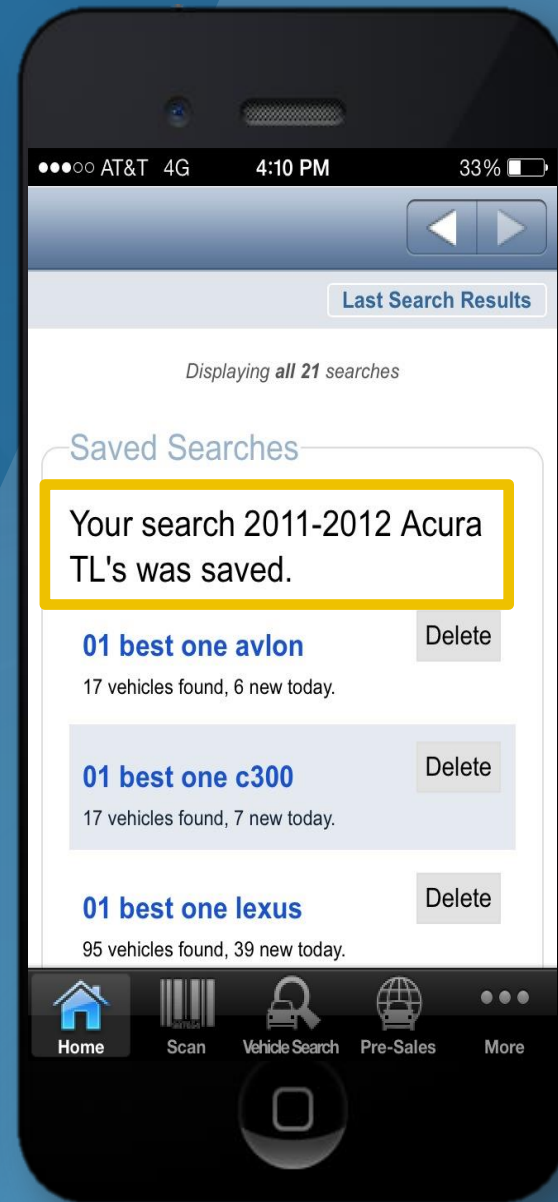
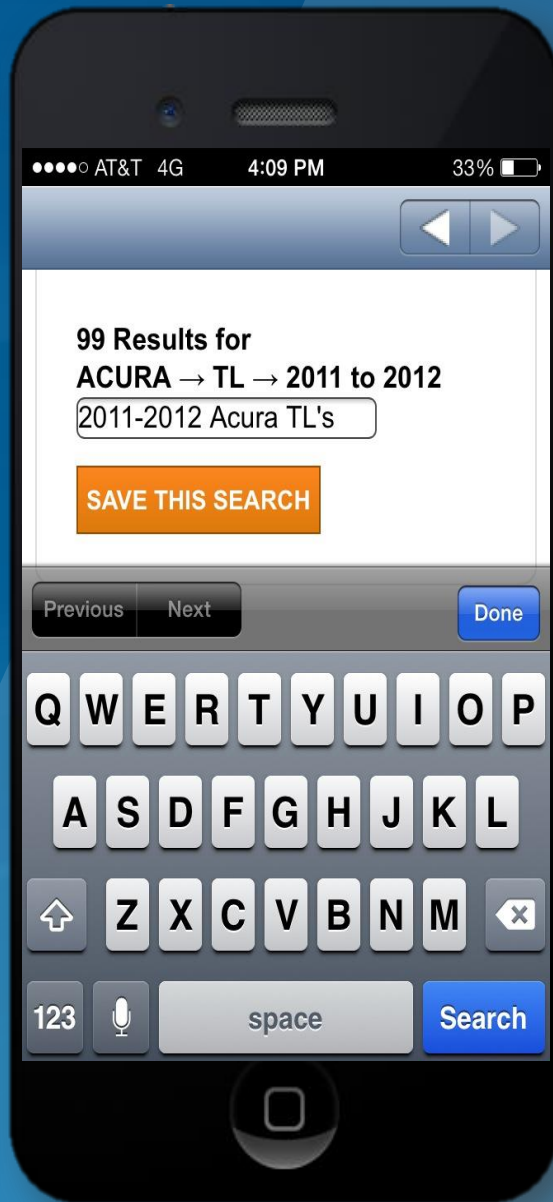
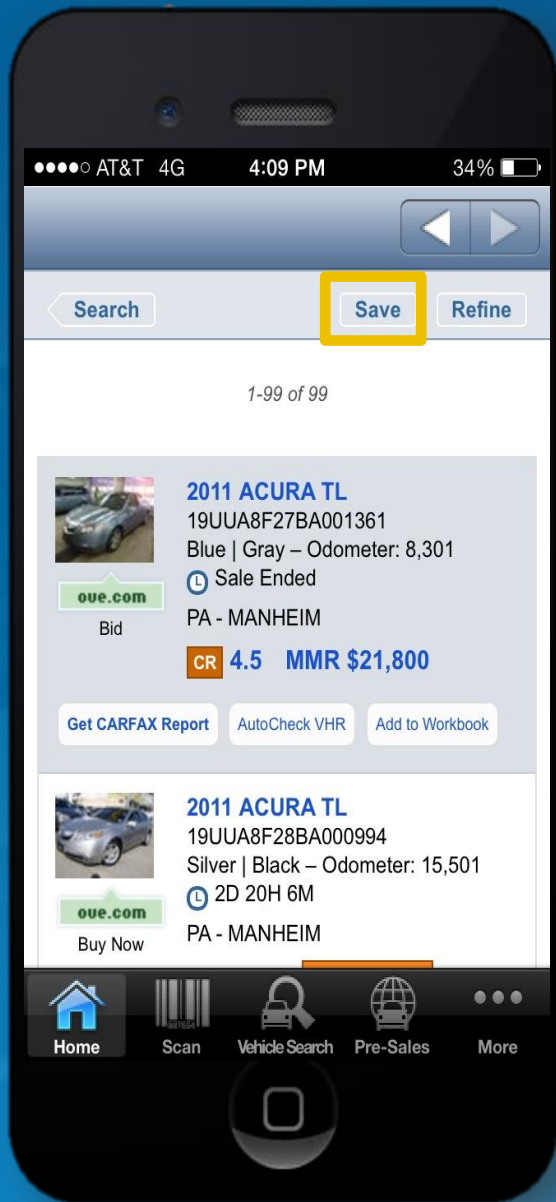
### My Saved Searches

