



**AnyCompany Limited - Business Recovery Plan
Straw man proposition**

January to December Any year

Agenda

- ▶ Business scope
- ▶ Business assumptions
- ▶ Key initiatives
- ▶ Sales and Marketing Plan
 - ▶ New, Used, Service, Parts, Accessories – On-site, off-site and Media
- ▶ Manufacturer Plan
- ▶ Operations Plan
 - ▶ Structure, People, Process, Premises, Systems, Suppliers
- ▶ Financial impact
 - ▶ 20?? baseline budget, impact of initiatives, sustainable EBIT
- ▶ Modus operandi
 - ▶ Organisation, Business KPI management and project governance
- ▶ Annexes
 - ▶ Initiative summaries
 - ▶ 30/60/90 Action Plan

Business Goals

- ▶ Include:
 - ▶ Restore the business to profit and arrest destruction of shareholder funds
 - ▶ Earn a licence to operate by performing consistently to budget
 - ▶ Present an appealing business proposition to the sector

Autosave – key initiatives

Vital few initiatives reflect key business goals

▶ Create a viable business unit.

- A business with an achievable budget operating with an affordable cost base managed by a competent team and delivering acceptable results for all stakeholders including shareholders and franchisor.

▶ 1. Key actions

- Drive out bad cost
- Maximise core business
- Coach and Develop the management team

1. Business with measurable performance

▶ Improve Sales performance

- Industry matching volume and margin from all channels

▶ 2. Key actions

- Live with and reconcile current manufacturer partners
- Develop further partnership opportunities
- Maximise ancillary profit from Finance and insurance products

2. Profitable sales performance of all products

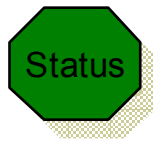
▶ Cost effective operations capability

- Efficient administration at a cost the business can sustain

▶ 3. Key actions

- Overhaul infrastructure
- Install quality systems and max repeat ownership
- Maximise benefits of the Operating System and exercise cost out opportunities

3. Sustainable operations costs and consistent quality of product



Managing supply and meeting franchise obligations

STOCK

Minimum Stock Holding: This is calculated to be 45 days stock depth. Based on ASO of 380 this is 47 (31 until new product launch and 8 currently held) units. **Ageing:** Monitored closely. New car free days vary depending on when consigned; all go fully paid at 180 days (2 currently). **Demos & Daily Rentals** are paid in full at 6 and 12 months from registration respectively (2 Magentis currently none more due to drop until mid April). **Auto-allocations:** Occasionally an issue. Must be monitored closely and corrective action taken when noticed. Adherence to MSH will avoid this. **Demos:** Under 6 months old and 6,000 miles. One of each current model. **Accessories and sign writing** on all. **Courtesy cars:** 1 small + 1 large. Under 12 months old and 9,000 miles. **Sold units.** These go fully paid after 7 days. It is imperative that delivery date on KiaKom reflects when the customer wants the car. 1 of each current model must be displayed in the showroom at all times with relevant POS and emissions / fuel economy displayed. **Minimum parts stockholding.** Variable and not currently enforced.

STAFF – Minimum standards

3 Sales people. 2 Trained technicians. 2 Trained warranty operators – need to find another salesperson

FINANCIAL

Timely and accurate submission of composite. advance bonus must be enrolled upon each quarter. (does not roll over). Tactical bonus must be tracked & claimed. It is not paid automatically like normal bonus. Achievement of Finance volume target will ensure 90 free days stocking. The target varies depending on our new stock levels. Bonus statements must be thoroughly interrogated. Parts & Accessories bonus as above. Minimum marketing spend of £125 per new targeted retail unit.

