



INTERNATIONAL CAR RENTAL SHOW

YOUR MARKETPLACE.

MARCH 27-29, 2017 / BALLY'S LAS VEGAS



BROUGHT TO YOU BY
Auto Rental
GROUP

IN COLLABORATION WITH
ACRA
ASSOCIATION OF CAR RENTAL AND
RENTAL SERVICES

Increase Revenue and Reduce Expenses with an Ancillary Business

- Jim Tennant, The Tennant Group
- Frank Lash, Alliant Car Wash Services
- Brad Meyer, Former Dollar/Thrifty/Hertz franchisee, currently consultant



Increase Revenue and Reduce Expenses with an Ancillary Business

A copy of this presentation will be available shortly after the show on the Tennant Group and Auto Rental News web sites.

or

You can give me your business card with “Ancillary Business” written on the back.



Increase Revenue and Reduce Expenses with an Ancillary Business



Increase Revenue and Reduce Expenses with an Ancillary Business

- You own a medium size car rental business.
- You have your business completely under control.
- You are nicely profitable.
- You have finished your work by 2 o'clock or so every day.
- You think to yourself “I’m a little bored. Why don’t I start a parking business???”



~~Increase Revenue and Reduce Expenses with an Ancillary Business~~

- ~~• You own a medium size car rental business.~~
- ~~• You have your business completely under control.~~
- ~~• You are nicely profitable.~~
- ~~• You have finished your work by 2 o'clock or so every day.~~
- ~~• You think to yourself "I'm a little bored. Why don't I start a parking business???"~~



INTERNATIONAL
Car Rental
SHOW

BRAND TITLE BY
Auto Rental

A CONTRACTOR WITH
ACMA

Increase Revenue and Reduce Expenses with an Ancillary Business

PROBABLY NOT!!

Even if someone in the car rental business is bored,
(very unlikely) that is a poor reason to start an ancillary
business.



Increase Revenue and Reduce Expenses with an Ancillary Business

Some good reasons:

- Excess resources that cannot be disposed of easily
 - Real estate – can't sell or sub-lease
 - Administrative staff/overhead – can't reduce or go part time
- Strong seasonal or weekly peaks and valleys
 - If your winters or weekends are very slow, maybe another business would keep your staff busy and cover overhead



Increase Revenue and Reduce Expenses with an Ancillary Business

Ways to expand your business:

- Broaden your product line – add cargo vans, convertibles, motorcycles, RVs, etc. to your rental fleet.
- Add locations.
- Increase the hours you are open.
- **Add an ancillary business.**



Increase Revenue and Reduce Expenses with an Ancillary Business

**Some ancillary businesses that rental
companies have tried:**

Parking - Brad

Retail car sales - Brad

Car wash - Frank

Body shop

Detail shop

Quick lube

Baggage delivery



Increase Revenue and Reduce Expenses with an Ancillary Business

Brad Meyer

**Former Dollar/Thrifty/Hertz franchisee, currently
consultant**



Increase Revenue and Reduce Expenses with an Ancillary Business

Parking Business

- Questions to ask yourself if considering adding an Off Airport Parking Operation to your Car Rental business.



Increase Revenue and Reduce Expenses with an Ancillary Business

Parking Business Questions

- **Space.** How much unused space do I have on my non-peak rental days, or is there additional land contiguous to my current operation that I could purchase/lease for this new business
- I would recommend a minimum of 1 acre to even consider starting a parking operation.
- Figure 1 acre = 100 cars parked depending on how you choose to operate your parking operation. Self-Park, Valet or combination of both.



Increase Revenue and Reduce Expenses with an Ancillary Business

Parking Business Questions

- Bussing. In most cases you must be a bussing car rental operation to justify the expense of adding a parking business.
- Do I have the infrastructure to take on the additional needs of this business, or do we have enough down time in operations and accounting that it will fill a void?



Increase Revenue and Reduce Expenses with an Ancillary Business

Parking Business Questions

- Will we have to add additional manpower or buses? You will probably need a slight increase in manpower and possibly an additional bus en route at certain times that Car Rental and Parking rushes overlap.
- Will our automation handle parking or will we need to purchase an additional system or module?



Increase Revenue and Reduce Expenses with an Ancillary Business

Parking Business Questions

- Pricing a Parking business against the on airport parking company. My experience is you will need to price 1/3 to 1/2 below the on airport parking to bring people off site to use you.
- Add benefits to using your Parking business over the On Airport Parking. Valet Parking, Drop off at a Pre-Cooled or Pre-Heated vehicle, Free Car Wash. The cost to do these services is very minimal but it creates a lot of good will and will drive repeat business.



