

BRENTWOOD AUTO BROKERS

Brentwood
Auto Brokers, LLC
615-470-3050

Monday - Saturday
9:00 - 6:00
Sunday
12:00 - 6:00

WHY LOCATION ISN'T
ALWAYS EVERYTHING:
BRENTWOOD AUTO BROKERS*

CASE STUDY | JUNE 2021

NEXTGEAR
CAPITAL.

CASE STUDY OVERVIEW

DEALERSHIP

Brentwood Auto Brokers

TYPE

Independent

MARKET

Nashville, TN

INVENTORY

150 vehicles a month

AVERAGE TURN TIME

39 days

UNITS FLOORED IN THE LAST 90 DAYS

300

FLOOR PLAN PROVIDER

NextGear Capital



FRANCHISE ROOTS

Shortly after Sam Karaman* graduated from college in 2003, he started working for a franchise dealership. "I worked my way up the ranks at franchise dealerships that specialized in selling luxury inventory for several years including during the great recession, which was a challenging time but turned out to be a good warmup for the pandemic. I really enjoyed what I was doing but you have limitations when you work for a franchise store. You must abide by the policies they have in place, and I wanted more flexibility to interact with customers the way I wanted, instead of having to follow a script. I also wanted to have better work-life balance so I would be able to spend more time with my family. So, I decided to go out on my own and in 2010 started running a small automotive concierge service where I only purchased vehicles that my customers were looking for. Then a few years later, I purchased a small dealership next to the Manheim Nashville auction with about 10 vehicles in inventory. We were self-funded and there's growth limitations to that, so in 2013 when I was approached by a representative from NextGear Capital who talked to me about floor planning, I decided it was time to take the plunge and that's how Brentwood Auto Brokers got its start."

Although he had some experience with floor plans from working at the franchise dealerships, he was impressed with what NextGear Capital had to offer. "Unlike other floor plan companies, I've worked with in the past, they don't just provide you with your floor plan and say that's it. Our portfolio manager was very informative and has been dedicated to ensuring that we're successful. He let me know about the different options that were available to make sure I was able to optimize my floor plan and be more successful. I started out with a line of credit of about \$250,000 which immediately allowed me to start building up my inventory quicker. It didn't take long before our line of credit slowly started to

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increase, and now we average about 150 vehicles month. It's funny because I still carry a lot of the same inventory I sold at the franchise dealerships but I'm able to sell them at a lower price because I don't have all the overhead costs they do."

BOUTIQUE EXPERIENCE

With growth, Karaman says also came the need for more space. "Once we started increasing our inventory, it was time to move into a larger dealer space. About five years ago I was operating out of three locations and would carry about 20 to 30 cars at each location. There were some logistical challenges that came with that business model and with also managing staff at each location so in 2019, I decided that it was time to consolidate all three locations into one and we now operate out of an 80,000 square foot facility which is the largest indoor showroom in the Southeast. It has allowed us to ramp up the number of cars we sell and in turn, make us more efficient in both overhead costs and managing our inventory."

A DIFFERENT APPROACH

While it's an unusual setup for most independent dealerships, Karaman says that his business model helped him succeed during the pandemic. "When the pandemic hit, we broke all of our previous sales records and I attribute it to the fact that about two years ago we had to get creative with things like the way we advertised because since all of our inventory is inside, we don't get the traditional foot traffic from customers who see a vehicle on the lot when they're driving by. This turned out to be a positive for us when the pandemic started because we weren't facing the same challenges a lot of other dealerships were who had previously relied on foot traffic, so we were ahead of the game. We were also already set up to sell our inventory in a virtual environment and had invested in having a well-designed website because we wanted to make sure we were making a positive first impression with our customers."