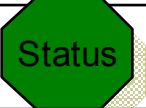
SERVICE & WARRANTY

Daily check of paid / returned warranty claims. Only 2 submissions allowed per claim. Time limit on replying to queried claims. All warranty claims must be submitted within 30 days of work. Warranty register to be kept in house. PWA must be obtained for all bodywork and any job in excess of £500. (parts & labour)

All parts to be ordered by 3pm to avoid VOR. 80% minimum adherence to KMUK aftersales procedures. (audited)


Operations Plan - Example

Delivering cost effective people, process, premises, technology and suppliers

|  Status | CURRENT | PLANNED | VALUE | METHOD | MEASURE |
|---|---------------|----------|---------------------------|--|--|
| PPU (New) | £0 | £250 | £36,000 | Controlled selling. Remove access to SIV data for sales staff. Proper 'value building' demos. DF 2nd face. | Pinnacle 'deal book' report and weekly review- 08/01= £613, 15/01= £309 |
| PPU (Used) | £602 | £900 | £66,000 | As above + nicking p/x's where ever possible to provide profitable used stock. | Pinnacle 'deal book' report and weekly review – 8/01= £1020, 15/01= £927 |
| Consistent sales performance | Erratic | Constant | Stability | Consistent application of sales process and Dominic secondfacing every prospect (except days off) | The only way of monitoring this is trust in Dominic and mystery shops – but new car sales rate is dropping so not good |
| Increase used cars sales | 11 | 19 | Included in figures above | Appropriate and targeted commission structure. Ensure minimum 20 used on site at all times. | Pinnacle 'deal book' & 'stock location' reports – current 6 on, should beat 19 – f/cast 22 |
| Monthly Enquiries | 85 | 130 | Included in figures above | SRCF. Appointment targets. Referral Targets. Cost effective direct mailings. | SRCF daily measure against Dominic's own target of 32 (now revised to 16) shown appoints a week for starters – white board photo daily l/w c10; w/e 14/01= 22 or 63% of all business written in the week |
| Achieve KF monthly targets | £2,000 | £500 | £18,000 | Increased cooperation with BM to increase F+H pen and Finance led marketing. DF 2nd face all. | KF Stocking reports. No update yet but on track – target 50% Pen and 70% on subv entive |
| Increase monthly order take | 20 | 43 | Included in figures above | Appropriate salesman targets & commissions, ongoing review of team / replace/ 2nd face all. | Pinnacle 'deal book' report. Daily review meeting, 11 on at 8/1 – f/c 36 minimum |
| Extras (per unit) | £0 | £50 | £26,000 | Targeted 'extras' performance and commission. Regular reviews. Create Accessory presenter. | Balanced scorecard (whiteboard). F&I and extras early signs disappointing |
| Stock over-age | New 2, used 7 | zero | n/a | Constant management and pro-activity and getting stock onto the pitch on day 1 | Pinnacle and Kia reports |
| Marketing costs | £10,000 | £4,167 | £70,000 | More cost effective and targeted spend including DM, dealership events and outdoor promotions. | Iron fist on budget. |

Operations Plan – Commercial **EXAMPLE**

Delivering cost effective people, process, premises, technology and suppliers

|  Status | Current | Planned | Value | Method | Measure |
|---|----------------|----------------|--------------|--|--|
| Units | | 124 | £ 46200 | Web site maximisation/re-develop | SF Daily Report/Pin – Neil Addley engaged for advice price expected from Fuse8 James Gallimore – 10/02 |
| PPU | £1,000 | £ 1300 | £ 37500 | consistently seeking new supply source | woc/doc/pinnacle Jan looks like 5 at £1400ppu and Feb is projected as c15 at £1350 |
| F&I Income | £6,200 | £ 12400 | £ 6200 | Emphasis on selling cost per month | SF Daily Report/Pin – still planning at £50pu and currently running £56 pu |
| Affinity Partners | | | n/a | Volunteer offering to take mantle of affinity partner relations from Louise | Complaints management and improved relations |
| The Law | | | n/a | A booklet regarding the law around commercial vehicle use would be best practice at handover | tba |

