



"Better Service, Better People, Better Process"

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Phi Beta Lambda National Leadership Conference 2017

Small Business Management Plan

2016-2017

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1.0 Executive Summary

1.1 Introduction – The Company

Company Overview

Summit Motorsports is the region's premier provider of Can-Am, Polaris, Artic Cat, and Yamaha products. Summit is located directly off of US Route 19, outside the City of Summersville, in the beautiful mountains of West Virginia. Our facilities will feature a demo track and a large building that will house our operations.

Summit Motorsports will do business differently. Rather than providing the customer with a generic experience they can get anywhere, we will allow them to test the units they want to buy and have their units customized to fit their specific needs. The staff at Summit will be trained in their related field so that customers get the best information rather than random guesses and assumptions.

Mission Statement

Our mission is to be an original and unique dealership that provides the best expertise, the most value, and a relationship with the customer that goes beyond the initial sale.

Vision Statement

“Better Service, Better People, Better Process: Summit Motorsports”

Industry Market

In West Virginia, the shop market is extremely segmented. Dealerships own only some of the total franchises available in the market. So, rather than dealerships being able to offer all products in one place, the product availability is scattered. Some cities have up to four dealerships each. Therefore, Summit will focus mainly on franchise consolidation. The outdoor recreational market reached \$650 billion in 2015. New off-road product sales in 2015 reached 740,000 units, which is a 2.2% increase from 2014. These growth numbers are huge, and on average, customers spend another 1500 dollars customizing their units. The money-making potential is huge at the moment, but a change in marketing tactics will even further expand the possibilities for companies in this industry.

1.2 Objectives

Summit Motorsports, LLC seeks to become the biggest name in the power sports industry. Our goal is franchise consolidation, meaning that we seek to house as many of our industry's brands under one roof as possible. We will accomplish this target by opening our dealership in a region that allows us to add the maximum amount of franchises to our dealership while also being located in a place that will provide a sustainable customer base. Summit also seeks to establish a large regional clientele by using a customer rewards and marketing model to keep customers purchasing from us again and again. Summit is dedicated to becoming the largest dealership on the east coast. We will accomplish this goal within the first five years of operations by consolidating our competition and expanding our location count to reach the maximum number of clients.

1.3 Keys to Success

Because Summit Motorsports will be one of the few dealerships in the state selling the brands Arctic Cat, Polaris, and Can-Am, our company will have a solid line of products from the start with a combined strong market share. Summit will also be able to tap into the market of customers who are unsatisfied with their previous service experiences and are tired of feeling like just a number to the other existing dealerships. Beyond that; there is a unique opportunity to bring the online customer back into the dealership, if they realize the parts you can buy from Summit are available at a fair price.

Summit seeks to sell twenty-one new major units each month and hopes to be able to hold an average parts transaction margin of forty dollars, turning over 602 hours of labor from our service department. This will provide a total amount of revenue that reaches 11.5 million dollars. With a steady yearly 3% growth rate, Summit expects that by the end of the third year of operations, return on equity will reach 18%.

1.4 Immediate Development Goals

Summit Motorsports immediate development goals include training our new employees on the computer software systems that will be utilized at the dealership. In addition to this working in our sales model and fine tuning our method and approach to selling products. These two items will be the immediate development goals of the company within the first three month of the opening date. Beyond this within the first year of operations achieving our dealership platinum status awarded by the manufactures will be our one year operations goal.

1.5 Financial Projection

Summit Motorsports' financial requirements will be substantial. However, detailed in this plan is the avenue to the sufficient amount of capital needed to sustain operations. The owners of Summit Motorsports will contribute a grand total of \$1.464 million to operations from their own sources of capital. The amount that each owner will contribute will be determined by their total equity share. These funds will be used to purchase property and to construct the dealership location as well as purchase start-up supplies in the month leading up to the launch of Summit Motorsports. The remaining balance of capital to purchase the major unit inventory will be provided by TCF and Wells Fargo: two floor planning companies who provide pay as sold lines of credits to dealerships at reasonable interest rates. These two sources make up the major sources of funding for Summit's operations.

Summit Motorsports will provide an equitable and healthy profit for owners and investors. The company expects to see more sales by the end of year three than all regional and local competitors.

Balance sheet projections have Summit's year one asset holdings at 2,743,522, year two at 3,058,032, and year three at 3,362,814, which is an achievable growth rate over the first three years. The funds gained over the years of operation will be used to repay investors and purchase other dealerships. The income statement for years 1-3 show just how much of a return can be expected from our operations. In year one, net profit is expected to be 363,097, year two increasing to 395,473, and year three at 381,778.

Summit Motorsports maintains a low gross profit margin due to the high cost of goods sold associated with the industry. To overcome this challenge, Summit will be focusing on a volume selling approach rather than a margin approach. The more units we sell, the bigger the customer base we can build, which in turn will provide a more likely chance of return sales. The aggressive marketing plan that will be implemented in conjunction to the volume strategy will really drive home a solid return on investment for shareholders.

2.0 Company Summary

2.1 Company Description

Summit Motorsports, LLC will be the region's premier provider of Polaris, Can-Am, Sea-Doo and Yamaha products. Summit will be the one stop shop for sales, parts, and service. Customers often become tired of the typical "dealership" experience.

At Summit, we will not be just another motorsports dealership, but we will instead provide the best expertise, the most value, and a relationship with the customer that goes beyond the initial sale. Instead of having a narrow clientele like some dealerships, Summit will aspire to have something for everyone, whether that is the weekend side by side rider or the street bike enthusiast. We cater to those who ride on land, but we provide a wide range of personal watercraft for those who love to soak up the rays while enjoying a cruise on their favorite lake. Summit understands that competitive advantage is hard to come by in the age of the internet; However, we believe that by providing our customers a personal and honest experience that does not break the bank, we are able to maintain strong market share and grow the company. Summit will be operated by experts from the industry who boast decades of experience.

Our flagship location will be in Summersville, West Virginia. From the outset, we noticed that although there were dealerships in this area, they were not providing the people they serve the best experience possible. Summit Motorsport's goal is to be our industry's leader in providing great service and experiences to our customers by selling quality products and providing them a friendly buying environment.

Our goal is to grow sales and develop our marketing plan yearly to the point that, by the end of our fifth year in business, we hope to be the number one seller of our products on the east coast. Over time, Summit will reach out and expand all across the Mountain State, and eventually beyond. Knocking down one wall at a time, the company is determined to set new standards that will redefine the motorsports industry.

The power sports industry is a very seasonal industry in which price competition is extreme. These are the traditional barriers to sustainable operations for a dealership. However, given these facts, no other dealership operates like Summit operates. None of our competitors devote the amount to advertising that we do. By building a strong marketing machine and adopting a volume selling method, we hope to overcome traditional barriers. Additionally, future economic effects could have some detrimental effects on the company. Once again, our ability to purchase products in volume and resell at cheaper prices will help us to be one step ahead of our competitors in this area as well.

2.2 Management & Organization

As of January 1, 2017, Summit Motorsports, LLC will begin operations in October of 2017. The months of October, November, and December will be “set-up” months in which we will be setting up the dealership and receiving initial inventory. Summit will be open to the public on January 1, 2018, but a grand opening will be announced later in the year so as to avoid inclement weather situations.

Summit Motorsports is a dealership-retail business that provides a wide range of products and services to the customers we serve. Summit is a provider of Polaris, Can-am, Arctic Cat, and Yamaha units and parts. These products are made all across the globe and are distributed to Summit from various warehouse locations in the United States. Additionally, Summit is a hub for Western Power Sports, Parts Unlimited, Tucker Rocky, and MTA, who have several domestic warehouse locations that provide products to Summit. The physical products that Summit sells are all produced at various locations off-site. However, Summit provides service work for units purchased from our dealership at our main dealership location, and the customer relationships we build everyday are also considered a product of the main Summit location. Furthermore, the operational and controlling processes at Summit will be set up so that we can operate the most efficient dealership possible while providing the best service available.

The key members of Summit Motorsports are all owners of the company as detailed in the management resume section. Therefore, the key individuals who will be involved in the operations of the company are all owners. The packages that will be offered to Summit’s owners will be a 30.00 per hour rate and dividends based on company performance. Additionally, healthcare, life insurance, and retirement benefits will be allowed to the owners of the company.

2.3 Location

Summit Motorsports will be located at 1900 Old Mount Nebo Road just outside of Summersville West Virginia. Below, you will notice a breakdown of the land parcel with general locations of Summit’s buildings and test track.

Summit Motorsport’s main location will be just a few miles from several campgrounds and marinas that offer access to the Summersville Lake. Additionally, the location offers quick and easy access from Route 19 and is visible from there as well. These factors all come together to make for the best location for a dealership in this region.