Increase Revenue and Reduce Expenses with an Ancillary Business

Benefits of Adding Parking Operation.

- Low cost ancillary business addition to your existing car rental business
- Added cash flow
- Greater exposure to your Car Rental operations, as your customers will see you both ways
- Better use of your assets, human and fixed
- Higher overall profit margins, this will show your banks your ability to be diversified and help in your lending needs.



Increase Revenue and Reduce Expenses with an Ancillary Business

Retail Car Sales

- Questions to ask yourself before adding a Retail Car Sales Operation to you Rental Car Business



Increase Revenue and Reduce Expenses with an Ancillary Business

Retail Car Sales Questions

- How are you disposing of your current rental fleet and are you capitalizing on it to the best of your ability?
- Do I have a local market facility that could handle an additional business alongside it or are you going to have to purchase/lease a new space?



Increase Revenue and Reduce Expenses with an Ancillary Business

Retail Car Sales Questions

- Do I have the capital to handle this additional operation?
- Do I have the additional parking space alongside the car rental operation to allow for retail sales cars?



Increase Revenue and Reduce Expenses with an Ancillary Business

Retail Car Sales Questions

- Do I have the personnel and or the expertise to start this additional business?
- Do I have the proper licenses to sell retail cars?
- Am I going to do in-house finance and or insurance?



Increase Revenue and Reduce Expenses with an Ancillary Business

Retail Car Sales Questions

- Trades are a must in the retail car sales world, so understand this is part of the business and if you're not willing to take trades you really can't be in retail car sales.
- **You will make mistakes valuing car trades!**



•This is not a business for the weak of heart or the financially unstable. Your either all in or out!

Increase Revenue and Reduce Expenses with an Ancillary Business

Retail Car Sales

- **This is not a business for the weak of heart or the financially unstable.**
- **You are either all in or out!**



Increase Revenue and Reduce Expenses with an Ancillary Business

Benefits of a Retail Car Sales Business

- Very few can run both a successful Car Rental operation and Retail Car Sales operation.
- (In my 30 years of the car rental, parking and sales I've seen only a few succeed at more than one.)



Increase Revenue and Reduce Expenses with an Ancillary Business

Benefits of a Retail Car Sales Business

- They are very distinct and different businesses that demand large sums of capital, expertise and time.



Increase Revenue and Reduce Expenses with an Ancillary Business

Benefits of a Retail Car Sales Business

- I can only recommend someone adding this business to their Car Rental if they are full time and an expert at it.



Increase Revenue and Reduce Expenses with an Ancillary Business

Frank Lash

Alliant Car Wash Services

World Renowned Expert in Car Wash Services



Why a Car Wash May Make Sense

- Convert Excess Land into a Profit Center
- Exposes Potential Customers to Your Car Rental Business
- Can Be Used to Wash Your Rental Fleet
- Can Increase Utilization of Existing staff
- Can Offset Fluctuations in Business