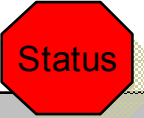
Operations Plan – F&I **EXAMPLE**

Delivering cost effective people, process, premises, technology and suppliers

| | CURRENT | PLANNED | VALUE | METHOD | MEASURE |
|---------------------------------------|---------|---------|--------|--|---|
| Increase ppu finance | £87 | £100 | £28000 | Improve to minimum budget standards. | appraisal/monitoring. League table with rewards for top salesman |
| Increase current Add on sales | £25 | £50 | £45000 | Improve to minimum budget standards. | appraisal/monitoring. League table with rewards for top salesman |
| Implement extras product range | £0 | £50 | £45000 | Bring in paint protection, off the pad CPI and Recovery products | appraisal/monitoring. League table with rewards for top salesman |

Operations Plan – Sales **EXAMPLE**

Delivering cost effective people, process, premises, technology and suppliers

|  Status | CURRENT | PLANNED | VALUE | METHOD | MEASURE |
|---|---------|---------|----------------|--|--|
| Reduce Exhibition costs | £80 | £40 | £40,000 | Attend only cost effective Exhibitions. | Check monthly sales against prior year.- changes implemented Jan , keeping etcetera |
| Reduce advertising costs | £295k | £155 | £140,000 | Advertise in cost effective areas. Reduce or w ithdraw from others, deemed too expensive. | Check monthly enquiries in & Sales – also looking for late booking opportunities in Jan |
| Re Focus Sales team. | N/A | £95k | £95,000 | Ensure the team are more Pro active. 2 x extra sales P.M from each by SRCF w ill give the return | Daily log sheets for SRCF, targets & tables for success. Little or no progress so far – no accountability |
| Increase Extra's Sales | £30ppu | £50ppu | £36,000 | Increase options to sell. Target & reward the team. Better quality of options to offer. | Daily / Weekly / Monthly review . Targets and tables for success. This has now DROPPED to £25pu |
| Increase Finance | £85ppu | £100ppu | In F&I figures | Work closely w ith Andy A to market finance, re train the team, and optimise where the finance is placed | Cross check PPU p. month w ith BM Business manager lost |
| Sell " Giveaways" | £0 | £15k | £15,000 | offer the sell the standard carpet mats | See the amount sold daily, w ith orders that should be ending in odd figures. 3 ytd but £30pp dropped to £25 as above |
| New Sales Exec | £0 | £50k | £50,000 | Use new man to implement new idea's. Show "old hands" change can be good. | Check his Sales ,close rate, PPU etc. Still in induction. |


Operations Plan – Aftersales **EXAMPLE**

Delivering cost effective people, process, premises, technology and suppliers

| | CURRENT | PLANNED | VALUE | METHOD | MEASURE/Progress |
|---------------------------------------|--------------------------|---|--|---|--|
| Productivity (see also VHC) | not measured | Min 90% | Identify Idle and Diverted capacity | Control techs install discipline into process, weekly 1:1 meets with preset agenda, Performance manage this in and share on daily basis with techs. Install VHC process & Measurements | Pinnacle workshop analysis by Jan 12, process in place w/c 15/01 |
| Efficiency | not measured | Min 100% | Identify shortfall in performance | using target times for the technicians to beat will ensure that they are working within the allowed times | Pinnacle workshop analysis by Jan 12 – as above |
| VHC Process | not done | Robust process by Feb 1st | target £40 VHC incremental sales per retail & warranty job in target annual figure of £52000 | Use VHC, retrain and incentives technicians, | monitor daily via invoice review to manage the quality and opportunity and analysis of the VHC tracker on a weekly basis – Audit arranged for late Jan |
| Menu Pricing | under review | re visit costings | Average uplift £10 per service plus ECS- Min £6400 | Recost service menu pricing at £65 per hour using manufacture list times, factor oil in at £5.95 per litre and ECS at £19.95. menus to be up-pence all costing to be up-pence. All invoicing to be worked back from quoted price. | Invoice Reviews – see above |
| ECS | non | assumptive sales to menu pricing | £5000 per annum based on current volumes | Menu pricing to include Emission control service that includes fuel treatment and engine flush priced at £20 inclusive of vat the margin on this is approximately £10 per service. | Invoice Reviews, supplier stats; in by 15/01 – now in |
| Marketing | uncoordinated | basic core service / mot & lapse reminders, 30-36 month healthcheck | 1 extra visit per day = £26000 per annum | data base cleanse working in 2 month cycles i.e. Jan 07 check march 06 deal packs and update. Marketing agency are to look at letters suite and amend, marketing plan adhered to for the next 12 months. | analysis reports – review progress by 11/01 – Stuarts Son inputting |
| CSI | Not Measured not focused | New process & Focus | customer retention & loyalty | Review Technical training needs with Kia UK. Every customer to go through the Autosave handover experience (AR has template mock-up) service follow up calls event + 5 days by 3rd party | Manufactures CSI measurements, Follow up call measurement stats, Implement 07/01 – Andy makes notes on job cards |
| Warranty rate review | £35 | £65 | £35129 | Negotiation and due process with manufacturer | Audit review |
| Forecast accuracy | flaky | Within 10% net | consistency | Intuitive analysis of past and present markets and acting logically | Forecast/actual at month end |
| Bolt Ons | Non | 50% penetration | 6 bolt ons per week (Oil Top up) £17 per week £873 per year nett profit | Present to every customer the oil top up | Top up Oil supply in by 15/01 @ £2.65 pl. Measure Via VHC tracker |