2.4 Start-Up Expenses & Requirements

Summit will use funds from the owners to build the main building and purchase the land that the dealership will be built on. Beyond this, the initial investment will be used to maintain employees during the setup period and to prepay any necessary startup costs. All initial part inventory and special tools will also be purchased with these funds.

Fixed Assets	Amount
Real Estate-Land	350,000.00
Real Estate-Buildings	500,000.00
Leasehold Improvements	
Equipment	35,000.00
Furniture and Fixtures	75,000.00
Vehicles	125,000.00
Other	10,000.00
Total Fixed Assets	\$ 1,095,000.00
Operating Capital	Amount
Pre-Opening Salaries and Wages	40,000.00
Prepaid Insurance Premiums	5,000.00
Inventory	3,500,000.00
Legal and Accounting Fees	2,500.00
Rent Deposits	
Utility Deposits	5,000.00
Supplies	12,520.00
Advertising and Promotions	50,000.00
Licenses	1,500.00
Other Initial Start-Up Costs	2,500.00
Working Capital (Cash On Hand)	250,000.00
Total Operating Capital	\$ 3,869,020.00
Total Required Funds	\$ 4,964,020.00

2.5 Overhead Estimations

Summit Motorsports will have two primary sources of overhead costs: the cost directly related to sales and the cost related to operations. In the chart below, we detail how much we expect each operation to cost as a percentage of revenue. This will also fluctuate with changes in activities. However, some of the costs are fixed and we do not expect them to change drastically during the times of operations of the business.

Cost Item	%/Cost
Advertising	7.36%
Car/Truck Expenses	0.40%
Commissions and Fees	16.34%
Insurance (excluding Health)	4.09%
Office Expense	1.40%
Repairs and Maintenance	0.40%
Supplies	0.80%
Travel, Meals, & Entertainment	0.90%
Utilities	2.01%
Amortized Start Up Expenses	2.33%
Depreciation	4.98%
Commercial Loan	0.92%
Commercial Mortgage	6.57%
Vehicle Loans	0.40%
Line of Credit	0.95%
Total Other Expenses	16.20%
Payroll	33.15%
Misc.	0.80%
	100.00%

3.0 Products

Summit Motorsports is a dealership-retail business that provides a wide range of products and services to the customers we serve. Summit is a provider of Polaris, Can-am, Arctic Cat, and Yamaha units and parts. These products are made all across the globe and are distributed to Summit from various warehouse locations in the United States. Additionally, Summit is a hub for Western Power Sports, Parts Unlimited, Tucker Rocky, and MTA, who have several domestic warehouse locations that provide products to Summit. The physical products that Summit sells are all produced at various locations off-site.

However, Summit provides service work for units purchased from our dealership at our main dealership location, and the customer relationships we build everyday are also considered a product of the main Summit location. Furthermore, the operational and controlling processes at Summit will be set up so that we can operate the most efficient dealership possible while providing the best service available.

4.0 Market Analysis

Summit Motorsports, LLC is a regional recreational dealership in the first year of operations. Summit Motorsports is the region's premier provider of Can-Am, Polaris, Arctic Cat, and Yamaha products. Summit Motorsports is faced with achieving a competitive advantage in a market with fierce competition with the internet continuing to exact a huge toll on brick and mortar stores. Summit seeks to grow profitably while still offering the best value to customers.

4.1 The Marketing Environment

A. Competitive Forces.

The competition in the recreational products market is very strong on all levels, whether that be local, regional, or national. Total outdoor recreational spending in 2014 totaled 646 billion dollars, which is a huge sum equaling more than the GDPs of some entire countries. Additionally, there are several different lines of manufacturers that the industry provides. We at Summit will be a franchised dealer for Polaris, Can-Am, Arctic Cat, and Yamaha products. These brands hold a large chunk of the market share for the industry. We believe this will be our signature strength in our marketing environment.

B. Economic Forces.

In our regional market, we have the advantage of being challenged by small firms that do not have all of these brands in one location. The market is too segmented in our region, so Summit will offer all of the big brands in one location. Additionally, none of the regional dealers actively pursue a well-planned advertising campaign due to the cost of one. The dealers in this region have reached a glass ceiling, as they cannot go any higher because they are only relying on returning customers to keep them open. At Summit, we will also seek a loyal customer base but we will also understand the importance of attracting new clients to sustain long-term growth.

C. Political Forces.

There are no expected political influences that we think will affect the operations of Summit Motorsports, LLC.

D. Legal and Regulatory Forces.

There are no real regulatory issues that Summit anticipates facing. However, liability is an issue for any company. Summit will maintain current insurance policies for protection against clients who may be injured. Additionally, we will make our facilities as safe as possible for all of our customers.

E. Technological Forces.

Technology is a key force that relates to this industry. Fortunately for Summit, most dealerships in our regional market have not kept up with the technological advances that have occurred in the industry. Some dealerships in our market do not even utilize a DMS (dealership management) program that allows a company to track customers and their purchases as well as inventory, sales, and other information. This tool will give us yet another advantage over the competition that will allow us to better understand our clients so that we can provide them the services they require.

F. Socio-Cultural Forces.

Today's society is busy and people tend to lead hectic and busy lifestyles. This will prove to be a challenge at Summit because we want our customers to be able to shop at their own convenience. Therefore, we plan to offer online purchasing and delivery services for products so that customers have more options when it comes to shopping with us. Summit seeks to be the leader in our market by marketing to people with 21st century methods instead of relying on outdated ideas.

4.2 Marketing Mix

■ Products.

Summit Motorsports markets Polaris, Can-Am, Arctic Cat, and Yamaha. Additionally, Summit offers products from Parts-Unlimited, Western Power sports, MTA, and Tucker Rocky. These brands will provide the bulk of the products that Summit will offer its customer base.

■ Price.

Summit Motorsports will offer lower prices comparative to our industry. Since Summit is following a volume approach rather than a margin one, it will be able to offer our customers prices that will beat or meet the others given to them by our competitors.

■ Promotion.

Summit believes that since a majority of the customers we seek to attract are located at a distance, radio and television will be the most effective way to market our dealership. However, once these customers are drawn in and we have their email addresses and information, we will be able to rely more on the mailings and internet methods of marketing to reach them.

■ Place.

Summit offers several different modes of distribution of products to its customers, whether that is in-store through direct marketing or online, which is secondary marketing. Additionally, the marketing mediums of advertisement will include radio, online, mailings, and television.

4.3 Market Segmentation

Target Market(s)

By focusing on our flexible experience with our customers, Summit will build on its penetration marketing plan to attract the most clients possible in order to provide a large client base. Summit's ability to differentiate services will be its strength in the long term. Summit's target market consists of residents of the local and regional cities. Additionally, it consists of people in the larger tri-state area, so Summit will utilize a pull strategy to siphon customers from their local dealerships to ours using lower prices to undercut the rest of the competition. Specifically, Summit's target market will consist of families with a household income of at least 40,000 who greatly enjoy the outdoors. Because of the need for the customer types to be divided, the customer base will be broken into three groups: local customers, long range major unit customers, and internet customers. These three divisions will be the ones to which we directly market. Additionally, the Marketing Director will be responsible for the promotion to these customer bases and will have the job of creating new and innovative ad campaigns that will draw these clients in.

Target Market 1:

Local retail customers who reside within one hundred miles of the flagship location.

Example: A resident of nearby Summersville, West Virginia or a resident of Charleston, West Virginia. These people are customers who are capable of driving to our location. These customers will be the ones we build our loyal local customer base out of.

Target Market 2:

Customers who are over one hundred miles from our flagship location but do not exceed 250 miles in distance.

Example: Residents of Ashland, Kentucky or Marietta, Ohio. These customers already have dealerships where they shop, but our goal for these customers is to draw them in to purchase new units from us. These customers will be subject to our radio campaigns.

Target Market 3:

Customers nationwide with access to the internet.

Example: People who frequently utilize Amazon, E-Bay, or Rocky Mountain ATV. These customers will be subject to our online google advertising. These customers will be our clients who shop online and benefit from our loyalty program that reward repurchasing.

Summit is in the business of providing the products our customers want at a price they can afford. Summit seeks to utilize a volume approach rather than a margin approach because volume is the only means to obtain huge returns on investment. Summit does not seek a particular margin on products, but rather a suitable return on equity in the company. Short term, we seek to build a loyal local customer base and saturate the market with low priced products that will draw customers in from other dealerships.

Summit also seeks to build a state of the art online purchasing tool that will allow customers to buy products online rather than coming in to the store. Long term, Summit will become a regional powerhouse of recreational product sales and will become a force to be reckoned with in online sales. Furthermore, Summit will build its marketing strategy with time to sustain the growth that is desired by its management.

