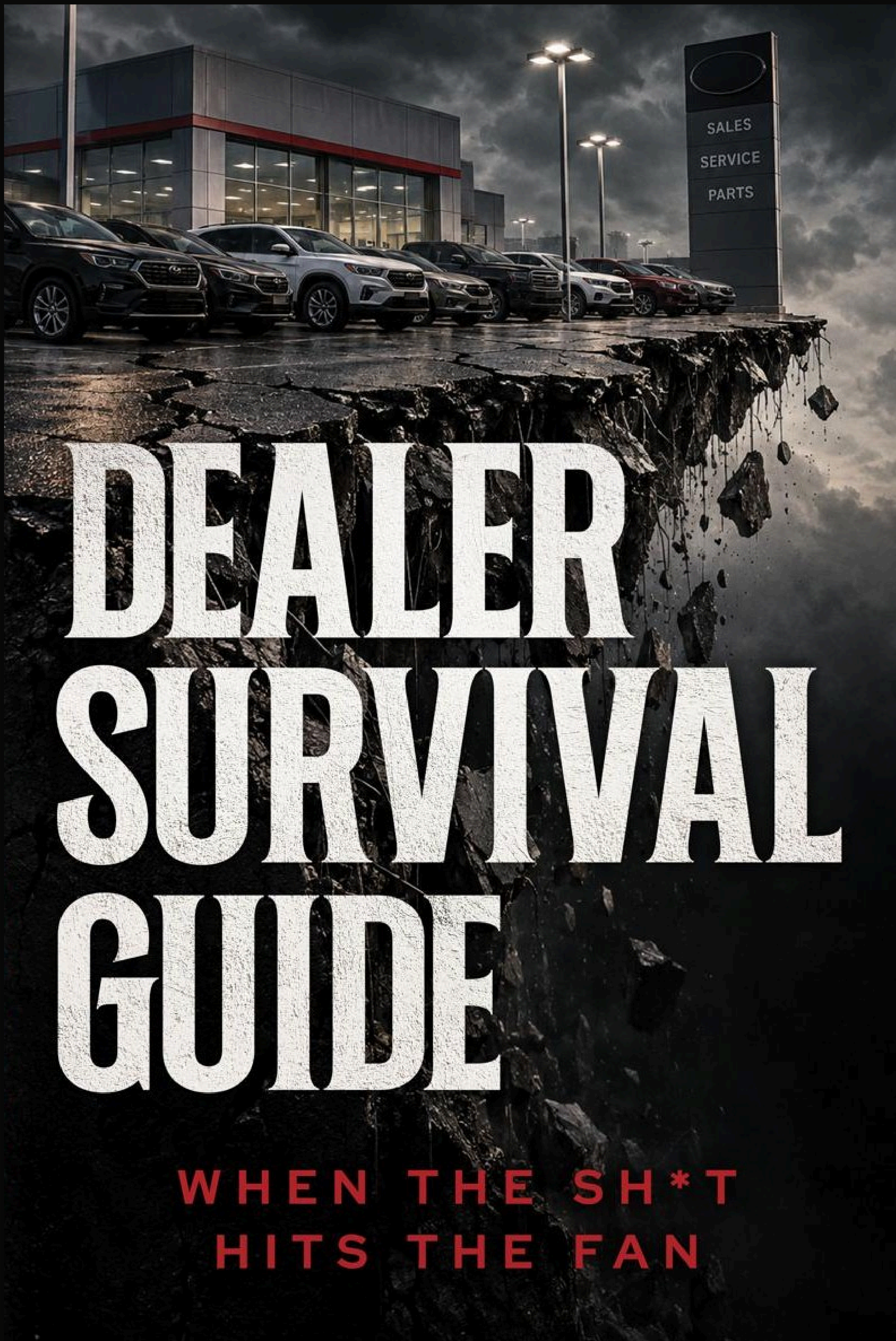

DEALER SURVIVAL GUIDE

WHEN THE SH*T HITS THE FAN

FREE PREVIEW EDITION / INTRODUCTION AND CHAPTER 1

MAX ZANAN / MAXZANAN.COM

INTRODUCTION

WHY GREAT DEALERSHIPS FAIL

On September 23, 2008, while the financial system was unraveling, most Americans could still rent a movie from one of Blockbuster's more than 9,000 stores. It was the undisputed leader in home entertainment.

