

## Understanding Automotive Buy/Sell Best Practices & Fundamentals

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Thursday, May 2, 2024





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Principal

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# DMV-DIRECT

REGISTRATION, TITLING, & BEYOND...  
CALL 718.747.0400

GNYADA's vehicle registration and titling service, DMV-DIRECT, has been dealers go-to source for fast, convenient, & reliable DMV services.

**DMV-DIRECT provides many DMV related services, including:**

- Permanent Registration Issuance
- Duplicate Titles In 3 To 5 Days
- Out-of-State Registration & Title Processing for 42 States
- On-Site Connecticut Plates Issuance
- Dial-In Information Verification
- In-Transit Processing
- Duplicate Registrations
- Registration Renewals
- Title-Only Transactions
- Plate Surrenders
- Dealer Plate Renewals
- Rental Plate Renewals
- Repossessed Vehicles Processing
- MV-82 & Transmittal Forms Supplied
- Boat Registrations – Renewed and Duplicates
- Trailer Plates
- Commercial Plates

The image shows three overlapping promotional cards for DMV-DIRECT services. The top card is for 'RUSH DUPLICATE TITLE SERVICE' and features the GNYADA logo, the DMV-DIRECT logo, and a list of steps: 1. Fax Paperwork to 718.747.1237, 2. Receive title on 3rd day, 3. Submit payment. The middle card is for 'New Jersey Registration & Title Processing' and features the GNYADA logo and the text 'We can meet your New Jersey Registration & Title Processing Needs TODAY!'. The bottom card is for 'CONNECTICUT PLATE ISSUANCE PROGRAM' and features a photo of a man wearing glasses and a blue shirt, looking at a document.

**GNYADA**  
Greater New York  
Automobile Dealers  
Association

**DMV DIRECT**  
VEHICLE REGISTRATION &  
TITLE PROCESSING SERVICE

GNYADA's **DMV DIRECT**

**RUSH DUPLICATE  
TITLE SERVICE**

**FAST, LOW COST SERVICE**  
Have a title at your dealership in 3 days, easy as 1, 2, 3!

1. Fax Paperwork to 718.747.1237
2. Receive title on 3rd day
3. Submit payment

**New Jersey  
Registration &  
Title Processing**

**We can meet your New Jersey Registration &  
Title Processing Needs TODAY!**

**DMV DIRECT**  
VEHICLE REGISTRATION &  
TITLE PROCESSING SERVICE

**CONNECTICUT  
PLATE ISSUANCE  
PROGRAM**





# May Education and Training Classes

**May 8**

Mastering Inbound  
Phone & Internet Sales

**May 9**

Billers' Workshop:  
Processing NYS DMV  
Transactions

**May 14 & 15**

GNYADA Sales  
Academy

**May 15**

Profitability &  
Compliance for  
Automotive Sales

**May 16**

Service Advisor's  
Guide to Selling  
Service & Repair



Visit [www.gnyada.com/education](http://www.gnyada.com/education) to Register



# Understanding Automotive Buy Sell

## Best Practices and Fundamentals

GNYADA - May 2024



BUY AND  
SELL WITH  
**CONFIDENCE**

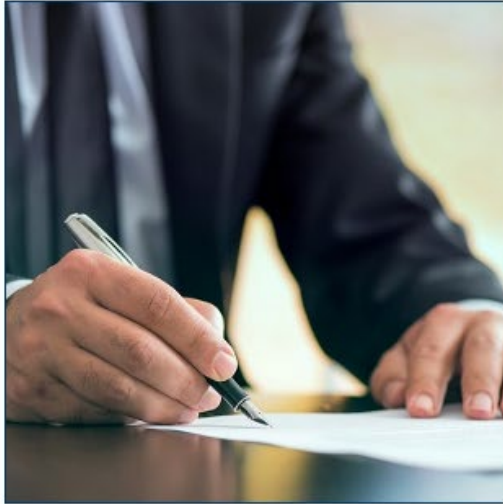
# What You Will Learn Today

1. The concept of “Profit Normalization” and “Goodwill”
2. Various ways of handling Real Estate in transaction
3. M&A / Buy Sell Trends
4. Best practices to use when purchasing a Dealership
5. Best practices to use when selling a Dealership