Our market area is full of local competitors, but they all seem to follow the same approach as it relates to customer service. Some of the dealerships in our region do not even utilize a 21st

century dealership management system that manages sales and all accounting information. In this age of online competition, a dealership that recognizes the challenges that virtual selling poses will be the one who has the most opportunity to succeed.

At Summit, we will make a real effort to break into the online market. None of the other dealerships in our region are currently making that same effort. We will also take a new approach to the brick and mortar operation. No dealerships in our area offer a comprehensive loyalty program. We plan to develop this marketing strategy and pioneer it in our area.

In addition, we will borrow a strategy from our friends in the car selling industry through offering several yearly open houses. These events will offer an added opportunity for customers to be drawn in to make purchases and observe the new products we will have in the store. We believe that with these combined efforts, in addition to price matching, we will be able to set ourselves apart and grow our company year by year.

In our industry, we sell much of the same products as other dealerships, so we cannot offer many changes in that area. However, what will make or break the dealership is how we handle the personal relationship with the customer and the reputation we maintain with them. Our management team will be composed of some of the biggest names in the region, with over a half century of industry expertise.

Summit Motorsports, LLC will be a provider of Polaris, Can Am, Arctic Cat, and Yamaha products. These products have the highest market share in the off-road industry. This will also be an addition to our competitive advantage.

4.4 Competitive Analysis

Summit Motorsports faces competition from a wide range of sources. Our competitors possess several strengths that threaten the overall success of our dealership in the future. In addition to this they could become a stumbling block in the path of development set forward in Summit's long-term development plans. Summit's competition can be divided into two groups physical stores and internet businesses. Below is listed several strengths of our competitors.

Physical Stores (Strengths)

- Established regional places of business.
- Holds desired brands that cause price competition.
- Has the ear of the existing parts and major unit distributors.
- Loyal clients who may not be likely to switch to another dealership

Internet Businesses (Strengths)

- Low costs of operations
- Has the advantage of being associated with the best prices
- Ease of usership (no driving evolved)
- Products are delivered direct to the customer's door

Given these strengths of the current existing businesses that will provide competition for Summit Motorsports in the early years of operations we will now look at the weaknesses of these firms. These weaknesses will provide Summit an advantage that we will build on to pull customer away from these two sources.

Physical Stores (Weaknesses)

- Fractured franchise markets (no all in one place service)
- Bad reputations and collections of dissatisfied customers
- Use of margin selling models rather than volume models
- Poor employee development

Internet Businesses (Weaknesses)

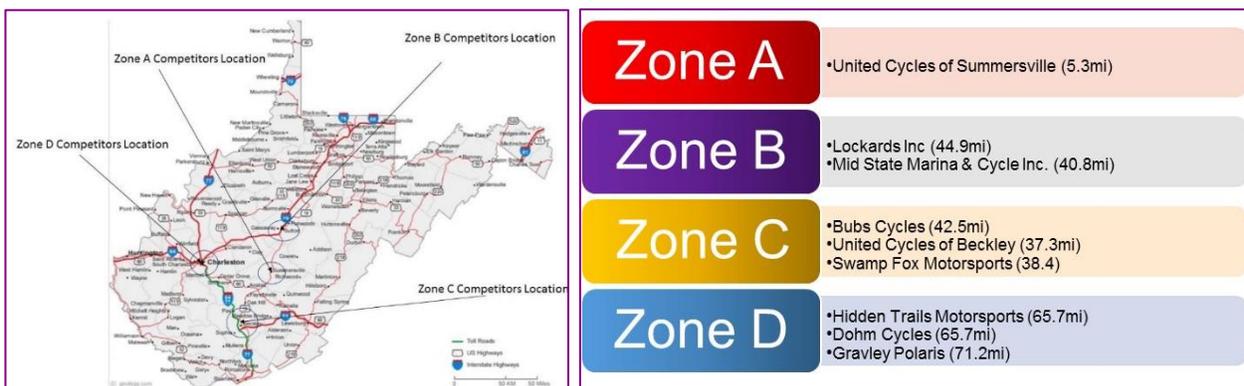
- No personal feel to the service
- Restricted on items that can be sold
- No presence in local communities
- Customer must install products they purchase themselves

Summit recognizes the need for a company to effectively fill the market demand for the areas where existing businesses lack. We plan to do this and excel at providing our products and services to our customers in a way that they rightly deserve.

Potential Future Competitors & Barriers to Entry

In the early nineteen nineties, it was extremely hard for a new upstart dealership or parts vendors to join the market place because of the high degree of brand and dealership loyalty that existed. Now in today's market new internet part stores are going online every day and dealerships are faced with dealing with this low cost of operation competitor. While the threat of online competition is inevitable and unavoidable, franchise rules are such that it protects the dealer from new businesses popping up in their back yards. At this point, as well there are no current plans to add any other dealerships in the Summersville area. So, once Summit is established a twenty-aeronautical mile perimeter is setup in which no new dealership can form with that specific brand. This is one way in which Summit is protected from new competitors. Beyond this the ongoing price war that exists between dealerships serves as another protection against new competition.

The image below lays out the zones for all of Summit Motorsport's in-state competitors. The zones represent regions in the state that these competitors are located in. Below you will notice a map of the zone locations within the state of West Virginia.



The competitors listed above are the most immediate threats to our dealership as they are all within one hundred miles of our primary location. Between all of these dealerships together, they sell every single manufacture brand. They all have parts and service departments that offer a wide range of products as well as services. All of these dealerships are direct threats to the longevity of the business. However, none of them offer loyalty programs and they are all typical, unoriginal locations. You can go from one dealership to another and get the same type of

experience in roughly the same environment. Our primary competitive advantage is the way we offer a better buying experience, as well as incentives to purchase from us and to return to us when buying again in the future.

Opportunities

Though there are many close dealerships that will provide a lot of competition for our dealership, we believe that we will be able to provide a unique, better customer service experience that will allow us to attract them away from our close competition.

- We will provide our customers a loyalty program that offers discounts and special promotions for repeated visits to our store.
- We will have “VIP” events that will offer several open house type exhibits for our customer to develop a relationship with our employees.
- We will provide excellent follow-up customer service, which will build equity with our client base.

Risks

We have a high volume of local competitors, and this poses a risk to us. In addition to this, we have several online-based sellers who will be offering products at a reduced price. These two facts are tremendous risks that will make it hard in the beginning to survive as a company.

- Online retailers like Rocky Mountain ATV provide low cost parts to customers with free shipping.
- Other dealerships around us have been in business for years and have the advantage of being established.
- Economic factors like closing coal mines and relatively low per capita income for this state may pose a challenge to growth.

5.0 SWOT Analysis

Summit Motorsports, LLC derives competitive advantage by offering customers a new approach to the standard dealership experience. This new approach will translate into customers seeing value in choosing to be our clients over choosing another dealership. Reviewing the strength, weaknesses, opportunities, and threats our company will face in this extremely competitive market will better define our competitive advantage.

Below is an evaluation of the company’s internal strengths and weaknesses as well as the external threats and opportunities have become the cornerstone of how the company will achieve its marketing goals. The plan focuses on the company’s goal of offering the best value to customers as well as growing at a sustainable rate. Summit markets products that are largely utilized by individuals; Therefore, Summit is considered a business to consumer marketer. Summit was established as a retail dealership that would provide several different lines of power sports products to the people who live in central and southern West Virginia. Our dealership was founded by a group of individuals who have worked in the industry for many years.

Strengths

1. Summit's utilization of a dealership management system program that allows us to have 100% control and information about the running of the company.
2. Summit's penetration marketing policy that will allow us to market to more people.
3. Summit's customer loyalty program that will incentivize customers to return and purchase from the company again.
4. Summit's staff of experts that will provide a unique customer experience.
5. Flexible shopping, whether that is from your couch at home or in-store at our facility.

Weaknesses

1. Summit's high cost of doing business.
2. The cashflow issue associated with the industry that drastically changes cash inflows from month to month.
3. Technology costs associated with the loyalty program start-up, as well as website design.
4. The relative newness of the company and the lack of name recognition.

Opportunities

1. Potential to attract a much larger customer base than other competitors in our region.
2. Massive rates of ATV ownership in the surrounding areas near our flagship location.

Threats.

1. Sluggish economic status in West Virginia.
2. Low per capita income in West Virginia.
3. The potential of long-term economic stagnation in our area.
4. Relative newness and overcoming customer loyalty to their "home" dealerships.

Matching Strengths to Opportunities / Converting Weaknesses and Threats.

1. Summit has the potential to have stronger performance than its competitors because of its new approach to providing services.
2. Summit will be able to attract more customers because we will spend more money on advertising than our competition.
3. Summit will be able to offer the lowest price to customers, making us a more attractive option to purchase from.
4. Customer can shop at Summit physically or virtually.
5. Summit has the best staff in the region that can provide more experience to our customers.