View the most recent updates to your saved searches.

Search Description	New Today	Total Results	Modify
<a href="#">2007 Corvette Convertible</a>	6	11	<a href="#">Refresh</a> <a href="#">Delete</a>
<a href="#">Core chevy cars #2</a>	2522	5199	<a href="#">Refresh</a> <a href="#">Delete</a> <a href="#">Alert</a>
<a href="#">CORE vehicle</a>	622	1488	<a href="#">Refresh</a> <a href="#">Delete</a> <a href="#">Alert</a>
<a href="#">E 350 CORE truck inventory</a>	0	0	<a href="#">Refresh</a> <a href="#">Delete</a>
<a href="#">Mike's Corvette Search</a>	6	11	<a href="#">Refresh</a> <a href="#">Delete</a> <a href="#">Alert</a>
<a href="#">Motorhome for George J.</a>	1	12	<a href="#">Refresh</a> <a href="#">Delete</a>
<a href="#">Roberts CORE cars</a>	2522	5199	<a href="#">Refresh</a> <a href="#">Delete</a> <a href="#">Alert</a>
<a href="#">Susie's Mustang Convertible Search #2</a>	544	1151	<a href="#">Refresh</a> <a href="#">Delete</a>

[Go to PowerSearch](#)





-----Original Message-----

From: Manheim.com PowerSearch [<mailto:noreply@manheim.com>]

Sent: Friday, April 03, 2015 9:42 AM

To: Spearman, Chad (Manheim)

Subject: Manheim.com PowerSearch Alert - 2 New Match(es) to your Saved Vehicle Search

Thank you for using Manheim.com PowerSearch.