# WHO WE ARE



# DSMA Introduction



**MERGERS &  
ACQUISITIONS**



**REAL ESTATE**



**DATA  
INTELLIGENCE**



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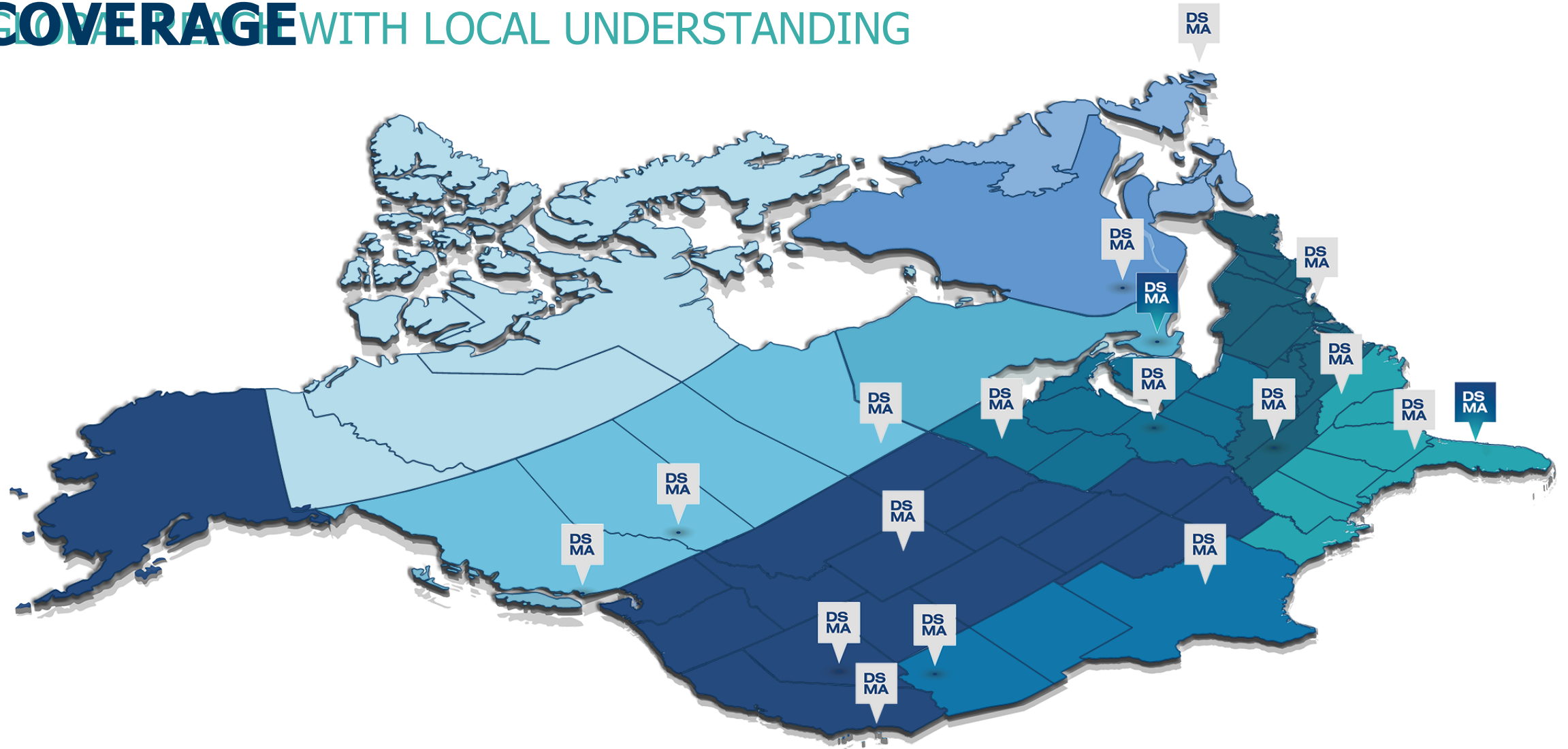