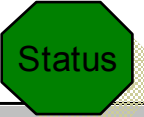
Operations Plan – Prep Aftersales **EXAMPLE**

Delivering cost effective people, process, premises, technology and suppliers

|  Status | CURRENT | PLANNED | VALUE | METHOD | MEASURE |
|--|---------------------------------------|---|-------------------------|---|---|
| Productivity | not measured | Min 95% | Identify capacity | Control techs Mechanical & Body install discipline into process, weekly 1:1 meets with preset agenda, Performance manage and share on daily basis with techs. | Pinnacle workshop analysis – now measured but no weekly meet yet |
| External Trade sales | Non Current | £230 per day/ £57040 per annum | GP £36224 | target used car pitches & local commercial workshops i.e. Kier/Enterprise, need 2 cars per day on average to achieve this. | Need assistant in place first |
| External MOT sales | not measured | 2 per day at £30 each = £14880 per annum | GP £7936 | Local A board advertising & Flyers | ditto |
| External servicing (£39.95 lube +VHC) | Not done | 1 per day/ 7 per week = 364 services per year | GP £6916 | Local A board advertising & Flyers to local business, Local Gym, Retail Park, (quick 1 hour turnaround jobs, any VHC work to be rebooked) | ditto |
| Overtime Control | Not Controlled, cost £19150 per annum | max2 body2 mech on a Saturday = £10022 | Saving £9128 | change the way the overtime is administered from employee contractual to employer requested using a rota system as a backbone. | Accounts & Overtime authorisation sheets.Done |
| Quality | Not Measured | Daily | > rejections & delays | combination of salesman check, Driver handover & customer contact both internal and external, forming root cause analysis to identify shortfall in process. | Needs to be published in new report. Working |
| No Plate Supply | 5 colour | 1 colour | £2,000 | Going rate is £2.78 per set if this was archived savings of an extra £700 per annum can be achieved. | Supplier invoices from Jepson- w/c 15/01 |
| No Plate manuf | Not Managed | Managed | unknown | Locate plate machine in parts, keep records | Plate machine reports.done |
| Parts order & stock | Not Managed Stock was £11K | Managed with target stock of £3k | Greater control | No Job card No Parts, Only order stock, consumables, smart, without job card this is documented in the process | Unknown location report to Zero Done |
| Parts security | Not managed | Managed | Control | Parts always locked even when going to the toilet and workshop | random checks - done |
| Parts Stock Take | not managed | Managed | Nil variance | parts stock take is carried out once per month, and bin stock is perpetually checked against pinnacle holding at least every two weeks. | 'deal book' report. Daily review done |
| Suppliers | Not managed | Managed | Best deal | Check dealer V non dealer supplies, all checks should be at nett cost including rebates, move suppliers with rebates to a lower cost and void rebate. | Management accounts – w/p, say 15/01 |
| MOT Standards | Current fail in several areas | Full compliance | Retain MOT | Maintain vigilance with all MOT standards for operational compliance | Prescribed Internal checks |
| Bodyshop stock | Not Managed | Managed | reduced wastage & usage | impress stock locked away, open stock system to be used and replenished from impress stock | reduced supplier costs monthly. Random stock security checks done |