The user cspearman1 has elected to receive email notifications at this address until May 03, 2015.

Search Name: Core chevy cars #2

Search Criteria: Chevrolet > Car > SUV > Truck > Van > 2011 to 2014

\* 2 New Vehicle(s) matching your criteria have been found

\* 5196 Total Vehicle(s) that match your criteria are available for purchase

View new vehicle(s) or modify your request here:

[https://www.manheim.com/members/powersearch/redirect.do?](https://www.manheim.com/members/powersearch/redirect.do?redirectPage=SRP&searchId=133852840&fromTime=20150403092217&toTime=20150403094214&WT.svl=ps_sa)

[redirectPage=SRP&searchId=133852840&fromTime=20150403092217&toTime=20150403094214&WT.svl=ps\\_sa](https://www.manheim.com/members/powersearch/redirect.do?redirectPage=SRP&searchId=133852840&fromTime=20150403092217&toTime=20150403094214&WT.svl=ps_sa)  
[vedsearch\\_em](#)

A man and a woman are sitting at a desk, smiling and looking at a laptop. The man is on the left, wearing a plaid shirt, and the woman is on the right, wearing glasses and a blue top. A large, semi-transparent number '2' is overlaid in the center of the image.

2

**Fulfilling Your Acquisition Needs**

# Acquire Inventory from the Comfort of Your Dealership

Simulcast - Buyer — RAA Lane 2 - Windows Internet Explorer provided by MANHEIM - Online


## Simulcast

MANHEIM RIVERSIDE

---

HERTZ/DTAG FOLLOWS ENTERPRISE LAST PURCHASES.

**2-268: 2013 MERCEDES E350W 3.5L** Odometer: 49487



HIGH BID

\$22,500

Bidder # 1617  
CANDY LAND AUTO SALES (T...  
Sandy Springs, GA  
Veronica Tai

\$22,750

CLICK TO BID

Bid History My Buys i Tips

Waiting for next vehicle

New Run: 267

Ask ... \$15,000

Ask ... \$14,000

Ask ... \$13,000

\$13,000 - Lane Bid

\$13,250 - Lane Bid

\$13,500 - Online Bid: 337 COUGAR AUTO SALES

Ask ... \$13,600

\$13,600 - Lane Bid

\$13,700 - Lane Bid

\$13,800 - Lane Bid

Block retracted previous bid.

\$13,700 - Lane Bid

New Run: 268

Ask ... \$22,000

\$22,000 - Lane Bid


\$22,250 - Lane Bid


\$22,500 - Online Bid: 952 CAR CITY

---

**Vehicle Information** CR 3.2 [AutoCheck](#) | [CARFAX](#)

<b>Odometer</b>	49487
<b>VIN</b>	WDDHF5KB6DA699279
<b>Color (Ext/Int)</b>	BLUE / BLK
<b>Installed Options</b>	6G, AT, CD, PS, PB, AC, EW, ES, MR, CC, DL, DAB
<b>Seller</b>	THE HERTZ CORPORATION
<b>Title</b>	PRESENT
<b>Announcements</b>	RENTAL



Next	Vehicle	Entry #	Watchlist
	2013 JEEP WRANGLER UNLTD	2-269	
	CR 3.9 <a href="#">AutoCheck</a>   <a href="#">CARFAX</a>		

100%

# Bringing Inventory to You



3

**Presenting Inventory Options**



# Presenting Off-Lot Inventory Op

[Customize View](#)   [Email](#)   [Print](#)