6.0 Marketing Strategies

Relative to Summit's central marketing message will be the value we will provide to our customers. Summit believes that it is essential to our business model to attract customers to our business via a volume model of sales. Our key marketing message to our customers will be that we will provide the best prices guaranteed. This means that we will price match any other dealership's price so long as the customer can provide us with an official quote detailing the price issued by another dealership. Another key point to our marketing message will be the convenience of shopping at Summit. We will not force our customers to come to us, but instead, we will ship OEM or aftermarket parts to our customers no matter where they are. These two marketing messages will allow Summit to build a large customer base which is in line with our overall company goals.

6.1 Sales Procedures and Methods

Summit offers its customers a wide range of products and the selling method that would apply to each item differs slightly. However, there are some overall principles that will not change in Summit's selling method. The first of those principles is low price, Summit is committed to offering the best deals and price matching any competitor's prices. Secondly all of Summit's sales staff will not sell our customers anything, rather they will help our customer make a buying decision that is beneficial to the customer first and the company second.

Major Unit Sales

Typically, a major unit sale will take place at our actual dealership. However, financing application will be posted on our website so that customers can get preapproved for the major unit they might prospectively purchase. Customers seeking to purchase a new major unit will work with a sales agent who will aid them through the buying process, informing them on their options and answering their questions.

Finance and Insurance Sales

This sales will also be conducted on the premises typically after picking the particular unit the customer seeks to purchase the Finance and Insurance (F&I) sales agent will lay out for the customer their insurance and warranty options. The customer may decide to purchase F&I products and if they do the sales agent will secure the proper paper work needed to complete this transaction.

Part and Accessory Sales

Customer have several options when it comes to purchasing parts and accessories from Summit Motorsports. They may choose to come into the store physically and make their purchase being able to see the products they will be purchasing. Customer may also purchase or order parts by phone and have them shipped directly to them. Finally, customer may seek to utilize the ecommerce website to make their purchases being able to pull fitment diagrams from the site and have all their purchase shipped directly to their home.

Service Sales

Summit's service department will offer its customers superb quality of service. Customer will be able to bring their units to our service department and have anything from regularly scheduled services performed or entire engine over-halls. Service associates will recommend the proper replacement parts to customers and repairs will be conducted in a timely and efficient manner.

As stated previously, Summit's customers can utilize several different channels to purchase with us, whether that is online or in-store. Summit's staff consists of veterans from the industry, allowing us to provide a customer experience that is unrivaled. Summit's customer loyalty plan also allows us to attract customers by letting us know what they already own and what items they purchase most frequently, which in turn will derive even more competitive advantage.

No matter what method our customers choose when purchasing from us, the plan to sell to them is the same. We will provide them great competitive prices on the goods they want and we will offer incentives to return and purchase from us instead of other businesses. The power sports industry is a seasonal industry that has massive influxes in cash flow from month to month, but Summit seeks to utilize a marketing program that allows us to maintain steady operations year-round.

6.2 Marketing Implementation

A. Marketing Organization

At Summit Motorsports, the overall marketing department will be led by Stephen H. Frame. He will be responsible for developing the marketing message for the company. Summit's marketing message in the first years of operation will be to promote our location and our products. As time progresses Summit will adapt the message to promote messages relative to our volume selling method (low prices, and price match). These two items will be the overarching message of the marketing campaigns, how these messages are specifically communicated will be at the discretion of the marketing director. Changes in marketing policy may be recommended by the board of directors if necessary. Financial constraints will also be imposed on the marketing department to further provide some limits to the discretion of the marketing director.

B. Activities, Responsibilities and Timetables for Completion

All activities will begin in the upcoming fiscal year which begins on January 1, 2017. Unless otherwise stated, all activities are the responsibility of Summit Motorsports managing director Richard R. Prather.

- On January 1st, a board meeting to discuss the new marketing mix will occur. These proceedings will be addressed to Stephen Frame, the marketing director, to pursue the ends specified by the board meeting.
- By January 15th, the board will meet again to discuss the options presented by Steve Frame.
- By January 30th, the board will reach a decision on the implementation of the new marketing plan and will begin planning a promotion budget for this campaign.
- On April 15th, the online marketing program will be in place for customer utilization.
- By July 20th, the long distance customer marketing plan to draw in new clients will begin.
- On September 15th, the company will begin the marketing program for local and regional clients.
- On December 20th, there will be another board meeting to assess the progress of the various marketing programs.

Summit seeks to utilize several marketing channels to communicate our message with our customers. Listed below are the different methods by which Summit hopes to communicate with our current and prospective clients.

Road Side Signs

Summit Motorsports plans on advertising with billboards along Route 19 (the main roadway that passes by the main location.) We believe that this will provide our customers clear directions to our dealership. Being an easy to find business is essential to profitable operations. This advertising effort is expected to cost the company 8,000.00 per month and will allow us to advertise on ten billboards.

Radio Advertising

Summit also wants to reach our potential customers via advertising on the radio. We plan to run our ads during prime commuting times in the early morning and afternoon. These ads will be aired daily so as to get to as many

potential customers as possible. This is expected to cost the company 10,000.00 per each month we do the advertising.

Print Media

Summit will advertise in some local newspapers, including the Nicholas County Chronical. This media will also contain possible promotions so as to attract customers to our dealership. This is expected to cost the company 750.00 per each month we utilize this form of advertising.

TV Media

Summit Motorsports will utilize TV media at specific times to push certain sales campaigns. One instance of this will be the annual year-end sales event in which we will be using TV commercials to convey our message to the maximum number of customers available. Once again, this will be an intermittent channel, so expected cost will vary based on when the advertisements are running. However, a general estimate of 10,000.00 per sales campaign can be expected.

Social Media

Summit will utilize various modern social media outlets such as Facebook and Instagram to communicate with customers who use these two companies. These mediums will be used to convey to our customer different events taking place at the dealership as well as a way to communicate what new units we may have on the floor.

C. Performance Standards and Financial Control

A comparison of the desired income will be compared to the expenditure for the new marketing program to verify that desired results are being achieved.

D. Monitoring Procedures

These items will be managed by the Administration Department and deviations will be recorded for review at the end of the year to verify if any changes need to take place to the marketing campaign.

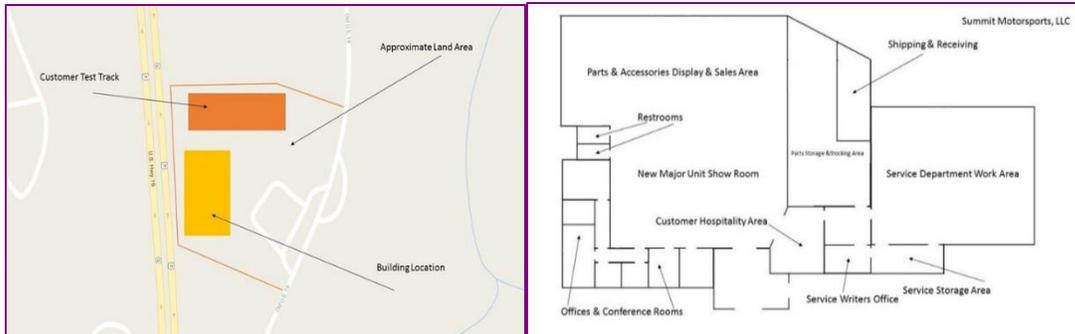
7.0 Operations

7.1 Facilities

Summit Motorsport's flagship locations will be in Summersville West Virginia, and because of the ease of access from the interstate, we believe that the Mount Nebo area will be the best property location for our dealership. Additionally, this property offers closeness to the local boat launches that access the Summersville Lake, which is a huge tourist attraction in the summer. On this property, we will construct a test course so that all of our customers can have a chance to test ride the products they are planning to purchase. This is a huge breakthrough in the power sports industry. No other dealership in our region has a test course and we believe this addition to our facility will help us attract more customers over our competition.

It is not enough to have a good property for our dealership; it is equally vital that we have an exceptional facility. Drawing inspiration from Mountain Motorsports, Inc., (a large power sports dealership focused in Atlanta, Georgia), we will construct a state of the art facility that will feature comforts not usually found at a power sports dealership. Summit will be building a 25,000-square

foot facility that will house our sales, parts, service, and online sales divisions. This facility is expected to cost \$500,000. The building will be constructed by Prather Construction, Inc. This construction firm will also handle all landscaping and paving required to bring the land to a state of use.



7.2 Supply and Inventory Management

Summit Motorsports will utilize Lightspeed processing software, provided by CDK, to review inventory requirements and reorder parts that are quick sellers. This will take the guess work out of the process. This feature will be extremely important for our online sales, as a good supply of inventory is important for smooth operations. Many of our aftermarket warehouses ship to our location in one day. This will provide quick turnaround on customer orders and allow us to compete with online retailers like Amazon for quick shipping. As it relates to our major unit supply, Summit will also utilize Lightspeed to track what units seem to be popular with our clients so that we can keep in stock the new major unit inventory that is desired by our customers.