Just two years later, Blockbuster filed for bankruptcy.

It didn't fail because people stopped watching movies.

It failed because management underestimated a fundamental shift in consumer behavior. While Blockbuster was protecting its existing business model, Netflix was quietly building the future.

The automotive retail industry has its own Blockbuster moments.

The Great Recession of 2008 exposed just how quickly an industry can change. Vehicle sales collapsed. Credit markets froze. Consumers disappeared from showrooms. Dealers who had spent decades building successful businesses suddenly found themselves fighting for survival.

Then came the unthinkable.

On June 1, 2009, General Motors—arguably the most iconic automotive company in America—filed for bankruptcy. Chrysler had filed just weeks earlier. Thousands of GM and Chrysler dealerships were eliminated as part of the restructuring, permanently changing the retail automotive landscape. GM ultimately reduced its U.S. dealer network by roughly 44% from 2008 levels as part of its restructuring.

Many dealerships never recovered.

Those that survived didn't survive because they were the biggest.

They survived because they adapted.

Today, the threats are different, but the lesson is exactly the same.

Carvana.

Chinese automakers.

Artificial intelligence.

Direct-to-consumer sales.

Independent repair shops.

National service chains.

Cyberattacks.

Regulatory scrutiny.

Each one has the potential to reshape the dealership business. None should be dismissed simply because they seem small today.

This book is not about predicting the future.

It is about preparing for it.

Military leaders conduct war games before the battle begins. Airlines train pilots for emergencies they hope never occur. The best businesses constantly ask one question:

What if?

What if vehicle sales fell by 50%?

What if your OEM became your competitor?

What if your three best managers resigned tomorrow?

What if your most profitable revenue stream disappeared?

The dealerships that ask those questions before a crisis arrives will have options.

The ones that ask them afterward may not.

Welcome to The Dealer Survival Guide.

Figures and examples are current as of September 2026.

How to use this book: do not read it cover to cover unless you want to. Use the contents. Open the chapter that threatens the store this quarter. Finish that chapter's War Room exercise before you start another. The appendices are working tools. Print them.

This book is an operating framework, not legal, tax, insurance, or investment advice. Franchise law, advertising rules, F&I practices, call recording, prepaid maintenance, lifetime repair warranties, insurance-agency licensing, and reinsurance or captive structures depend on state law and on facts. Before you change a process, a product, a pay plan, or a participation structure, use qualified automotive counsel and, where reinsurance is involved, tax counsel plus actuarial and captive advisors.

PART I: EXISTENTIAL THREATS / CHAPTER 1

THE 50% SCENARIO

What If Your Vehicle Sales Were Cut in Half?

Every dealer believes it won't happen.

Until it does.

Between 2007 and 2009, U.S. new vehicle sales fell from more than 16 million units to just over 10 million units—a decline of approximately 35%. For many dealerships, however, the drop in showroom traffic felt much closer to 50%. Credit disappeared, consumer confidence collapsed, and dealerships that had been profitable for decades suddenly faced an uncomfortable reality: their cost structure had been built for a different economy.

The question isn't whether another downturn will come.

It will.

The question is whether your dealership can survive it.

The military has a saying:

> "The more you sweat in training, the less you bleed in battle."

The purpose of this chapter is to force you to answer one question:

What would you do if your sales were cut in half tomorrow?

1. REDUCE EXPENSES BEFORE THE BANK TELLS YOU TO

Payroll is usually the largest controllable expense in a dealership.

If revenue falls by 50%, hoping sales rebound is not a strategy.

Difficult decisions must be made quickly.

That may mean:

- Eliminating duplicate positions.
- Consolidating management layers.
- Reducing overtime.
- Cross-training employees.
- Outsourcing non-core functions.

The best operators make decisions based on data—not emotion.

Keeping too many people can ultimately cost everyone their jobs.

2. TURN INVENTORY INTO CASH

In a downturn, inventory becomes a liability.

One of the hardest lessons dealers learned in 2008 was that aged inventory is not an asset—it is expensive optimism.

Old units consume:

- Floorplan interest
- Insurance
- Reconditioning costs
- Advertising dollars
- Management attention

The hardest pill to swallow:

Wholesale the old units. Even at a loss.