# THE DSMA TEAM





# DSMA'S COMPETITIVE GLOBAL REACH WITH LOCAL UNDERSTANDING



# DSMA EXPERTISE



**1,700+**

Dealership Valuations

**440+**

Dealership Sold

**\$6B+**

Generated in Value

**1,000+**

Combined Years of Experience

**98%**

Open-Point Approval  
Success Rate\*

**99%**

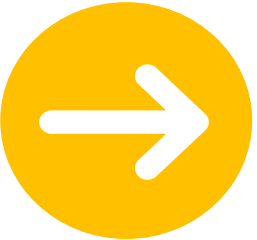
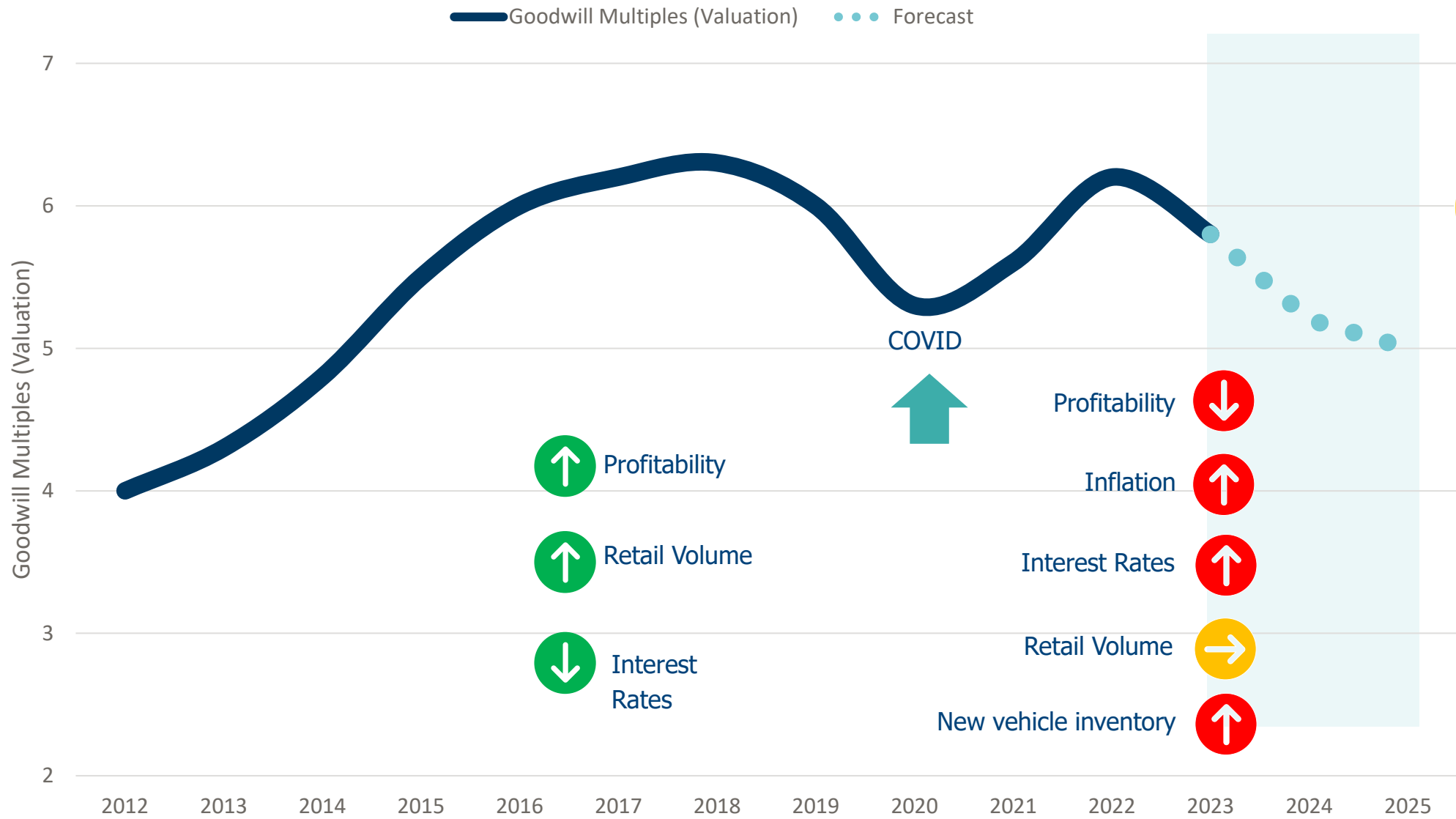
Franchise Application  
Success Rate\*





# MARKET TRENDS

# GOODWILL TRENDS



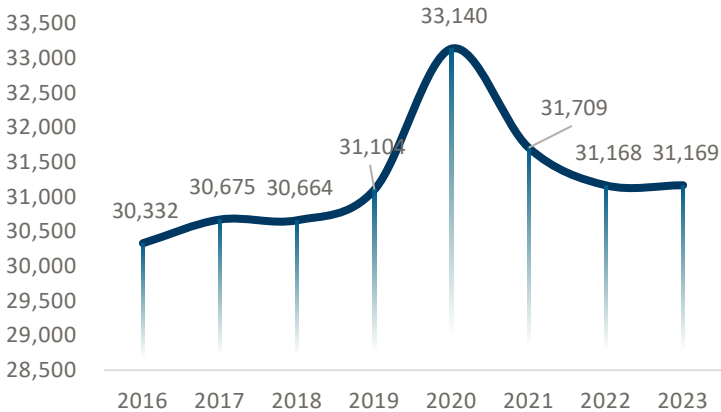
*Future of US automotive retail :*  
Supply Chain Issues?  
Inventory Shortages?  
Electrification?  
Economy?  
Succession Planning?  
Agency Model?

