

DealersEdge

Plan 'B'

*A structured plan and considerations for
dealerships ending operations*

With

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And

Rob Campbell

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Moderated by

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Presented by

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Meet your presenters

- **George E. Berry Jr.** is a partner with the accounting and consulting firm of Mironov, Sloan & Parziale, LLC. George has over 28 years of experience in public accounting, the last 20 years with MSP LLC specializing in accounting, auditing and taxation of automobile dealerships and other small businesses. He currently heads the firm's Training and Education Committee keeping the firm up to date on the latest accounting and auditing pronouncements as well as the ever changing tax laws and regulations. Mr. Berry is responsible for MS&P's quality control over accounting and auditing and represented the firm on the last several peer reviews. In addition, he is the firm's lead partner representing Auto Team America, a group of CPA firms throughout the country, all with significant automotive accounting practices. George also serves on the firm's Executive Committee. A graduate with high honors from Bentley College, he is a member of the American Institute of Certified Public Accountants and the New Jersey Society of CPAs. George is also Certified Public Accountant in the state of Florida.



Meet your presenters

- Rob Campbell currently serves as one of the resident dealer analysts for Mironov, Sloan & Parziale, working with dealerships nationally to improve their results. Although he is a national recognized expert for fixed operations as well as helping dealers through difficult factory audit concerns and negotiations, in recent work Rob has been working on dealership structure concentrating on internal controls, fraud prevention, efficiency and cost controls. A Northwood University graduate, he has written extensively concerning fixed operations management as contributing editor for DealersEdge. He is also an associate member of the Association of Certified Fraud Examiners. While at the dealership level, Rob gained experience with 14 different franchises, including domestic, European and Asian brands. By having personally taught hundreds of students, and writing to literally thousands more, Rob has proven his value to a significant portion of dealerships. A frequent and popular speaker at industry events, including six NADA conventions, he is a true professional and a great communicator.





Our time together today ...

- Introduction and welcome
- What we plan to accomplish
 - Today's session vs. a traditional Buy/Sell
 - Morose Motors example
- What we could never accomplish
- Q&A will follow, but for privacy please feel free to contact us at 732-572-3900 or gberry@mspcpa.net and rcampbell@mspcpa.net

The decision



Factory *Family* *Outlook*
Employees *vendors*
Community *retirement*
Profit and loss *Customers*
Ego *Future partners*



Who wants “this store”?

- ❑ The factory
- ❑ The local market
- ❑ Combined market
- ❑ Is it a good deal? **MAYBE!**



YOU MUST...

- ❑ Contact an attorney or competent legal help
- ❑ Contact an accountant or competent financial advice
- ❑ Have an open mind
- ❑ Again, every situation is unique and without professionals on the ground knowing you, your situation and the specifics, any offer or advice is at best good guess work.



Get your *TRUE* cash picture

- Cash flow analysis
 - Varies tremendously from store to store and how easy some streams can be replaced
- Salaries to officers and family
- Rent income
- Other income
- Perks of being a business owner



Tax implications

- ❑ Proceeds from the sale
- ❑ LIFO recapture
- ❑ Profits from normal and liquidation sales
- ❑ Officer loans
- ❑ Other



The building and property

- ❑ Rental income replacement
- ❑ Sale or market position
- ❑ Lease requirements
- ❑ Environmental studies and other costs in preparation for sale
- ❑ Average length of market time



Your business partners

- ❑ Minor shareholders
- ❑ The factory
- ❑ Other stakeholders



Your Employees

- ❑ Severance, pay, bonus and vacation obligations
- ❑ 401K, ESOP, and other plans
- ❑ Healthcare
- ❑ Hidden – uniforms, tools, shrinkage, lost productivity



Liabilities and obligations

- All those contracts
- Refunds on F&I stuff
- Contingent liabilities
- RULE #1 – is the cash sufficient to cover the liabilities?



Liquidation of Inventory

- ❑ A valuation of assets
- ❑ New vehicles
- ❑ Used vehicles
- ❑ Parts
- ❑ GOG
- ❑ Tools and equipment
- ❑ Furniture and office items



Administrative

- ❑ Paying the payables, collecting the receivables
- ❑ Terminating the business with the government
- ❑ Tax filings and deposits
- ❑ Discontinuing services (utility, etc.)



Other considerations

- ❑ The 1,000 other items we didn't discuss today
- ❑ Every situation is unique and has to be evaluated based on the importance of many different variables
- ❑ When there isn't time for Plan 'B' ...



Q&A

- Thanks for listening