## 2010 Toyota CAMRY 4C LE

Contact Information	Additional Comments
Dealership: Hometown Autos	
Contact: Chad Spearman	
State: AB	
Email: chad.spearman@manheim.com	
Price: 9,850	



### Vehicle Specifications

VIN:	4T1BF3EK3AU062520
Odometer:	74957 mi
Transmission:	Automatic
Engine:	4 Cylinder
Drive Train:	Not Available
Exterior Color:	Gray
Interior Color:	Beige
Interior Type:	Cloth
Body Style:	Sedan
Doors:	4
Stereo:	CD Player
Top Type:	Sun Roof

### Equipment Included

2 Bucket Seats 1 Benon	5 Passenger Seating	50 State Emissions	ABS Brakes
Air Conditioning	Automatic Headlights	Automatic Transmission	Auxiliary - USB Input
Auxiliary Pwr Outlet	Bluetooth Connection	Child Safety Locks	Cloth Seats
Cruise Control	Front Reading Lamps	Intermittent Wipers	Keyless Entry
MP3 Compatible Stereo	Maintenance Book	Owner's Manual	Power Locks
Power Mirrors	Power Passenger Mirror	Power Seats	Power Steering
Power Windows	Rear Defroster	Rear Reading Lamps	Rear Spoiler
Steering Wheel Audio Control	Telescopic Steering Wheel	Tilt Steering Wheel	Tire Pressure Monitor System
Traction Control	Trip Counter	US EPA Label	Warranty Books
Wheels - Alloy			

### Condition

CR 3.2

VIN  
4T1BF3EK3AU062520

Odometer  
74,957 mi

Exterior / Interior  
Gray / Beige

Seller  
WORLD OMNI FIN



### Vehicle Specifications

Year: 2010  
 Make: Toyota  
 Model: Camry  
 Trim Level: LE  
 Odometer: 74,957 mi

### Additional Photos






**Saving You Time & Money**

# “My Purchases”

👤 Ahmed Bendary (Logout) 🔗 Help ✉ Contact Us



BUY
SELL
SERVICES
MY MANHEIM
LOCATIONS

🚗 Vehicle Search 🔍

🏠 Home > My Manheim > My Purchases
📄 Export 🖨 Print

## My Purchases

📌 In response to your questions, we've added a [payment terms overview](#).