# WHY IS GOODWILL DROPPING?

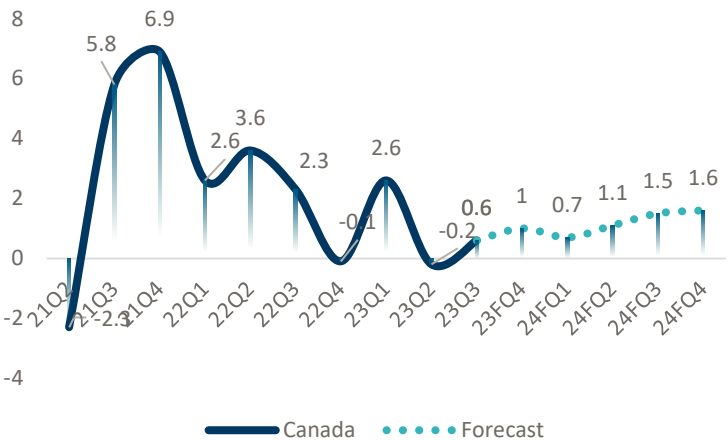
# MACROECONOMIC FACTORS



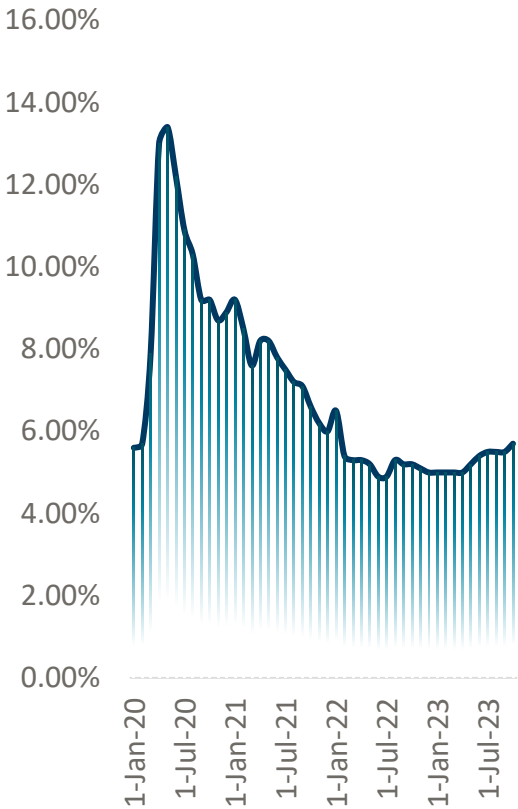
Disposable Income



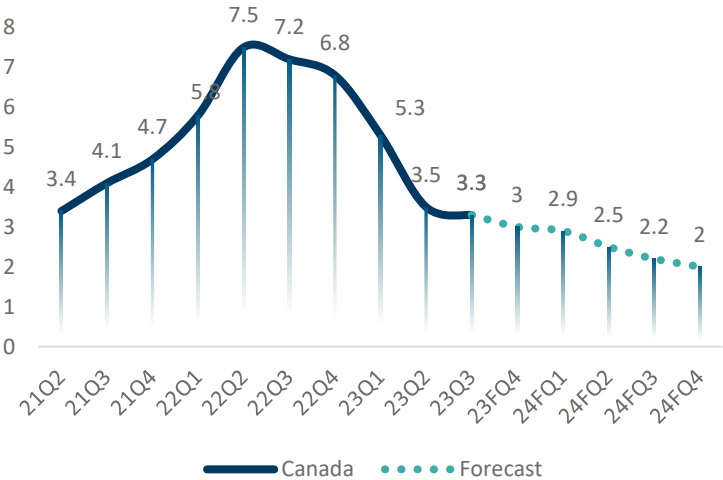
GDP



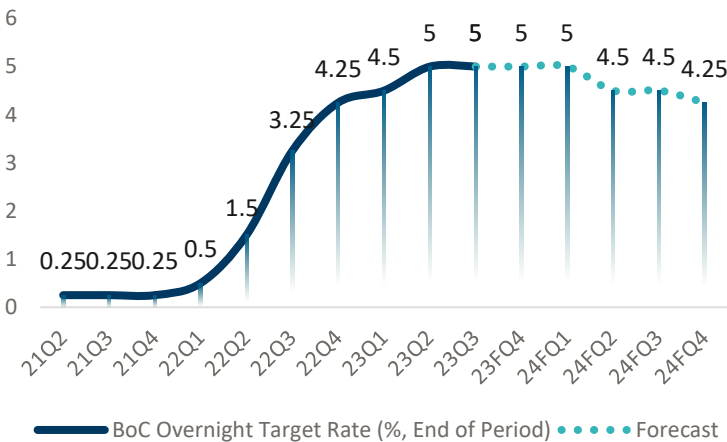
Unemployment



Inflation



Interest Rates

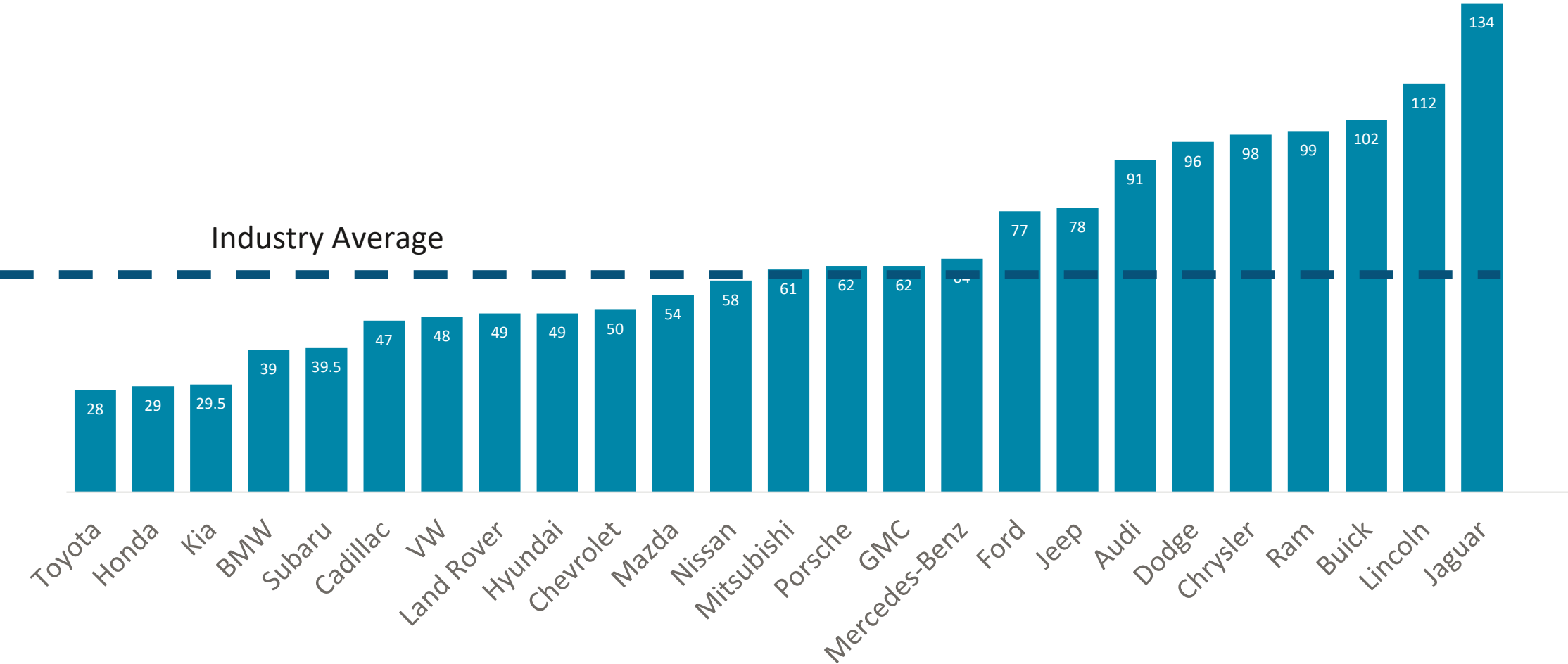




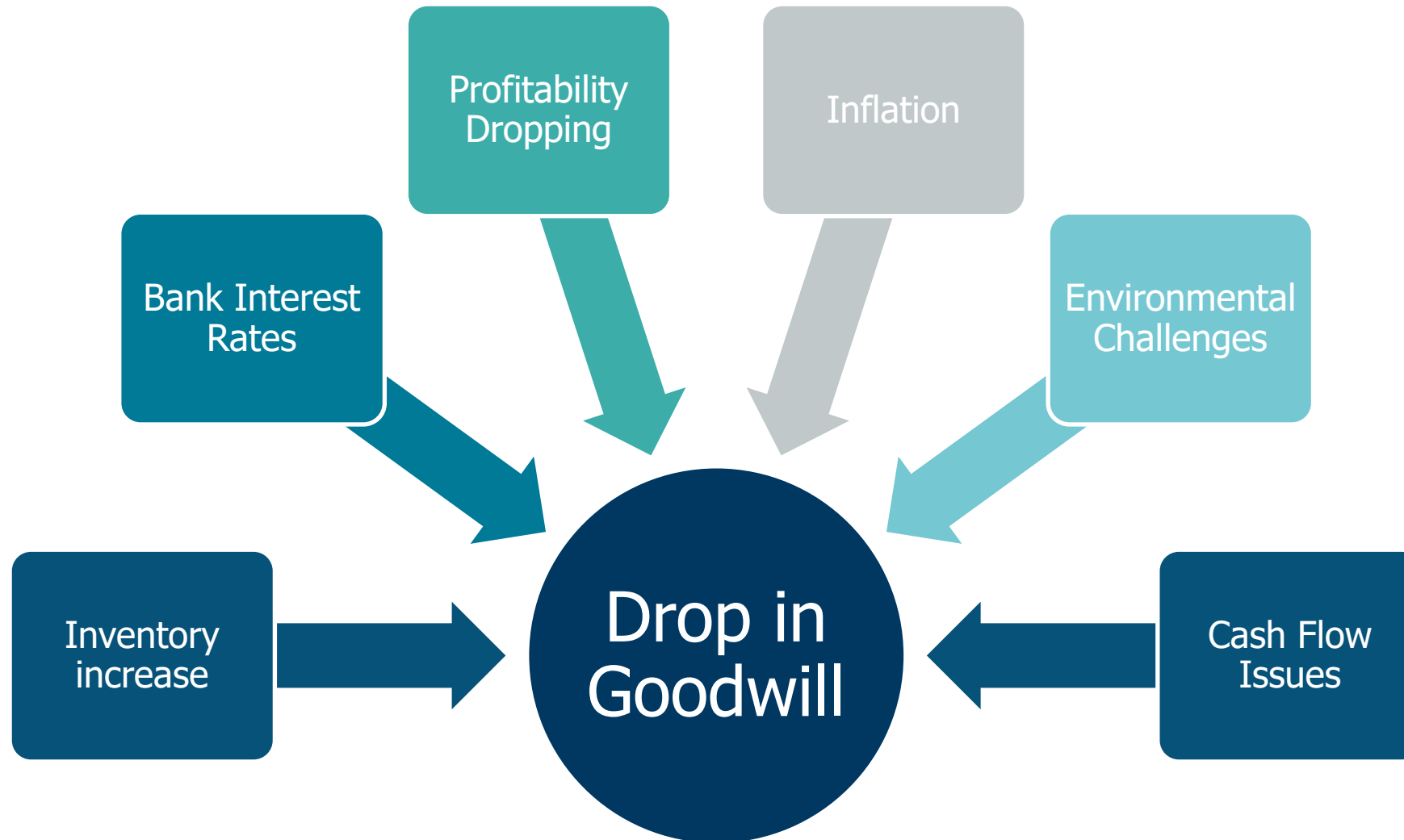