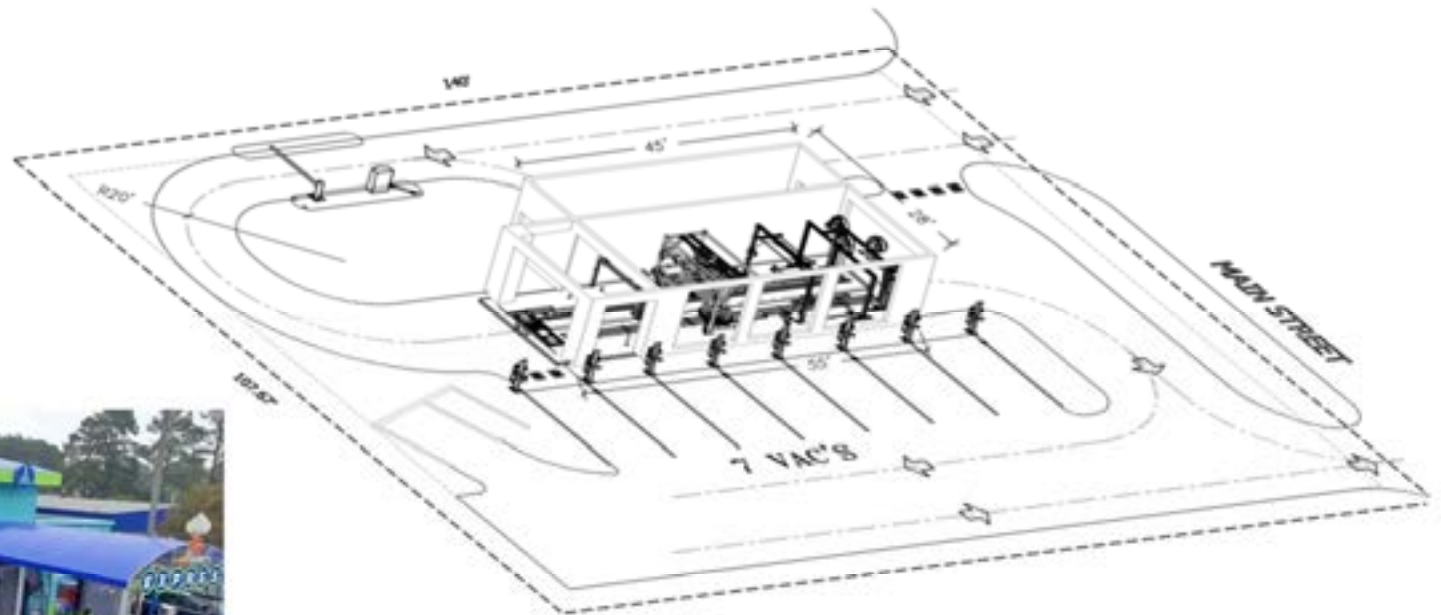
Consumer Car Wash Trends

- Car Wash Revenue Growth is forecast to Increase 20% over the Next 10 Years
- Consumers Increasingly Demand Speed and Convenience
- Movement from “Do It Yourself” to “Do It For Me”
- Driveway Car Washing is on the Decline



Mini Tunnel

Exterior Express Conveyor



Mini Tunnel



Mini Tunnel Characteristics

Mini Tunnel

Exterior Express Conveyor

- Automatic pay station (1)
- Limited free vacuums (6-10)
- Lower (value) base price (\$3 - \$7)
- No manual work performed
 - no prepping, hand drying, etc.
- Emphasis on 5 minutes or less
- Customer remains in car
- 50 foot long tunnel (small bay) or less



Factors To Consider

- Zoning
- Physical Site
- Local Codes
- Traffic Count
- Access
- Visibility



Factors To Consider

- Population
- Competition
- Utilities
- Site Layout
- Financing



Capital Costs for Constructing a new Mini Tunnel (Xtreme Xpress)

	Description	Cost Range	
1.	Land (.4 to .5 acre)	\$250,000	to \$400,000
2.	Building 55' x 30' = 1650 sq. ft.	265,000	to 300,000
3.	Site work (grading, paving)	40,000	to 80,000
4.	Landscape and Irrigation	35,000	to 60,000
5.	Site Lighting	20,000	to 30,000
6.	Signs (street and building)	20,000	to 22,500
7.	Equipment (computers and others)	264,000	to 330,000
8.	Grand Opening	10,000	to 20,000
9.	Professional fees (architect, engineer, etc.)	50,000	to 75,000
10.	Permits, tap fees, and municipal fees	65,000	to 75,000
11.	Start-up working capital (first 3 months)	75,000	to 100,000
	Total	\$1,114,000	\$1,515,000
	Estimated Average Actual Project Cost*		\$1,314,500

*Costs can vary significantly.



Mini Tunnel– (Xtreme Xpress) 5,000 Cars Monthly - New Construction

Menu	% of Cars	Revenue	Avg. \$ per Car
\$5	55%	\$13,750	\$8.61
\$10	25%	12,500	
\$15	8%	6,000	Gross \$ \$43,050
\$18 ²	12%	10,800	
<i>Principal financed is 80% of average actual projected costs. (See Capital Costs)</i>			



