

Global Data Services - GDS/V/G

● Tracking Risk and Protecting Brand Reputation

Background

- Following the last financial crisis, a global brand approached ASE with an urgent request to minimise and mitigate any unplanned or surprise dealer failures which would cause losses to the brand. These losses are quantifiable in terms of loss of money and/or loss of market representation and consumer confidence.
- Dealing with c. 2500 dealers in 27 countries and utilising just the data from the ASE composites and various other sources, ASE put together a plan to improve the dealers seen as critical to the future of the brand.

Initial Actions - Business Accounts Review

- ASE automotive business management experts examined the business critical data from every dealer in every country to make a desktop assessment of the financial stability and liquidity of each dealer.
- ASE focused its initial review primarily on: Working capital, Debt, Stock and Profitability.
- Based on the detailed accounts review, ASE categorised all dealers based on their financial viability for presentation to the NSC.

Dealer Turnaround Plan & Financial Forecast

- For each dealer categorised as “at risk”, a financial forecast and Turn-round Programme was agreed with the NSC. They then contacted their dealers, advising each one that ASE were here to help and gaining acceptance by the dealers. With the ASE teams fully engaged at NSC and dealer level, the “dealer at risk” turn-round process began.

Outcomes:

“ In respect of the dealers who did cease to trade, **the brand incurred no losses** ”

“ **No Dealers ceased to trade in the following 5 years** (of the dealers that were not expected or planned to) ”

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On Site Review

- The ASE Business Management Accounts team visited each dealer site to verify the accuracy of the Management Accounts in general and the latest Balance Sheet in particular. ASE also assessed the quality of the Dealer Accounts team. This was necessary in order to confirm that the basis of ASE's recommendation was taken from an accurate Balance Sheet.
- Simultaneously the ASE Profit Optimisation teams, all highly experienced in automotive dealer operations and performance improvement, visited the selected dealer sites to assess the performance and quality of the dealer Management teams.

Key Issues Identified

- Poor Management control over the businesses
- Lack of robust processes
- No connection between financial and manufacturer targets
- No internal communication of performance
- Lack of stock control (new, used, parts)
- Silo mentality across all departments
- Low morale
- This was an incredibly successful Programme and it was used as the basis for a further investigation Programme on behalf of another global brand, whose dealer's sales volume levels had fallen by c. 80%.

High Level Actions

- Interviewing the Senior Management to ascertain if they understood the issues discovered in the Composite.
- Interviewing the Line Managers to ascertain their grasp of the accounts and the operation under their control.
- Working with the ASE Business Management Accounts team to confirm the 12 month budget.
- Immediately introducing Daily Operating Controls to monitor performance against budget.
- Checking composites against the budget for 3 months, to confirm implementation of the suggested actions/changes

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