# NEW-VEHICLE INVENTORY

DAYS-ON-HAND, END JUNE 2023



# WHY GOODWILL IS **DROPPING**

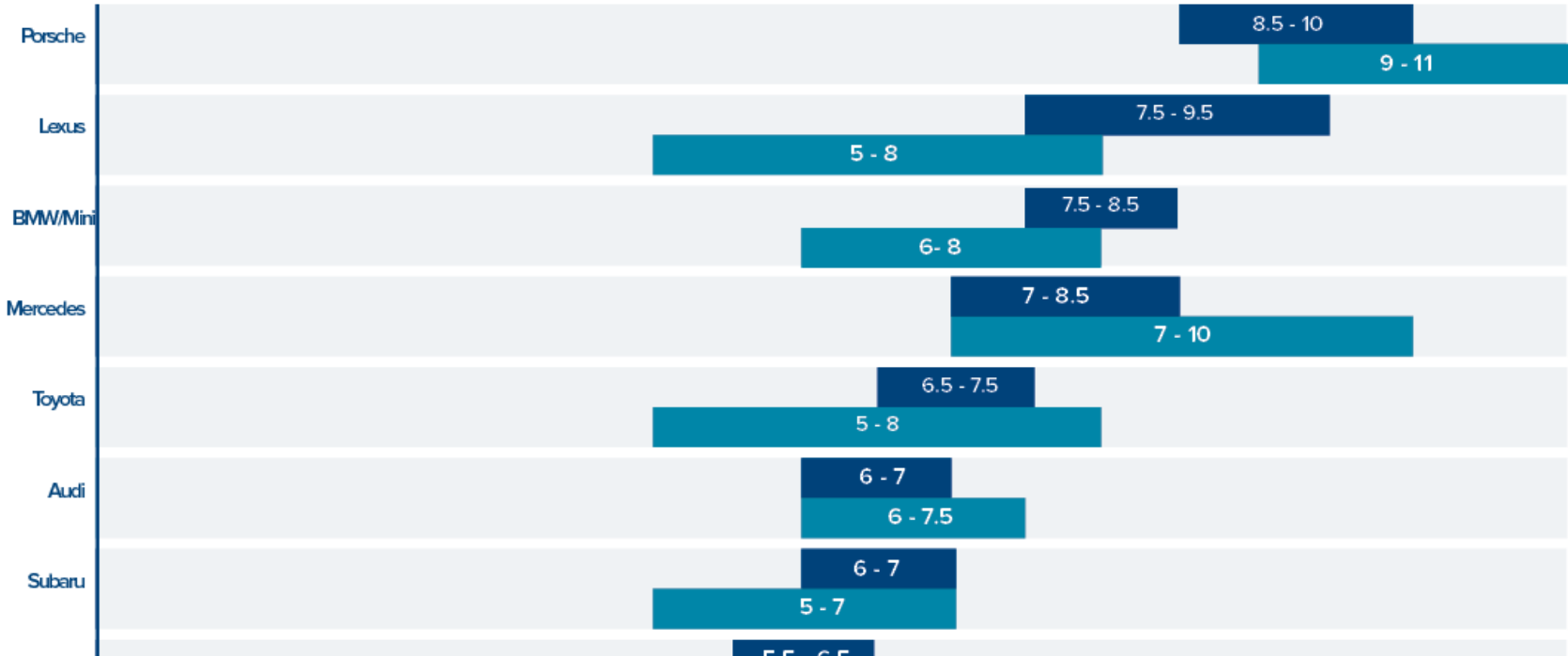


# THE GOODWILL MULTIPLES

# GOODWILL MULTIPLES



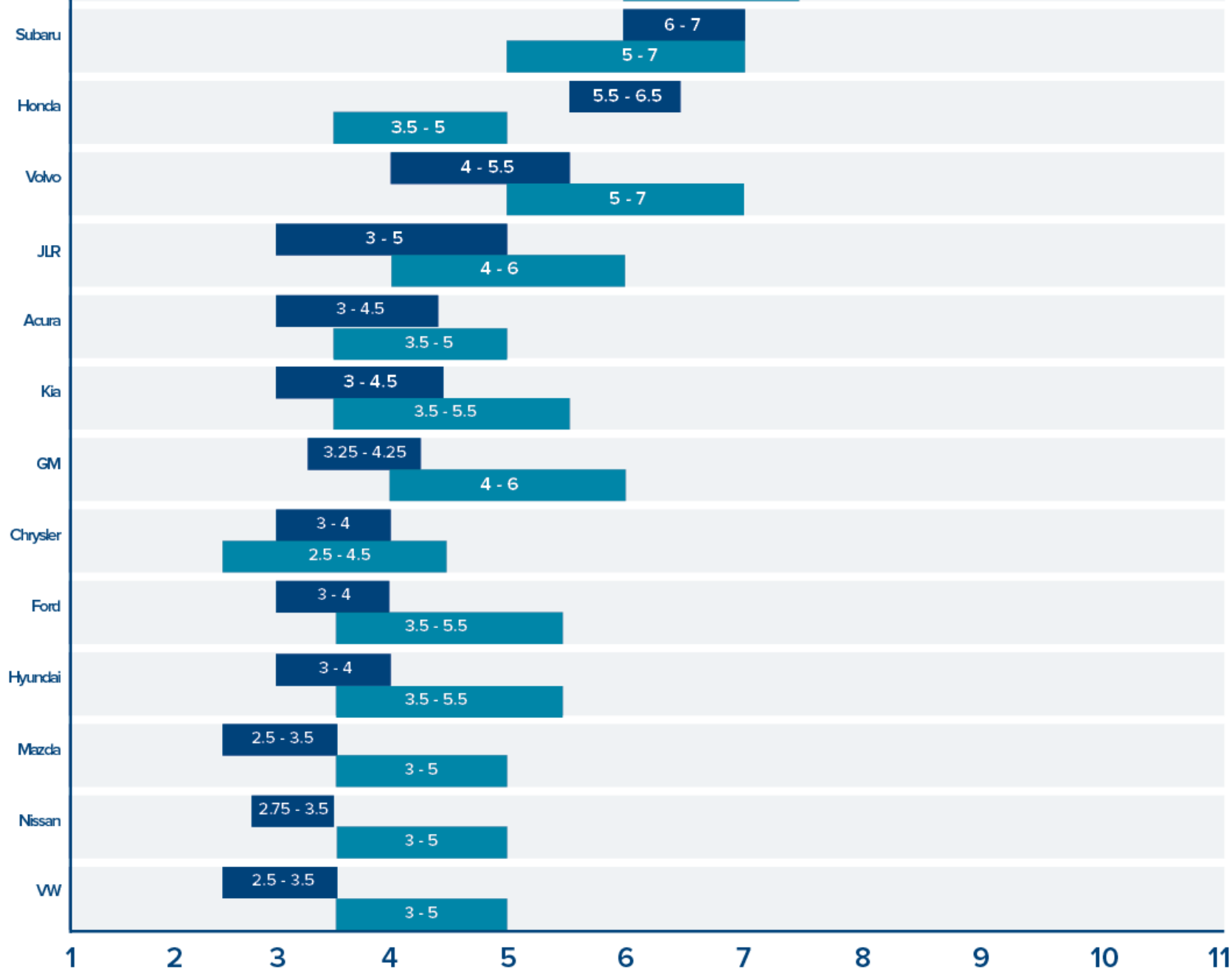
Multiples shown are of Earnings Before Tax (EBT).  
Coloured bars represent the current minimum and maximum goodwill