7.3 Security and Monitoring

The flagship location of Summit will contain millions of dollars in inventory and other assets. Keeping these items safe is a top priority. Therefore, Summit will invest in a camera monitoring system that will be placed in vital areas of the dealership as well as in all of the money management areas of the building. In addition to the camera system, the company will have a security monitoring system installed that, when armed, will sense motion in the building and trigger an alarm if it is tripped outside of normal business hours. This monitoring system will send a text to the owner of the company every time an employee enters or exits the building because they will have a keycode that is proprietary to each employee and will track their building activity.

7.4 Quality Control

Summit Motorsports understands that quality is the best competitive advantage we have. Because Summit does not manufacture any of its products, the biggest “quality control” area we must respond to is the service we provide our customers. Summit will enforce its demerit system to ensure employee conduct is satisfactory. Additionally, quarterly reviews for all employees, including directors, will be mandatory. Employee pay increase decisions will be based on these reviews and the demerit records. We believe that this program will incentivize our employees to provide our customers with the best experience possible. Additionally, we will make the working environment as suitable as we possibly can to our employees to ensure that they are happy. Happy employees are the key to any successful operation. Summit will not be beat in its effort to provide its customers with the best service and quality the industry can offer.

8.0 Human Capital

Human capital is an important part of the big-picture financial and life plan at Summit Motorsports. Uniquely possessed by each individual and contained within knowledge, skills, and abilities acquired by an individual, human capital at Summit is critical as we consider our financial future as well as pinpointing methods to reduce risk and maintain financial stability throughout the course of a lifetime.

8.1 Ownership / Management Team

Summit's goal is to employ industry experts who have years of expertise in their respective Area of Responsibility or AOR for short. Summit will have the most qualified people in our region, deriving a unique competitive advantage not found at any other dealership.

Summit's plan to recruit its primary management staff will be to give them ownership share in the company. All key managers will be owners of the company this will tie them to the success of the company and give them a better sense of equity within the company. These individuals will be provided with competitive executive benefits that will be key in attracting them to our company. These members of the Summit team have been found by years of association with each other whilst working for other dealerships. Their recruitment into the management team will be key to future company success.

Summit Motorsports will be divided into five different departments that will form the basic structure of control. These departments will be managed by directors who will all report to the Department of Administration which will act as the managing department for the entire business. Employees will be assigned to the various divisions and will report to their department's directors. Problems that arise will move through the management levels. Summit will seek to ensure that employee needs are met and adequate communication takes place at all levels to ensure efficient operations.



Company Directors:

- **Richard R. Prather**, 40% Ownership -
 - Director of the Administration Department / Managing Member
- **Richard S. Prather**, 15% Ownership -
 - Director of the Service Department / Member
- **Shawn D. Slack**, 15% Ownership -
 - Director of the Parts Department / Member
- **Shawne W. Monk**, 15% Ownership -
 - Director of the Sales Department / Member
- **Stephen W. Frame**, 15% Ownership -
 - Director of Marketing Department / Member

Additionally, a buy-sell agreement will be agreed on by the company members that will define the rules surrounding a sale of partner equity.

Richard R. Prather has been in this industry for six years. Richard started in the service department at a local dealership cleaning units and organizing display shelves. He also has experience in the parts and sales departments, as well as finance. In recent years, Richard worked as a bookkeeper at the same dealership, handling all financials relative to the operations of the business. Richard will also soon have his Associate Degree in Management and Accounting. He hopes to graduate in the Spring of 2017.

Richard S. Prather has been in the service department of two prominent dealerships for over twenty-five years. Richard holds several service department designations and has hours of service seminar training with many of the best-known brands. He has also managed a parts department and possesses many industry connections with several distributor representatives. He will be an asset to our staff because of his expansive knowledge relative to the inner workings of an efficient service department.

Shawn D. Slack For over fourteen years, Shawn Slack has been in the power sports industry. In that time, he has obtained a lot of experience in the sales and parts departments. Shawn has recently worked at a local dealership as the parts manager and attended several seminars where he obtained many Industries achievement awards. These prove his expansive knowledge of the parts department. In addition to this, he also has a large following of local customers who know his name and are loyal to him. We believe he will be an indispensable part of our management team.

Shawne Monk has worked in the dealership setting for fifteen years. He has also worked at a local credit union where he gained essential experience with loans and finance. Shawne also holds his bachelor's degree in economics from Marshall University. Shawne has over a decade worth of experience in the customer relations and sales departments. He is uniquely qualified to run our sales department due to his knowledge of the finance process. Because most deals today end with a customer needing financing for the product he or she wishes to buy, we believe that someone with his experience will have a unique perspective on obtaining deal funding.

Steve Frame has worked in the sales department at a local dealership for nearly four years now. Steve, in addition to having experience with the sales department, has a lot more experience with customer outreach and webpage design. Steve will be responsible for developing a sustainable and equitable marketing structure that will consistently grow our sales yearly. We believe that Steve is uniquely qualified to head up these efforts because of his experience with computer design and his out of the box approach to traditional problems.

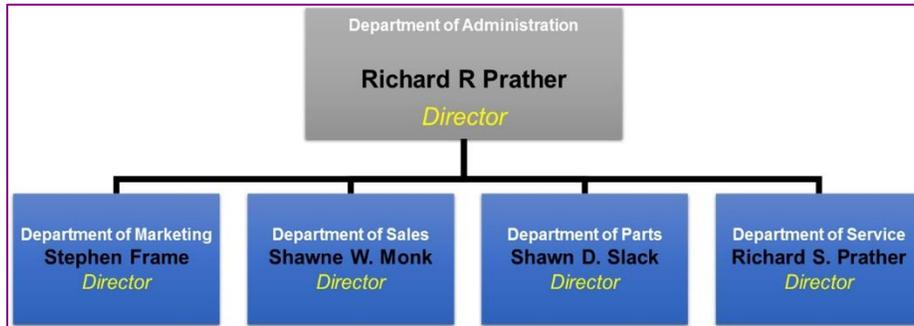
The company's departments are listed below with a brief explanation of what each department is responsible for. Each department has its own task and all departments are subject to the department of administration. Additionally, each division has a director who the entire department answers to.

This management team will have a competitive edge on our local competitors due to the sheer number of combined years of experience. In addition to the members we have discussed, we will

also have subordinates to these managers who will be screened thoroughly to ensure that we maintain the quality of employees we feel are essential for success in our industry.

8.2 Organizational Chart

Below, you will notice the chain of command chart, which is a summary of the previous description



8.3 Personnel and Workforce Plan

Summit Motorsports believes that one of its most important resources is its employees. As to ensure that Summit's employees are well cared for, Summit will provide a competitive benefit package. Summit's employees who are not owners will be paid an hourly wage of 10.00 per hour. In addition to this the health care cost of the employee will be covered by the company. Family members who are either spouses or children will be eligible for 50% coverage by the company. The employees will also enjoy a two-week paid vacation period, and a 401k match up to 6%. These benefits we believe will encourage top workers to apply to become a part of the Summit Team. Additionally, we believe this will raise moral and encourage a spirit of tying an employee's success to the success of the company.

Summit Motorsports seeks to be the region's premier provider of power sports products. Strict internal controls are needed to ensure this. As we at Summit understand, employee conduct is an extremely important part of any business. Summit will have a demerit based employee rating system that will track employee deviances from company code. Demerits will be assigned by department directors to employees under them, and the director of the department of administration will assign demerits to department heads.

As to ensure the system is fair, if two department directors agree, they may assign demerits to the director of administration. The department of administration will track this information and inform employees when they have reached different levels in the demerit system. Generally, if an employee reaches 100 demerits in a year, they will be dismissed. This method provides a way of ensuring that repeated employee violations are not simply overlooked, but rather are tracked and responded to.

At Summit, we understand that employee efficiency is key to a profitable business. Proper use of our employees will result in a well-oiled machine that will produce great outcomes for our customer and the company itself. The department of administration will publish a handbook detailing the job titles and job descriptions for all employees. Employees will be responsible for conducting themselves in a way that is congruent with their job descriptions. Summit is committed to three things relative to its workforce: efficiency, timeliness, and persistence. Summit's overall plan for its staff is to continue development and employee education to keep our staff on the front line of industry knowledge.

Summit Motorsports will pay its employees on a variation of hourly and commission pay rates. Hourly, all non-management staff will be paid \$10.00 per hour plus a 12.5% commission on the profit margin of the products they sell. Management employees will be paid \$30.00 per hour plus profitability bonuses that will be paid after the third year of operations. Below, you will notice a chart detailing expected payroll expenses per month.

