



Profitable Ideas for Automobile Dealers

Findings from our first nationwide survey revealed that auto dealers, like other professions, are pushing succession planning back by more than 5 years. Furthermore, nearly 50 percent of the dealerships surveyed admitted that while succession is important, they haven't dealt with it yet. Unlike other studies you may find in the market, our succession planning survey focused on the state of the mind of dealership owners, rather than the hard metrics of retiring dealership owners. In response to the survey findings, this article series will address the unique challenges auto dealers face with succession planning and uncover why it is taking a backseat for so many auto dealers.

6 Questions Every Succession Plan Should Answer



Robert Vawter, Principal
rvawter@vgncpa.com 

Most dealerships began through hard work, dedication and sacrifice. Ensuring that your business will continue to remain successful after you retire will require more of that due diligence. To leave your business in good hands with the tools it needs to carry on without your daily input, we have compiled a list of questions that you may find helpful when beginning your succession planning.

- 1. What do you want to accomplish?** The first place to start with your succession plan is the finish line. Developing a list of goals and objectives that you would like to achieve before – and after – your retirement will help give you perspective on the amount of time and planning that you need to take part in. Many succession plans can take years to implement fully, so start looking toward the finish line sooner, rather than later.
- 2. Who is going to run the business?** After identifying your goals and objectives, identify a successor who will carry on in a manner that you feel will most benefit the company. If there is not an heir apparent, you may want to consider selling your business to a third party. If there is an individual who would make a good successor, preparation and training will be very important.
- 3. How much time does your plan require?** If you're training an individual to take the helm of your business, the most important thing you can give them is time. There is a good chance that while your successor understands your responsibilities in theory, they have probably never performed them in practice. Developing a timeline during which responsibilities will be transferred from you (business owner) to your successor is critical. This step will ensure your successor has ample time to learn from you before your retirement. (Hint: It always takes longer than most people think.)

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- 4. Have you made the plan official?** Write down your succession plan. This will help ensure that you are meeting your goals and objectives, and help the other individuals involved meet their goals and objectives. The professionals at our firm can help you develop your succession plan.
- 5. Who will review the plan and how often?** Review your succession plan, often. Changes in the company, such as unexpected growth or personnel changes, may drastically impact your plan. Keep on top of the moving parts so you aren't caught off guard when the time comes to transfer operations.
- 6. Did you notify the manufacturer of the ownership change?** The ownership change must be approved by the manufacturer. If the manufacturer approves the transfer, you will build your case that the successor is qualified. This will allow the dealership to pass to the successor, at the appropriate time, ensuring that the transition is seamless.



Creating a plan to ensure that your company remains profitable and successful after your departure is one of the most important steps any business owner can take. We understand that as an owner who is actively engaged in the daily running of your business, you might not have spent as much time planning the transition of your dealership as you spent building it. The truth is, every business owner eventually leaves their business, but very few owners plan and manage the transition on their own terms.

In the second article of this series, we will share our three-step process for Business Transition Planning to proactively plan and manage the successful transition of your dealership. If you cannot wait for the next article and are ready to develop a succession plan today, please contact one of the professionals at Vawter, Gammon, Norris and Company, P.C. to discuss your options.



Vawter Gammon Norris & Company, P.C. is a founding member of The National Alliance of Auto Dealer Advisors, a nationwide network of 11 of the most recognized and trusted accounting and business consulting firms who have pooled their resources to provide their dealership clients with the local, national and international perspective needed to prosper. Each of our member firms specialize in providing professional services to dealerships. Collectively our members service more than 1,000 dealers and related entities across the nation.

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