ranges. Dark blue represents U.S. Multiples. Light blue represents Canadian Multiples.  
All DSMA valuation and goodwill data is based on normalized financial data to ensure comparisons are valid from brand-to-brand.



## DEFINITIONS

- Colored bars represent the current minimum and maximum goodwill multiples.
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## DEFINITIONS

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LOOK TO THE  
FUTURE

# OUR TRACK RECORD

2020-2023



## TOTAL DEALERSHIP SOLD

2020	34
2021 (COVID IMPACT)	50
2022	73
2023 YTD	116+
<b>TOTAL</b>	<b>273</b>



## M&A ACTIVITY



# REASONS FOR SELLING

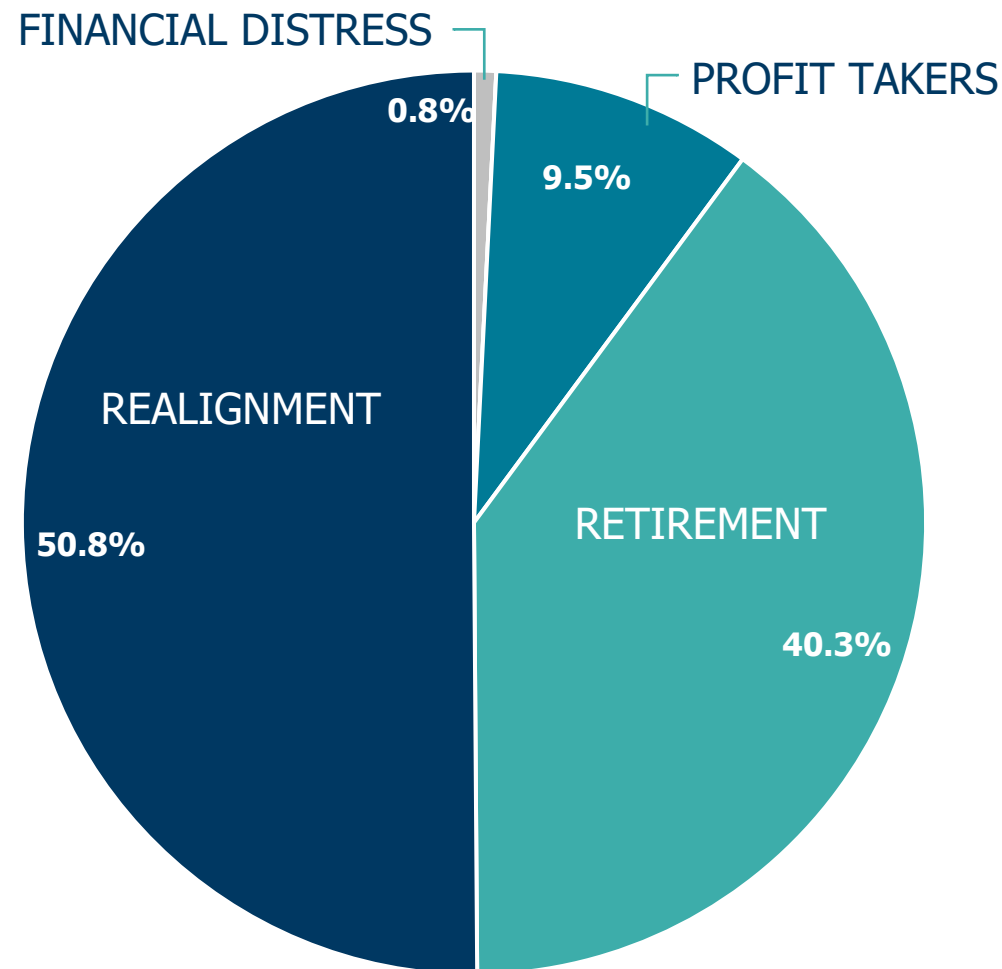
## REASONS GIVEN TO DSMA BY SELLERS 2020-2023

