



# WHEN TAKING A CHANCE PAYS OFF: ISLAND AUTO SALES\*

CASE STUDY | SEPTEMBER 2021

**NEXTGEAR**  
CAPITAL



## CASE STUDY OVERVIEW

### DEALERSHIP

Island Auto Sales

### TYPE

Independent

### MARKET

Grand Island, NE

### INVENTORY

50 vehicles a month

### AVERAGE TURN TIME

43 days

### UNITS FLOORED IN THE LAST 90 DAYS

35

### FLOOR PLAN PROVIDER

NextGear Capital



## CUSTOMER CENTRIC ROOTS

Frank Penate's career as a dealer didn't have the most traditional start. In fact, it was a job at a bank that led him down the automotive path. One of his regular customers owned a local used car dealership and really liked their interactions and the fact that he is bilingual, so he offered him a job at his dealership. He has always loved cars, so he decided to take a chance. Nine years later, he was ready to open his own dealership, which is now five years old.

## GETTING A SOLID START

From his experience, Penate knew that getting a floor plan was going to be one of the keys to getting his dealership off the ground. He initially selected one through a local bank but ran into his future Portfolio Manager at a Manheim auction who told him how he could benefit from a NextGear Capital floor plan. He decided to give it a try.

Three years in with NextGear Capital, he can't imagine any other way. The biggest difference Penate said is how easy it is to use. "It's a lot more convenient to use than my other floor plan at the auction since it's integrated with Cox Automotive," he said. "I'm not good with technology, but it's easy to use and I love that I can access it on my mobile device." He also conveyed that NextGear Capital has been there every step of the way supporting his growth and that getting approved for a line increase is a much quicker process than through his local lender.

## MORE THAN A FLOOR PLAN

Penate loves Account Portal and uses it to stay on top of his inventory. He said that he also likes the additional tools it provides like the feature that provides the status of his titles and market values, which helps him to stay competitive with his inventory

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pricing. "I'm the type of person who needs to see things visually because I'm so busy and Account Portal allows me to see what's going on with my inventory," he said. "I turn about 50 vehicles on average each month and Account Portal helps me to stay aligned with the status of my inventory so I can move more metal."

## STAYING ONE STEP AHEAD

Penate said that he rolled with the punches the past 18 months and tried not to let it get him or his staff down. Fortunately, his dealership didn't have to shut down like in a lot of other areas of the country. He said that most of his customers had to continue going into work despite businesses shutting down, so he still had cars to sell and just reduced the dealership's hours and staff to help keep everyone safe.

He already had a robust website in place where customers could view inventory and complete a lot of the sales process online

before coming into the dealership. "Online applications seemed to be growing five years ago and now it's the new norm because it's easier and quicker for customers to get their vehicles," he said. "When a customer is ready to purchase a vehicle, they're usually already preapproved, have secured their financing, and have already looked at the vehicles online through pictures and videos. By the time they get here, all they have to do is sign on the dotted line and pick up the vehicle."

Penate's biggest challenge now is low inventory and having to pay up to 30% more than a year ago for vehicles. Fortunately, he said customers have been adjusting to the pricing increase and continue to purchase vehicles. He's also gotten more aggressive with online sales to help move his inventory quicker.

## SUPPORTIVE PARTNERS, CREATIVE MARKETING

Along with his partners, Dannyray Palomares and Oscar Erives, Penate also owns and operates a buy here pay here dealership and a Jeep dealership that opened during the early days of the pandemic. He says that part of their success formula has been the creative ways they've found to target their customers. "We create videos and put them on our website, so our customers know who they're doing business with," he said. "We have a lot of fun with it too and it helped us grow our presence on our social media channels. People will come into the dealership who've watched the videos and say, 'hey you're Frank!' They feel like they already have a personal connection, even if it's the first time we've met in person. Erives also owns the largest radio station in central Nebraska, so they've been able to come together and produce more than 1,700 radio advertisements!

## FUTURE FOCUSED

Penate said his future goals include opening a new location in the short-term, and in the long-term possibly franchising Island Auto Sales. "Our palm tree logo is really popular, and it's been a local trend to own a vehicle with our palm tree on it," he said. "I've had other car lots contact me about getting the sticker to put on their vehicles and that gave me the idea about possibly starting my own franchise in the future." Thinking back on his

roots and how he has been able to be successful, Penate says that if a new dealer asked him for advice, he'd tell them to be consistent and show up to work every day and to just go out there and sell cars. And, of course, he'd explain the value of getting a floor plan and share the benefits of working with NextGear Capital.

"Hard work pays off and if you're not open to new opportunities, you're eventually going to fall behind," he said. "I've seen a lot of dealers fail because they don't want to make changes and adjust, and you also need a floor plan. I know some other dealers try to only use their own cash but if you have a slow month, it's going to be hard. Having a NextGear Capital floor plan is going to provide you with the cash flow and tools you need to be successful."



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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](https://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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