Employee Types	Number of Owners /Employees	Average Hourly Pay (to 2 decimal places, ex. \$15.23)	Estimated Hrs./Week (per person)	Estimated Pay/Month (Total)
<i>Owner(s)</i>	5	30.00	40	26,000
<i>Full-Time Employees</i>	20	10.00	40	34,667
<i>Total Salaries and Wages</i>	25	40.00	80	60,667

9.0 Technology

Summit Motorsports realizes the importance of technology in the new economy and plans to use the most cutting edge technological advances in the industry to derive competitive advantage in an extremely competitive marketplace. Summit Motorsports will utilize e-commerce to market to customers who would traditionally be out of reach of the physical location of the business. At Summit, we will also make use of a dealership management system called Lightspeed provided by CDK Global. Lightspeed is a cutting edge Dealer Management System (DMS) that provides major unit sales, parts sales, service department, accounting and customer information all in one place to provide a hassle-free stream of data. Additionally, Summit will employ technology hardware that will save countless payroll hours by allowing the employees to be more efficient rather than completing tasks by hand.

9.1 Dealership Management Software

As previously stated, Summit will make use of the program Lightspeed by CDK Global, which is a helpful DMS Technology System. Lightspeed will handle all new unit sales, retain customer information, and provide connection to F&I companies directly from the program. It will also manage parts sales and parts inventory as well as customer special orders. Additionally, Lightspeed covers the service department by keeping track of repair orders and customer's units by saving this information for future reference. It will track our dealership's accounting information and will produce detailed financial statements, allowing us to keep tight control on the overall performance of our company.

Our company will also operate an e-commerce website and Lightspeed will be beneficial to us in that category as well. It is capable of tracking shipments to customers and providing current inventory availability to our website for up to date numbers that change in real time. It also offers several plugins, such as Accessory Smart that not only helps make finding the necessary inventory easy, but also makes it easier for employees to find after-market parts rather than searching through several catalogs and wasting the customer's time. Lightspeed will also manage our customer loyalty program, will provide us with all the records of past customer purchases, and allow customers to accrue points towards discounts on future purchases.

9.2 E-Commerce Website

Summit Motorsports will seek to tap into the internet market by building a professional website that will allow customers to purchase factory parts as well as after-market parts directly from the

site if they're not near our location. Time after time, customers purchase units from a certain dealership, but do not live close enough to purchase parts or follow-up products from the same dealership. The e-commerce site will be the answer to all of this. In addition to parts, we will offer after-market service contracts and service schedules to make our customer's lives easier. Summit will utilize Shopify as our website builder while using Lightspeed and several other plug-ins to make this website a reality.

9.3 Hardware

Summit Motorsports will use Hewlett Packard all-in-one desktop computers for all point of sales locations. We will also purchase three Window's Surface Pros for mobile sales. Relative to parts management, Summit will purchase Motorola barcode readers that will allow employees to scan multiple bins of inventory and perform inventory with ease. Our company will also use thermal receipt printers for POS locations and HP all-in-one copiers for office locations.

10.0 Long-Term Development

We project significant growth over the life of the business. However, it is not enough to rest on our laurels, and we must work every day to meet the milestones we set forth in this plan and address any issues that arise. We believe that Summit Motorsports is a brand that can expand and grow outside of our immediate area. Though it is ambitious, we plan to grow Summit Motorsports into a brand well known in our industry. Additionally, we would like to address the exit strategy for the current shareholders of Summit Motorsports.

10.1 Long-term Goals

Summit's key strategy to push toward its long-term goals will primarily be to operate a profitable business that allows us to accumulate liquid assets to purchase local competitors. The strategy that will allow us to accomplish our long-term goals will be primarily three things: volume selling, volume buying, and volume advertising. Summit will be committed to offering its customers the best price available this will allow us to draw customers from other dealerships making our financial status stronger and our competitors weak.

Summit will also engage in purchasing its inventory in large quantities to allow us to achieve deeper margins congruent with the strategy of accumulating more profits over time. Finally, volume advertising will be key to attracting in customers in from farther distances to take advantage of the best prices possible. These strategies used in unison will allow us to reach our long-term goals with ease and hopefully ahead of schedule.

Many dealerships in our area have made the mistake of simply being content with where they are. In business, and more specifically, this business, it is not enough to simply be content. You must constantly be looking for new opportunities and advantages that can be utilized for your benefit. Though this is a weakness for other dealerships, it is an advantage for Summit.

10.2 Risks and Potential Adverse Results

Summit faces several risks to future development goals. Potential threats to long-term success must be identified and addressed to ensure long-term company success. Certainly, risks related to the acquisition of the other dealerships in the region is one of the foremost threats the company faces. However, brand consolidation is key to the grow of the company. Summit will seek to grow

its own market share in a way that ensures our ability to acquire the surrounding dealerships. Should goals not be attainable, Summit will seek to strengthen its position and continue to deepen its market share. Meetings of the board will be held to assess Summit's ability to reach its long-term goals.

Summit's milestones will be established as follows: five years, ten years, and fifteen years. In these three time spans, we will be looking for specific accomplishments that we would expect to have happened by that time to obtain the level of return we hope to achieve. Additionally, not only will these milestones help to keep us on track to obtain our goals, but it will also help us understand deviances from that path and correct them before they become too big of an issue.

10.3 Five Year Span

- Achieve profitability from operations by end of second year of operations.
- Reach 20% return on equity by the end of year five.
- Add the brands Suzuki, Honda, and Kawasaki to our brand offering.
- Acquire United Cycles Summersville location.

10.4 Ten Year Span

- Acquire all dealerships in the Beckley area.
- Continue to focus on our core business and not expand into unrelated fields.
- Start developing outside plan for acquiring out of state dealerships.

10.5 Fifteen Year Span

- Acquire all Charleston area dealerships.
- Acquire all Logan area dealerships.
- Operate four full line dealerships in Summersville, Beckley, Logan, and Charleston.

10.6 Exit Strategy

By the twenty-year mark, we hope to have accomplished all the milestones we have laid out in this plan. By this point, the executive team that built Summit will be looking to step down from direct control, while still maintaining their equity shares in the company. By the twentieth year of operations, we hope to bring in general managers to oversee all the individual locations. Now, the involvement of the original founders will be minimized and the management teams vested with the operations of the company will be put in charge of day to day operations.

11.0 Financials

Summit Motorsports will utilize the accrual method as is required by the government for tax compliance. The accounting management will be handled by CDK Lightspeed, which is an advanced dealership management system. The department of administration will be ultimately responsible for maintaining accounting documents for records.

Summit's approach to accomplish its financial goals over the first three years requires startup funding to establish the physical location of the business and purchase necessary assets vital to day to day operations. Additionally, provided are the sales projections and explain the costing basis we established for the projection of these sales.

This industry is like navigating a ship through an iceberg field at high speed. Reaching profitability can be a challenge and maintaining it can be extremely difficult. We believe that the competitive

edge we will derive from our unique way of doing things will support strong financial performance. Additionally, pursuant to our objective of price matching, we believe that we will lead the way in sales in our region and lead our competition by a large margin in respect to unit sales.

11.1 Important Assumptions

Summit will need substantial amounts of money to start up operations, which will come from several different sources. Direct investment by the members that own Summit will be one source, as well as a floor plan line of credit that will provide the funding necessary for major unit inventory. You will see in the image below the breakdown for the money used in the startup of Summit and the sources of each.

Sources of Funding	Percentage	Totals
Owner's Equity	29.49%	\$ 1,464,020.00
Floor Plan TCF & Wells Fargo	70.51%	\$ 3,500,000.00
Total Sources of Funding		\$ 4,964,020.00

11.2 Start Up Funding

Summit will use funds from the owners to build the main building and purchase the land that the dealership will be built on. Beyond this, the initial investment will be used to maintain employees during the setup period and to prepay any necessary startup costs. All initial part inventory and special tools will also be purchased with these funds.

Fixed Assets	Amount
Real Estate-Land	350,000.00
Real Estate-Buildings	500,000.00
Leasehold Improvements	
Equipment	35,000.00
Furniture and Fixtures	75,000.00
Vehicles	125,000.00
Other	10,000.00
Total Fixed Assets	\$ 1,095,000.00
Operating Capital	Amount
Pre-Opening Salaries and Wages	40,000.00
Prepaid Insurance Premiums	5,000.00
Inventory	3,500,000.00
Legal and Accounting Fees	2,500.00
Rent Deposits	
Utility Deposits	5,000.00
Supplies	12,520.00
Advertising and Promotions	50,000.00
Licenses	1,500.00
Other Initial Start-Up Costs	2,500.00
Working Capital (Cash on Hand)	250,000.00
Total Operating Capital	\$ 3,869,020.00
Total Required Funds	\$ 4,964,020.00

11.3 Break Even Analysis

Summit Motorsports, LLC requires a large amount of revenue to be done to achieve a profitable operation. This is laid out in the breakeven analysis below, which details the amount of sales needed to break even on average every month. These numbers are driven by the high cost of the products we sell. Also, these numbers are driven by the company's marketing plan of a volume selling method. However, there is no point in or financial projections in which we project that Summit's operations will not achieve this break even average.