The main reasons for selling among U.S. dealers continue to be realignment and retirement, with financial distress drops compared to previous year.

40% of Succession sales are **reactionary** due to the lack of a proper Succession Plan.

### DEFINITIONS

- Reasons given to DSMA by Sellers when completing buy/sell transactions.
- 2020, 2021, 2022 and 2023





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## AVERAGE AGE OF A NEW CAR DEALERSHIP OWNER

A stylized graphic of a person's head and shoulders in teal, positioned behind a dark blue rectangular background. The number 70.9 is overlaid on the graphic.

70.9

# SUCCESSION

FAMILY OWNED SINGLE TO 5 ROOFTOPS CONTINUE TO EXPLORE SELLING FOR SEVERAL REASONS.

## LACK OF SUCCESSION PLAN

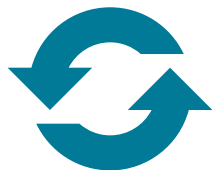
- No short or long-term succession plan/ Planned Successor(s) change of heart.

## REACTIONARY SUCCESSION PLANS

- Reactionary succession plans. Example, life changing event, family dynamic event, the planned successor(s) has changed their mind(s), and the future of the retail automobile business is no longer a path forward for them.

# OUR SALES CYCLE

2020-2023



HISTORICAL

2020 (COVID IMPACT)

2023

FASTEST SALE

LONGEST SALE

**U.S.A.**

10.7 months

12.9 months

7.1 months

3.4 months

2.5 years

LISTING TO CLOSE  
**171 DAYS**



# ADVICE FOR **BUYERS**

# COMMON MISTAKES **WHEN BUYING**

Too complicated  
of an offer

Going in too low

Sweating the  
small stuff

Not visit the  
market before  
making an offer

Sharing details  
outside the  
“cone of silence”

Procrastinating

Not giving the  
benefit of the  
doubt

Not using  
professional  
advisors

Not checking  
with your lender  
first

Considering the  
human resource  
factor

# ADVICE FOR **SELLERS**

# DEALERSHIP VALUATIONS **MAXIMIZE YOUR VALUE**

Have your  
business  
professionally  
valued

Start planning  
early ( 12 months  
min)

Be realistic in  
your ask

Understand your  
balance sheet

Detail your  
facility

List all Pros and  
Cons of your  
business

Clean up your  
corporate  
structure

Understand tax  
liabilities

Look at your  
dealership as a  
buyer

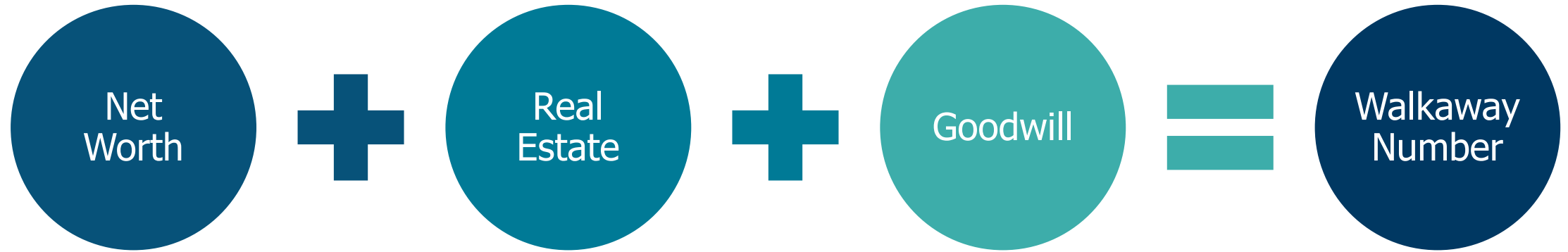
What are you  
going to do  
after?

Its all in the  
presentation!

Use automotive  
professionals



# THE WALKAWAY NUMBER



- Understand your Net worth.
- Understand tax liabilities.
- Are you better to Lease the property?
- Do you have partners and are they aware?
- Don't put all focus on the multiple.
- What returns are out there?

# LOOKING INTO THE **FUTURE**

# DEALERSHIP CHALLENGES 2024 AND BEYOND



- Agency Model
- Economy
- Interest Rates
- People
- Facility Imaging
- Electrification
- Lack of a Succession Planning
- Balancing Inventory Levels

# DSMA Introduction



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561.502.8407

# THANK YOU



REAL PEOPLE. REAL DEAL.

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