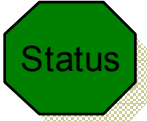
Operations Plan – Transport **EXAMPLE**

Delivering cost effective people, process, premises, technology and suppliers

|  Status | CURRENT | PLANNED | VALUE | METHOD | MEASURE |
|---|--|---|-----------------------------------|---|---|
| Transport Cost | not measured as total cost per month divided by total deliveries | Measure total cost divided by deliveries, and target 10% saving | exact cost per vehicle delivered. | Ensure management account costing are correct (not exhibition, and non transport costs) control all other activities via control sheet and non transport costs transferred to correct department | Transport cost control report, & management accounts – done & under budget |
| Transport Process | Not documented | documented | cost control | ?? to document A-Z process in idiot format | written up – needs transfer to master doc |
| Driver Control | Non | Managed | cost control | currently drivers bill per hour, with a change to process, i.e. driver is contacted with a proposed delivery time, driver will then call in to confirm after 4pm prior day. This will then cut down the amount of idle time that the drivers are currently billing whilst waiting for cars to be finished. When workshop quite use the contracted paid labour for running around, Menu the payment for tax office runs say it worth 2 hour then we pay 2 hours. (this will discourage taking the long way around) | Transport cost control report, & management accounts - done |
| Driver Handover | Unknown | Managed | Customer satisfaction | Driver Training Needed on how to handover a vehicle professionally, Also appearance needs to be smart and generic. Also need to establish Minimum standards. | Customer follow up call – drivers meeting to be arranged when uniforms arrive say 19/01 |

Operations Plan – Indirect Overhead **EXAMPLE**

Delivering cost effective people, process, premises, technology and suppliers

|  Status | CURRENT | PLANNED | VALUE | METHOD | MEASURE |
|---|-----------------|-----------------|----------------------------|---|---|
| Restructure and headcount | In consultation | In consultation | £140k target, say £100k | Consultation process to achieve affordability in the employment cost base | Salaries a/c Delivered with the exception of general office admin |
| Rent | £340,750 | Say -25% | £170375 target, say £85187 | Negotiation with 2 pivotal arguments as discussed | rent a/c WIP |

Budget baseline

Baseline budget would deliver £

| | |
|-----------------------------|-------------------------|
| Performance Historic | Bullet |
| bullet | Performance Plan |