11.4 Price Strategy

Our products range so widely that specific pricing per unit will not warrant any useful details. However, our pricing for services are extremely competitive and in some cases much lower than other dealerships. Low pricing on all products will be the key to sustainable success as Summit continues operations.

Summit follows a volume selling method rather than a margin selling model. This means that rather than selling a few units a full retail, Summit seeks to sell a lot of units at a lower margin. We believe that this model will allow us to attract more customers in to make follow up purchases whether that be online or in store. In keeping with this policy Summit's price strategy will be to match or beat any competitors price. We will be able to do this because of the sheer buying power we will accumulate. Buying inventory in bulk will allow us to get cheaper costs and therefore be more competitive than smaller dealerships. This pricing strategy will be key to the success of the company.

11.5 Payroll

Summit payroll is its number one cost driver. Detailed in the chart below is the hourly rate of pay anticipated at Summit.

Gross Margin % of Sales		Total Fixed Expenses		Breakeven Sales in Dollars (Annual)	
Gross Margin	\$ 3,148,500	Payroll	\$ 790,779.50	Gross Margin % of Sales	18.9%
Total Sales	\$ 16,689,765	Operating Expenses	\$ 1,037,299.22	Total Fixed Expenses	\$1,828,079
Gross Margin/Total Sales	18.9%	Operating + Payroll	\$ 1,828,079	Yearly Breakeven Amount	\$ 9,690,394
				Monthly Breakeven Amount	\$ 807,533

Employee Types	Number of Owners /Employees	Average Hourly Pay	Estimated Hrs./Week (per person)	Estimated Pay/Month (Total)	January	December	Annual Totals
Owner(s)	5	30.00	40	26,000	26,000	26,000	312,000
Full-Time Employees	20	10.00	40	34,667	34,667	34,667	416,000
Total Salaries and Wages	25	\$ 40.00	80	\$ 60,667	\$ 60,667	\$ 60,667	\$ 728,000
Payroll Taxes and Benefits	Wage Base Limit	Percentage of Salary/Wage		Estimated Taxes & Benefits/Month (Total)	January	December	Annual Totals
Social Security	117,000	6.20%		3,761	3,761	3,761	45,136
Medicare		1.45%		880	880	880	10,556
Federal Unemployment Tax (FUTA)	7,000	0.60%		88	88	88	1,050
State Unemployment Tax (SUTA)	7,000	3.45%		503	503	503	6,038
Total Payroll Taxes and Benefits		11.70%		\$ 5,232	\$ 5,232	\$ 5,232	\$ 62,780
Total Salaries and Related Expenses				\$ 65,898	\$ 65,898	\$ 65,898	\$ 790,780

Some dealerships adopt salary methods for its employees, we at Summit believe this is a huge mistake. Salaries, in some cases - produce reduced efficiency from employees. Adopting a fair hourly rate coupled with commission we believe will provide the best employee moral available. This numbers could be subject to change based on modifications in government policy's or material changes in economic factors.

11.6 Projected Profit and Loss / Year 1

Detailed in the profit and loss statement below is the projected sales and expense figure for the next three fiscal years. Summit Motorsports expects to profit in year one and grow our margin over the following two fiscal years. Once again, these high figures and low margin numbers are drive by the high cost of goods sold associated with the products we sell. However, some division of the company such as parts sales maintain higher margins near 40% which is above the industry average of 30% we will obtain this margin by volume buying on inventory. The associated expenses with operations are mainly driven by base payroll and commissions as well with advertising. We believe that the high devotion of funds to these two items will be essential to operations success in the future. Only 6 months of numbers are presented below (as of February, monthly numbers are equal and omitted from table for readability.)

	January	February	March	April	May	June	Annual Totals
Revenue							
SSV & ATV Sales	827,040	827,040	827,040	827,040	827,040	827,040	\$9,924,480
Motorcycle Sales	131,290	131,290	131,290	131,290	131,290	131,290	\$1,575,480
Water Craft Sales	93,890	93,890	93,890	93,890	93,890	93,890	\$1,126,680
Finance / Insurance Sales	105,000	105,000	105,000	105,000	105,000	105,000	\$1,260,000
Parts Sales	165,594	165,594	165,594	165,594	165,594	165,594	\$1,987,125
Service Sales	68,000	68,000	68,000	68,000	68,000	68,000	\$816,000
Total Revenue	\$1,390,814	\$1,390,814	\$1,390,814	\$1,390,814	\$1,390,814	\$1,390,814	\$16,689,765
Cost of Goods Sold							
SSV & ATV Sales	782,040	782,040	782,040	782,040	782,040	782,040	\$9,384,480
Motorcycle Sales	123,790	123,790	123,790	123,790	123,790	123,790	\$1,485,480
Water Craft Sales	86,390	86,390	86,390	86,390	86,390	86,390	\$1,036,680
F&I Sales	35,000	35,000	35,000	35,000	35,000	35,000	\$420,000
Parts Sales	101,219	101,219	101,219	101,219	101,219	101,219	\$1,214,625
Total Cost of Goods Sold	\$1,128,439	\$1,128,439	\$1,128,439	\$1,128,439	\$1,128,439	\$1,128,439	\$13,541,265
Gross Margin	\$262,375	\$262,375	\$262,375	\$262,375	\$262,375	\$262,375	\$3,148,500
Payroll	\$65,898	\$65,898	\$65,898	\$65,898	\$65,898	\$65,898	\$790,780
Operating Expenses							
Advertising	25,000	25,000	25,000	25,000	25,000	25,000	\$300,000
Truck Expenses	500	500	500	500	500	500	\$6,000
Commissions and Fees	31,257	31,257	31,257	31,257	31,257	31,257	\$375,084
Contract Labor	1,250	1,250	1,250	1,250	1,250	1,250	\$15,000
Insurance	1,750	1,750	1,750	1,750	1,750	1,750	\$21,000
Legal and Pro Services	250	250	250	250	250	250	\$3,000
Licenses	150	150	150	150	150	150	\$1,800
Office Expense	750	750	750	750	750	750	\$9,000
Repairs and Maintenance	750	750	750	750	750	750	\$9,000
Supplies	1,500	1,500	1,500	1,500	1,500	1,500	\$18,000
Travel, Meals and Ent.	800	800	800	800	800	800	\$9,600
Utilities	2,500	2,500	2,500	2,500	2,500	2,500	\$30,000
Miscellaneous	1,500	1,500	1,500	1,500	1,500	1,500	\$18,000
Total Op Expenses	\$67,957	\$67,957	\$67,957	\$67,957	\$67,957	\$67,957	\$815,484
IBOE	\$128,520	\$128,520	\$128,520	\$128,520	\$128,520	\$128,520	\$1,542,237
Other Expenses							
Amortized Start-up Exp	3,306	3,306	3,306	3,306	3,306	3,306	\$39,673
Depreciation	6,000	6,000	6,000	6,000	6,000	6,000	\$72,000
Other Bank Debt	14,583	14,207	13,829	13,450	13,069	12,686	\$149,815
Total Other Expenses	23,889	23,513	23,135	22,756	22,375	21,992	\$261,489
NIBT	\$104,630	\$105,007	\$105,384	\$105,764	\$106,145	\$106,528	\$1,280,748
Income Tax	\$24,504	\$24,504	\$24,504	\$24,504	\$24,504	\$24,504	\$294,047
Net Profit/Loss	\$80,126	\$80,503	\$80,881	\$81,260	\$81,641	\$82,024	\$986,701