Karaman says that because of their website, they were already getting about 40% of their sales from out-of-state buyers. "If you're only advertising to a local audience you're not going to have as large of a customer base for your vehicles and they aren't going to get as much exposure. That's why I don't think the physical location matters as much anymore. For the right vehicle people will travel. And when you're able to offer services like home delivery, you're also making the car buying experience more convenient to your customers. During the

pandemic a lot of people weren't comfortable coming to the dealership or realized that there's really no need for it anymore."

TRANSPARENCY IS KEY

Another shift he's seen and included in his business model is no haggle pricing. "For a lot of dealers, it's a hard pill to swallow but we've found that our customers want transparency now. They want to know every fee you're going to charge them ahead of time and unfortunately there are still dealers out there that employ bait and switch tactics. Our customers have told us that they prefer that we put our best pricing upfront, and our gross profit went up when we started using that sales model. Being upfront with everything so the customer can make an informed decision is our business philosophy."

NOT YOUR AVERAGE FLOOR PLAN

Karaman says another key to his success are the tools and enhancements that came with his floor plan. "I'm on Account Portal every day. I like how the dashboard overview gives me a quick snapshot of the status of my inventory. The reporting available also helps me to compare month-over-month and year-over-year. This is an area where I think NextGear



really has a leg up on the competition. I also like the programs they've recently rolled out like Flex Pricing. I think every dealers' needs are different, so it's great that NextGear Capital recognizes that and offers flexible floor plan options based on their customers' individual needs. They've also been very proactive with things like their Dealer Relief Program during the start of the pandemic and most recently when we were hit by the snowstorms. We had titles they were caught up at a FedEx facility for over a week and NextGear Capital reached out and delayed the payment by the number of days that they were at FedEx. It was refreshing that they were so proactive about it, and we didn't have to worry about getting penalized because we weren't able to get the titles right away."

Besides NextGear Capital, Karaman says he's also a fan of several other Cox Automotive products. "The integration between NextGear Capital and Manheim Auctions is huge for us because that's where we source most of our inventory from. It's a seamless process. We also use vAuto because it allows us to acquire inventory more intelligently with market information and the desirability of specific units in our area. I think this was something we were missing out on before because we would just stock inventory that had previously sold well but didn't have any real data to look at. Since they're both Cox Automotive products, they both work in harmony with our NextGear Capital floor plan."

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STAYING THE COURSE

Karaman says that Brentwood Auto Brokers supports the community by being involved with local homeless and animal shelters in his area as well as sponsoring the Nashville Predators NHL team. When it comes to providing advice for new dealers, he says that finding the right partner is crucial. "When you're just starting out, you need to make sure you that you select the right floor plan company because it's going to be more of a partnership. NextGear Capital has been that partner for us. My goal is to continue to grow, and I know that NextGear Capital is going to be able to provide us with the financing we need to do so. My success is their success, and that's not the case with other floor plan companies. You also need to be mindful about what your expenses are and know how to manage them correctly so you can stay on top of your cash flow. While owning your own dealership will be challenging at times, if you have the right partner, you're going to have the support you need to weather storms like the current pandemic."

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ABOUT NEXTGEAR CAPITAL

NextGear Capital is the largest independent inventory finance company in North America, providing flexible lines of credit for auto dealers to buy used vehicles from over 1,000 auto and other vehicle sources throughout North America. With a client base of more than 20,000 dealers, NextGear Capital provides comprehensive services and support enabling dealers to buy and sell more inventory through self-service management tools, title services, records management and collateral protection. Headquartered in Carmel, Indiana, NextGear Capital is a Cox Automotive brand.

For more information, visit nextgearcapital.com.

*This case study and testimonial were received via interview, audio and/or video submission. It is based on the dealer's individual experiences, reflecting real life experiences of that NextGear Capital dealer. NextGear Capital does not claim they are typical results that dealers generally will achieve. This dealer's experiences may not be indicative of future performance or success of any other dealers. Some of the testimonials have been shortened so the whole message is not displayed due to length and/or relevance. All advances made in California by NextGear Capital are made pursuant to NextGear Capital's California Finance Lender License #603G505.

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