	Mini Tunnel 5,000 modified	Proj \$	Proj %	Proj/car		Proj \$	Proj %	Proj/car
X t r e m e X p r e s s 5k Cars Modified	Sales				Insurance			
	# of cars washed	5,000			Gen. Liability	\$270.00	0.6%	\$0.05
	Average per car ¹	\$8.61			Workers' Comp	\$130.00	0.3%	\$0.03
	Gross Sales	\$43,050.00			Insurance Total	\$400.00	0.9%	\$0.08
	Customer Comp	\$264.92	0.6%	\$0.01	Banking			
	Employee Comp	\$100.00	0.2%	\$0.01	Credit Card Fees	\$500.00	1.2%	\$0.10
	Net Sales	\$42,685.08			Chargebacks	\$0.00	0.0%	\$0.00
	Labor				Bank Service Charges	\$100.00	0.2%	\$0.02
	Salary				Banking Total	\$600.00	1.4%	\$0.12
	Location Manager (32k)	\$2,898.00	6.8%	\$0.58	Site Maintenance ¹			
	Assistant Manager	\$0.00	N/A	N/A	Garbage	\$200.00	0.5%	\$0.04
	Assistant Manager 2	\$0.00	N/A	N/A	Landscape	\$210.00	0.5%	\$0.04
	Hourly (2 FT) ¹	\$3,800.00	8.9%	\$0.76	Other	\$0.00	0.0%	\$0.00
	Bonus				Site Maintenance Total	\$410.00	1.0%	\$0.08
	Location Manager	\$322.00	0.8%	\$0.06	Advertising			
Assistant Manager	\$0.00	0.0%	\$0.00	Marketing	\$1,280.55	3.0%	\$0.26	
Assistant Manager 2	\$0.00	N/A	N/A					
Payroll Taxes	\$639.00	1.5%	\$0.13					
Employee Benefits	\$100.00	0.2%	\$0.02					
Health Benefits	\$200.00	0.5%	\$0.04					
Vacation	\$56.00	0.1%	\$0.01					
Labor Expense Total	\$8,015.00	18.8%	\$1.60					



	C.O.G.S. ¹				Other Expenses			
	Chemicals	\$3,850.00	9.0%	\$0.77	Information Systems	\$100.00	0.2%	\$0.02
	Utilities ¹				Cash Over/Short	\$0.00	0.0%	\$0.00
	Electricity	\$2,000.00	4.7%	\$0.40	Recruiting/Training	\$200.00	0.5%	\$0.04
X t r e m e	Water/Sewer	\$900.00	2.1%	\$0.18	Uniforms	\$50.00	0.1%	\$0.01
	Gas	\$120.00	0.3%	\$0.02	Security Expense	\$100.00	0.2%	\$0.02
	Phone	\$100.00	0.2%	\$0.02	Professional and Legal	\$250.00	0.6%	\$0.05
	Utilities Total	\$3,120.00	7.3%	\$0.62	Waste Tank Pumping	\$250.00	0.6%	\$0.05
	Supplies				Other Expenses Total	\$950.00	2.2%	\$0.19
X p r e s s	Office	\$50.00	0.1%	\$0.01	Operating Expense	\$19,875.55	46.6%	\$3.98
	Wash	\$200.00	0.5%	\$0.04	Operating Profit	\$22,809.53	53.4%	\$4.56
	Tools	\$50.00	0.1%	\$0.01	Depreciation	\$5,908.73	13.8%	\$1.18
5k Cars	Supplies Total	\$300.00	0.7%	\$0.06	Amortization			
	Repair & Maintenance				Property Tax	\$1,000.00	2.3%	\$0.20
	Scheduled Repairs	\$0.00	0.0%	\$0.00	Principal/Interest ¹	\$8,922.00	20.9%	\$1.78
New Build	Unscheduled Repairs	\$450.00	1.1%	\$0.09	Total Expenses	\$35,706.28	83.7%	\$7.14
	Damage Claims	\$500.00	1.2%	\$0.10	Net Unit Profit	\$6,978.80	16.3%	\$1.40
Page 2	R&M Total	\$950.00	2.2%	\$0.19	Cash Flow	\$12,887.53	30.2%	\$2.58



Car Wash Summary

- Growing Industry
- Exterior Express Platform = Low Labor
- Consumers like the Speed and Convenience
- Internal Use to wash Rental Fleet reduces labor expense
- Site assessment and market evaluation needed to determine viability



Summary

- Research carefully
- Do site visits of successful operators
- Research carefully
- Adjust your accounting/chart of accounts
 - Account for real costs
 - Don't agonize over allocating expenses



Increase Revenue and Reduce Expenses with an Ancillary Business

- Jim Tennant, The Tennant Group
- Frank Lash, Alliant Car Wash Services
- Brad Meyer, Former Dollar/Thrifty/Hertz franchisee, currently consultant

Thank you for your attention. We will be around if you want to discuss anything further.