11.7 Projected Profit and Loss / Projections Y1-Y3

Revenue	2018		2019		2020	
SSV & ATV Sales	9,924,480		10,916,928		12,008,621	
Motorcycle Sales	1,575,480		1,733,028		1,906,331	
Water Craft Sales	1,126,680		1,239,348		1,363,283	
Finance and Insurance Sales	1,260,000		1,386,000		1,524,600	
Parts Sales	1,987,125		2,185,838		2,404,421	
Service Sales	<u>816,000</u>		<u>897,600</u>		<u>987,360</u>	
Total Revenue	\$16,689,765	100%	\$18,358,742	100%	\$20,194,616	100%
Cost of Goods Sold						
SSV & ATV Sales	9,384,480		10,322,928		11,355,221	
Motorcycle Sales	1,485,480		1,634,028		1,797,431	
Water Craft Sales	1,036,680		1,140,348		1,254,383	
Finance and Insurance Sales	420,000		462,000		508,200	
Parts Sales	<u>1,214,625</u>		<u>1,336,088</u>		<u>1,469,696</u>	
Total Cost of Goods Sold	13,541,265	81%	14,895,392	81%	16,384,931	81%
Gross Margin	3,148,500	19%	3,463,350	19%	3,809,685	19%
Payroll	790,780		948,935		1,233,616	
Operating Expenses						
Advertising	300,000		309,000		318,270	
Car and Truck Expenses	6,000		6,180		6,365	
Commissions and Fees	375,084		393,838		413,530	
Contract Labor (Not included in payroll)	15,000		15,450		15,914	
Insurance (other than health)	21,000		21,630		22,279	
Legal and Professional Services	3,000		3,090		3,183	
Licenses	1,800		1,890		1,985	
Office Expense	9,000		9,270		9,548	
Repairs and Maintenance	9,000		9,450		9,923	
Supplies	18,000		18,540		19,096	
Travel, Meals and Entertainment	9,600		9,888		10,185	
Utilities	30,000		30,900		31,827	
Miscellaneous	<u>18,000</u>		<u>18,540</u>		<u>19,096</u>	
Total Operating Expenses	\$815,484	5%	\$847,666	5%	\$881,200	4%
Income (Before Other Expenses)	\$1,542,237	9%	\$1,666,748	9%	\$1,694,869	8%
Other Expenses						
Amortized Start-up Expenses	39,673		39,673		39,673	
Depreciation	72,000		72,000		72,000	
Other Bank Debt	<u>149,815</u>		<u>92,701</u>		<u>33,439</u>	
Total Other Expenses	\$261,489	2%	\$204,374	1%	\$145,113	1%
Net Income Before Income Tax	\$1,280,748		\$1,462,374		\$1,549,757	
Income Tax	\$294,047		\$318,950		\$324,574	
Net Income/Loss	\$986,701	6%	\$1,143,424	6%	\$1,225,183	6%

11.8 Projected Cash Flow

Below is detailed the cash flow for Summit Motorsports for the first year of operations. In the first two months of operations cash will be tight and will require diligent management to meet our obligations. However, past those two months the cash flow situation improves tremendously. We project that over time the cash flow status of Summit Motorsports will improve and become stronger. Beyond this the accumulation of cash is congruent with Summit's overall goal of acquiring other dealerships over time.

YEAR 1 (2018)	January	February	March	April	May	June	Totals
Beginning Balance	\$250,000	\$1,262,979	\$1,286,601	\$1,236,710	\$1,260,332	\$1,283,953	
Cash Inflows							
Cash Sales	1,251,732	1,251,732	1,251,732	1,251,732	1,251,732	1,251,732	\$15,020,789
Accounts Receivable	-	139,081	139,081	139,081	139,081	139,081	\$1,529,895
Total Cash Inflows	\$1,251,732	\$1,390,814	\$1,390,814	\$1,390,814	\$1,390,814	\$1,390,814	\$16,550,684
Cash Outflows							
Cost of Goods Sold	-	1,128,439	1,128,439	1,128,439	1,128,439	1,128,439	\$12,412,826
Operating Activities							
Operating Expenses	67,957	67,957	67,957	67,957	67,957	67,957	\$815,484
Payroll	65,898	65,898	65,898	65,898	65,898	65,898	\$790,780
Taxes	-	-	73,512	-	-	73,512	\$294,047
Financing Activities							
Loan Payments	104,898	104,898	104,898	104,898	104,898	104,898	\$1,258,778
Total Cash Outflows	\$238,753	\$1,367,192	\$1,440,704	\$1,367,192	\$1,367,192	\$1,440,704	\$15,571,915
Net Cash Flows	\$1,012,979	\$23,622	\$(49,890)	\$23,622	\$23,622	\$(49,890)	\$978,769
Operating Cash Balance	\$1,262,979	\$1,286,601	\$1,236,710	\$1,260,332	\$1,283,953	\$1,234,063	
Ending Cash Balance	\$1,262,979	\$1,286,601	\$1,236,710	\$1,260,332	\$1,283,953	\$1,234,063	

	Year1Totals	Year2Totals	Year3Totals
Beginning Balance			
Cash Inflows			
Cash Sales	\$15,020,789	\$16,522,867	\$18,175,154
Accounts Receivable	\$1,529,895	\$1,821,966	\$2,004,163
Total Cash Inflows	\$16,550,684	\$18,344,833	\$20,179,317
Cash Outflows			
Cost of Goods Sold	\$12,412,826	\$14,782,548	\$16,260,802
Operating Activities			
Operating Expenses	\$815,484	\$847,666	\$881,200
Payroll	\$790,780	\$948,935	\$1,233,616
Taxes	\$294,047	\$314,047	\$324,574
Financing Activities			
Loan Payments	\$1,258,778	\$1,258,400	\$1,258,778
Total Cash Outflows	\$15,571,915	\$17,837,549	\$19,958,970
Net Cash Flows	\$978,769	\$507,284	\$220,347

11.9 Projected Balance Sheet

Below is detailed the balance sheet for Summit Motorsports for the first three years of operations. Several important points to cover in this as we review the balance sheet. Cash accumulation for the first three years is substantial which will be necessary to accomplishing Summit's long term goals. Also, another point to observe on the balance sheet is the retained earning balance that continually goes up over the first three years of operations. This will be key if Summit will be required to take on future bank loans going forward.

ASSETS	2018	2019	2020
Current Assets			
Cash	1,228,769	1,417,103	1,637,450
Accounts Receivable	139,081	152,990	168,288
Inventory	3,500,000	3,500,000	3,500,000
Prepaid Expenses	77,680	38,840	-
Other Initial Costs	1,667	833	-
Total Current Assets	\$4,947,197	\$5,109,766	\$5,305,739
Fixed Assets			
Real Estate -- Land	350,000	350,000	350,000
Real Estate -- Buildings	500,000	500,000	500,000
Equipment	35,000	35,000	35,000
Furniture and Fixtures	75,000	75,000	75,000
Vehicles	125,000	125,000	125,000
Other	10,000	10,000	10,000
Total Fixed Assets	\$1,095,000	\$1,095,000	\$1,095,000
(Less Accumulated Depreciation)	\$72,000	\$144,000	\$216,000
Total Assets	\$5,970,196	\$6,060,766	\$6,184,738
LIABILITIES & EQUITY			
Liabilities			
Accounts Payable	1,128,439	1,241,283	1,365,411
Other Bank Debt Balance	2,391,038	1,225,338	(0)
Total Liabilities	\$3,519,476	\$2,466,621	\$1,365,411
Equity			
Owners Equity	1,464,020	1,464,020	1,464,020
Retained Earnings	986,701	2,130,125	3,355,308
Total Equity	2,450,721	3,594,145	4,819,328
Total Liabilities and Equity	5,970,196	6,060,766	6,184,738

11.10 Business Ratios

Below you will find the reported ratios for Summit Motorsports first three years of operations. Related to the liquidity ratios as time goes on Summit becomes more able to meet its current obligations as time goes on. Summit's safety ratios indicate that as operations extend to future fiscal years Summit becomes more secure owning and being able to service its current portion of debt. Summit's profitability ratios indicate sustainable margins for this industry. The margins may be very slim but considering the volume of revenue that Summit will be operating with the margins are satisfactory for profitable and sustainable growth. Finally, per the efficiency ratios Summit becomes better at getting inventory in and out with more expedience as time goes on. This will be key to the overall goal of volume selling.

Ratios	Year One	Year Two	Year Three	Industry
Liquidity				
Current Ratio	1.4	2.1	3.9	1.3
Quick Ratio	0.4	0.6	1.3	
Safety				
Debt to Equity Ratio	1.4	0.7	0.3	
Debt-Service Coverage Ratio - DSCR	0.3	0.5	1.0	
Profitability				
Sales Growth	0.0%	10.0%	10.0%	
COGS to Sales	81.1%	81.1%	81.1%	84.1%
Gross Profit Margin	18.9%	18.9%	18.9%	23.1%
SG&A to Sales	9.6%	9.8%	10.5%	
Net Profit Margin	5.9%	6.2%	6.1%	2.7%
Return on Equity (ROE)	40.3%	31.8%	25.4%	19.1%
Return on Assets	16.5%	18.9%	19.8%	
Owner's Compensation to Sales	1.9%	2.0%	2.4%	
Efficiency				
Days in Receivables	3.0	3.0	3.0	
Accounts Receivable Turnover	120.0	120.0	120.0	
Days in Inventory	93.0	85.8	78.0	
Inventory Turnover	3.9	4.3	4.7	
Sales to Total Assets	2.8	3.0	3.3	

12.0 Sources Cited

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