**Account**

**Purchase Period**

**VIN Search**  
 🔍

Last Updated: 10/20/15 04:04 PM




**Action Needed** All Purchases

**MANAGE MULTIPLE VEHICLES**

**Sort by:**   Reverse 📄 1 2

Results per page: 25

### UNPAID / PENDING (21)

	<b>2010 TOYOTA SEQUOIA SR5 SR5</b> 5TDBY5G18AS027913 Odometer 181,493 mi Not Specified   8-cylinder Gas <span style="background-color: #003366; color: white; padding: 2px;">CR</span>	<b>Sale Date</b> Oct 20   In-Lane 4-9 MA – Manheim New England Seller	<b>Dealership</b> Representative	<b>Payment</b> UNPAID Amount Due \$12,415 <a href="#">View Fees</a> Method <input type="text" value="Select a payment method"/>
				<b>Title</b> Present – Title Received at Auction <b>PSI</b> Call the auction to request a PSI <b>DealShield</b> Not Eligible <b>Transportation</b> <input type="text" value="Select a transportation method"/> <a href="#">Get Quote</a> <b>Vehicle Status</b> Available - Arrange gate release <a href="#">Print View</a>   <a href="#">Email MA - Manheim New England</a>
<span style="background-color: #003366; color: white; padding: 2px 5px;">UPDATE</span>				
	<b>2014 TOYOTA CAMRY LE LE</b> 4T1BF1FK3EU424127 Odometer 35,321 Not Specified   Not Specified <span style="background-color: #003366; color: white; padding: 2px;">CR</span>	<b>Sale Date</b> Oct 19   OVE Bid PA – Manheim Pennsylvania Seller	<b>Dealership</b> Representative	<b>Payment</b> UNPAID Amount Due \$13,575 <a href="#">View Fees</a> Method Not Available
				<b>Title</b> Present – Title Received at Auction <b>PSI</b> Information Not Available <b>DealShield</b> Not Eligible <b>Transportation</b> Information Not Available <b>Vehicle Status</b> Available - Arrange gate release <a href="#">Print View</a>   <a href="#">Email PA - Manheim Pennsylvania</a>
<span style="background-color: #003366; color: white; padding: 2px 5px;">UPDATE</span>				
	<b>2014 TOYOTA CAMRY SE SE</b> 4T1BF1FK8EU334889 Odometer 54,345 Not Specified   Not Specified <span style="background-color: #003366; color: white; padding: 2px;">CR</span>	<b>Sale Date</b> Oct 19   In-Lane 94-256 PA – Manheim Pennsylvania Seller	<b>Dealership</b> Representative	<b>Payment</b> UNPAID Amount Due \$13,675 <a href="#">View Fees</a> Method <input type="text" value="Select a payment method"/>
				<b>Title</b> Present – Title Received at Auction <b>PSI</b> Not Eligible <b>DealShield</b> Not Eligible <b>Transportation</b> <input type="text" value="Select a transportation method"/> <a href="#">Get Quote</a> <b>Vehicle Status</b> Available - Arrange gate release <a href="#">Print View</a>   <a href="#">Email PA - Manheim Pennsylvania</a>
<span style="background-color: #003366; color: white; padding: 2px 5px;">UPDATE</span>				

# myAccount



[Help](#) [Contact Us](#)

[BUY](#)

[SELL](#)

[SERVICES](#)

[MY MANHEIM](#)

[LOCATIONS](#)



## myAccount

[Help](#)

[SEARCH](#)

**JONES AUTO**  
55 JONES STREET  
JONESVILLE, CO 55555  
(555) 555-5555  
[otto@cityofcars.com](mailto:otto@cityofcars.com)

### Balance Summary

	Total Available	Used	Remaining
Auction Buying Limit :	\$300,000.00	\$230,540.00	\$69,460.00
MAFS Credit Limit :	\$0.00	\$0.00	<a href="#">Apply for MAFS Credit</a>
Total Buying Limit :	\$300,000.00	\$230,540.00	\$69,460.00

[Summary](#) | [Administration](#) | [Vehicle History Search](#) | [Account Balance](#) | [Payments](#) | [Notifications](#)

[Manage Accounts](#) | [Open Payments](#) | [Closed Payments](#) | [Rejected Payments](#) | [Create a Payment](#)

### Status Notifications

No results found.

# “The Learning Center”

[www.manheimtools.com/tlc/](http://www.manheimtools.com/tlc/)

[BUY](#) [SELL](#) [SERVICES](#) [MY MANHEIM](#) [LOCATIONS](#)

>The Learning Center

## The Learning Center

[Hide Intro Video](#)