Cash gives you options.

Old inventory does not.

> Dealers rarely go bankrupt because they sold a car too cheaply. They go bankrupt because they ran out of liquidity.

3. REBUILD YOUR USED-CAR STRATEGY

During difficult economic periods, affordability wins.

Customers trade down.

Monthly payments matter more than features.

Your acquisition strategy should shift toward:

- Reliable, affordable vehicles.
- Fuel-efficient transportation.
- Vehicles with strong financing approval rates.
- Inventory with fast turn rather than maximum front-end gross.

A $15,000 vehicle that sells in ten days is often worth more than a $45,000 vehicle that sits for ninety.

Velocity beats vanity.

4. PROTECT FIXED OPERATIONS AT ALL COSTS

When vehicle sales decline, fixed operations become the stabilizer.

Unfortunately, many dealers still underinvest in service.

That is a mistake.

Every customer-pay repair order becomes more valuable during a recession.

Double down on:

- Customer retention.
- Maintenance reminders.
- Tire sales.
- Service contracts.

- Technician productivity.
- Service advisor training.
- Extended service hours if your market demands them.

Your service department should become the engine that keeps the dealership running while sales recover.

5. TREAT F&I LIKE A STRATEGIC ASSET

When front-end gross compresses, F&I often determines whether a deal is profitable.

Now is not the time to become passive.

Improve:

- Product presentations.
- Menu consistency.
- Finance source relationships.
- Product penetration.
- Compliance.

Most dealerships have far more opportunity inside their existing F&I process than they realize. As margins tightened after the Great Recession, many dealerships relied increasingly on finance and insurance products to offset shrinking new-vehicle profits.

6. PRESERVE CASH RUTHLESSLY

Cash is survival.

Delay non-essential capital expenditures.

Renegotiate vendor contracts.

Review every recurring expense.

Question every subscription.

Ask one simple question:

If I were starting this dealership today, would I still spend money on this?

If the answer is no, eliminate it.

7. BUY WHILE OTHERS PANIC

Every recession creates opportunity.

The strongest dealers don't simply survive downturns.

They emerge larger.

When weaker competitors are forced to sell:

- Acquire talented employees.
- Purchase desirable inventory.
- Expand market share.
- Buy dealerships at attractive valuations.

History shows that some of the industry's most successful dealer groups grew aggressively during periods when everyone else was retreating.

DEALER WAR ROOM EXERCISE

ASSUME YOUR DEALERSHIP WILL SELL 50% FEWER VEHICLES NEXT YEAR.

You have 30 days. Answer these questions:

- Which positions would you eliminate first?
- Which inventory would you wholesale tomorrow?
- How much cash could you free up within 60 days?
- What percentage of your revenue would come from fixed operations?
- Which expenses could disappear without hurting the customer experience?
- If your bank froze your credit line tomorrow, how long could your dealership survive?

If you cannot answer those questions today, you will be forced to answer them during the next downturn—when you have the least amount of time and the fewest options.

END OF THE FREE CHAPTER

THAT WAS ONE THREAT. THERE ARE NINETEEN MORE.

Dealer Survival Guide covers twenty chapters across five parts: existential threats, the profit centers dealers have been giving away, internal threats, black swans, and how to build a dealership that gets stronger under pressure. It closes with seven working tools you can print and use with your management team.

- Carvana, Amazon and AI-driven retail
- The China shock
- When your OEM stops being your partner
- Death by regulation
- Service, tires, parts and accessories
- F&I and reinsurance
- The talent crisis and succession
- The financial stress test
- Cyber warfare and reputation
- The Dealer War Room and Dashboard

WANT TO TALK THROUGH YOUR ANSWERS?

If the War Room exercise exposed a gap in your store, Max Zanan works directly with dealer principals and general managers on F&I, fixed operations, reinsurance and dealership performance.

BOOK A CALL WITH MAX

Max Zanan has spent more than twenty-six years in automotive retail. He is the founder of MZ Dealer Services and the Amazon best-selling author of Perfect Dealership, Definitive Guide to F&I, Effective Car Dealer, The Art and Science of Running a Car Dealership, and Car Business 101. **maxzanan.com**