

Performance Improvement - PI/LS/C

● Protecting Cash Post Coronavirus Crisis

Introduction: Coping With Covid-19

- Premium automotive brand in Northern Europe wanted to assess the immediate and intermediate impacts of the Covid-19 pandemic on its dealer network.
- ASE Automotive Solutions evaluated the performance of the dealer network based on composite financial performance data making recommendations to sustain at risk dealers.

Challenge: Creating Clarity In An Unknown Economic Situation

- The unprecedented economic situation meant that although the brand was confident the dealerships would not be exposed in the short-term to cash flow issues it was unclear what the mid-term effects might be.
- Governments across the region and franchises were offering different solutions to ease the financial burden, so the brand needed to decide how best to ensure the performance and financial stability of its dealers.
- The brand's finance department only had access to annual accounts and in some cases only had data from 2018, but ASE Automotive Solutions could provide detailed analysis of composite financial data on a month-by-month basis.

ASE Approach: Data-Driven Analysis For A Targeted Response

- **Phase One:**
The Global Data Services team designed a detailed report to look at the current financial status of dealers, their performance over the past two years and their more immediate Year-to-Date (YTD) and last quarter performance. The report also combined cash flow and balance sheet development information.
- **Phase two:**
The team ran the report against all the dealerships in the Northern European region to identify potential dealers at risk, analysing critical KPIs including balance sheet, operational performance, cash flow and balance sheet development. The individual reports were presented to a steering committee at the brand to verify the most at risk dealers compared to the existing data held by the brand.
- **Phase three:**
Based on ASE's recommendations the brand is now evaluating a series of actions to support the most at risk dealers both in the short and mid-term.

Outcomes:

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**Sustaining
at Risk
Dealerships**
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Due to ASE's strategic insights the brand is now working with at risk dealers in a number of ways:

- It is creating cash flow forecasts and liaising with its finance partner to restructure agreements with the most at risk dealers.
- In some situations it is also evaluating refinancing certain dealerships to help them create more working capital for short-term financial requirements, while balancing long-term financial commitments.