**The Learning Center**  
from  **Manheim**

1:11

**ALL TUTORIALS** **BUYING TUTORIALS** **SELLING TUTORIALS** **SERVICES TUTORIALS**

> All Categories

- Frontline
- Local Auction
- Manheim Market Report
- My Purchases
- Workbook

### All Categories

Sort by: [Latest](#) 1 2 3 >



**03:43**

**How to List a Vehicle in an In-Lane Sale**  
Selling, Local Auction



**03:55**

**How to Buy on Simulcast**  
Buying, Simulcast



**06:22**

**How to Add and Edit Vehicles on OVE.com**  
Selling, OVE

### FEATURED



**04:36**

**How to Buy on OVE.com**  
Buying, OVE



**06:21**

**How to Use Your Mobile Device to Bid on Simulcast Vehicles**  
Buying, myMobile, Simulcast



# FINANCING YOUR INVENTORY FOR GROWTH

***Will Chandler***  
*Regional Director*

**NEXTGEAR**  
CAPITAL

# Agenda

**1**

Background

**4**

Inventory  
Financing  
Solutions

**7**

Auctions

**2**

Used Car  
Industry -  
Update

**5**

Funding Key  
Considerations

**8**

Floor Plans

**3**

Financial  
Management

**6**

Bank Lines

**9**

Summary

**10**

Q & A

# Status of Used Car Industry

- 5 million cars sold through the first five months of 2015 (NADA)
- Total auction volume up 6.9% in May
- In June, prices fell by 0.7% YOY
- Eyes on Federal Reserve: will short-term interest rates go up in Q4?
- More used supply, weaker credit conditions and new-vehicle pricing pressure could lead to higher rates of depreciation over next few years





# Financial Management is Important

“My own experience over 30 years tells me there are too many dealers who do not understand their own finances. They can tell if they have made a profit or a loss but they do not know how they got there. Profit margins are so slim today that any mistake a dealer makes could be deadly on the bottom line.”

Joe Lescota

NIADA Director of Dealer Development

# Financial Management Is Important

- Inventory is one of the biggest expenses
- Auto industry is unique: abundant & obtainable commercial loans
- Easier to find capital



# Inventory Funding Sources

**Bank Lines**

**Auction  
(Float Program)**

**Floor Plan**

**“Work smarter, not harder”**

# Key Funding Considerations

## Things to consider before selecting a funding source:

- How does my credit history look?
- How much financing do I need?
- How many vehicles do I need to stock for a 45-day supply?
- What are the terms available?
- What are the payment obligations and how do I manage them?



# Bank Lines

- Selective with whom they do business
- Often requires minimum time in business
- Bank appetites vary
- Require collateral
- May allow dealer to retain title
- Normally an interest-based product



# Cash/Private Investor

- Dependent on your network
- Longevity often based on return
- Structures vary from transactional fee based to interest based to profit based
- Advance rates, audits, guidelines vary



# Auctions (Float Programs)

- Local underwriting
  - Decision usually made by auction
- Accessible for credit-challenged dealers
- Captive to auction source
- Short float periods
- Limited functionality
- Typically fee-based product



# Auctions (Float Programs)

- What happens after float period is up?
  - Dealers need a long term plan for flip to bank/FP





# Floor Planning

**Floor plans are comprised of the following:**

## Interest Rate

*The interest charged on the outstanding amount of an advance under the LOC.*

## Term

*The number of days in each period for an advance under the LOC before the advance must be repaid in full.*

## Floor Plan Fee

*The fee incurred at the beginning of a period for each advance under the LOC.*

## Curtailment

*The % of principal reduction at the end of a period that must be paid in order to “curtail” or “extend” the due date.*

*All the above are factors determined through the credit and lending process*

# 1 Benefits of Floor Planning

Finance used & new vehicles from multiple buying channels:

- Auction purchases
- Trade-Ins
- Wholesale units
- Dealer-owned inventory
- Private owner purchases



## 2 Benefits of Floor Planning

Free up working capital to be used elsewhere in the business

- Use working capital to:
  - Advertise more
  - Hire a new sales person
  - Repave your lot



**Important:**

Balance credit and working capital to maximize cash flow

# Floor Planning Key Considerations

What you should determine before you use your floor plan LOC:

- How leveraged should I be?
- Can I spend the money where I buy?
- Do I truly have a need for additional inventory?



# Do I Really Need Additional Inventory?

- Are you finding holes in your front line inventory?
- Are you scaling operations to multiple locations?
- Is your operation setup to accommodate additional inventory?
- What is your working capital position?
- What is the market outlook?



# Summary

**Positive economic  
and used car  
outlook**

More inventory/growing  
buying population

**Multiple Funding  
Options**

=

**More buying power  
for dealers**

**Tools**

“work smarter,  
not harder”  
when it comes  
to acquiring  
inventory



# QUESTIONS