- ▶ **Budget**
- ▶ Key Assumptions

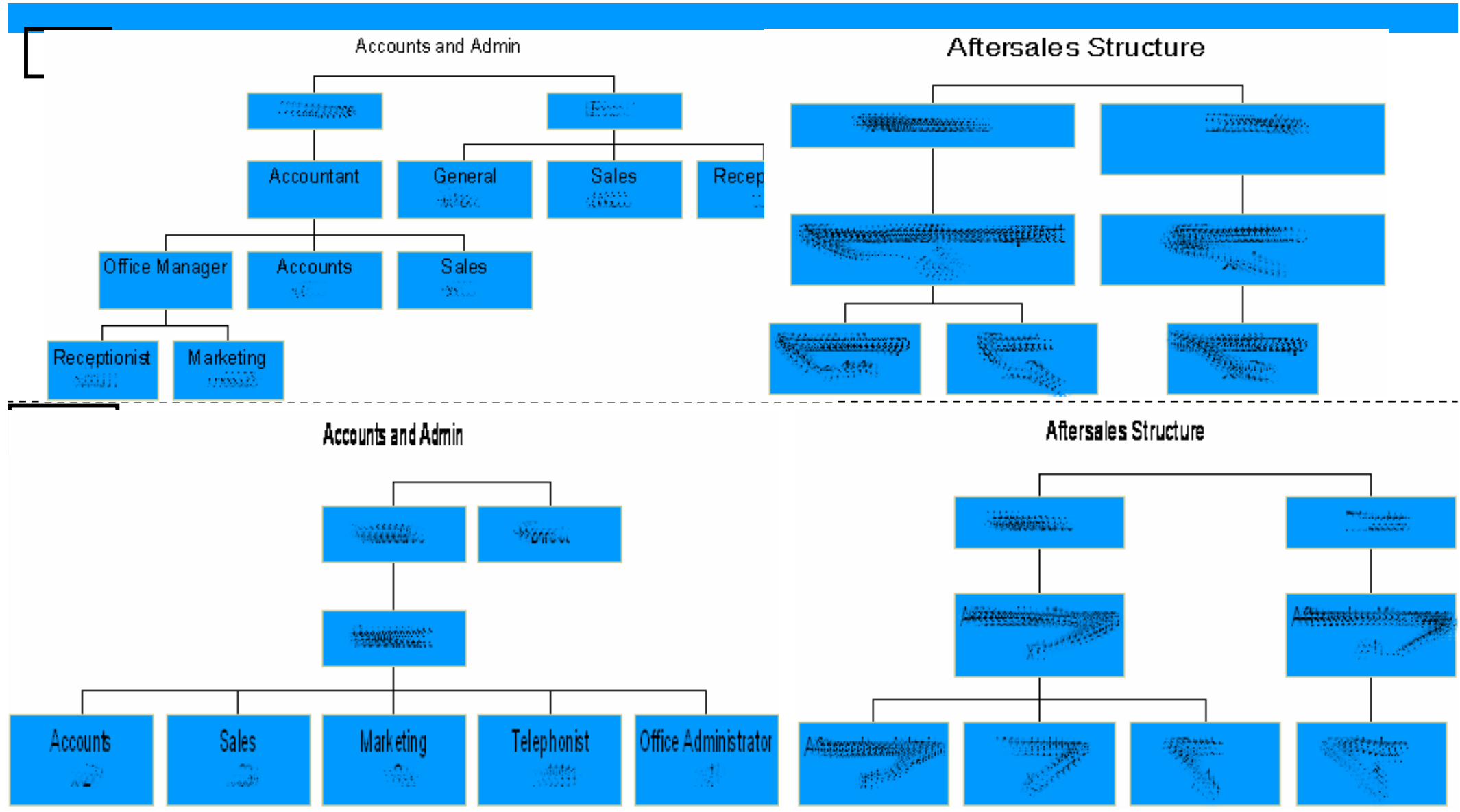
Max Impact of recovery plan and legacy

Initiatives could improve EBIT performance by c£xm. Impact of legacy on EBIT is £yk

| | Per Plan | Revised post plan | Attenuation |
|---|----------|-------------------|--------------|
| | | | 18% |
| | | | 15% |
| | | | n/a |
| | | | n/a |
| | | | 20% |
| | | | 20% |
| | | | n/a |
| Total target improvements to r/r | £ | £ | 17.4% |

Organisation

Organisational changes to Admin and aftersales for fit for purpose



Initiative Governance **EXAMPLE**

Management of business through KPIs and action plans

- ▶ KPIs
 - ▶ Key KPIs measured are units, metal profit, F+I, preparation costs, improvements on last year actuals
 - ▶ Performance review through daily and monthly tracking as above
 - ▶ Corrective action plans for off-target performance generated weekly where possible and monthly elsewhere.
- ▶ Action Plans:
 - ▶ Performance is measured by checkpoint reporting against milestones and expenditure
 - ▶ Performance review against monthly P&L
 - ▶ Corrective action plans for off-target performance proposed locally and agreed by ScotBank.