



StrategicSource Success

Performance Management Group (PMG) Assists Dealer In Improving Purchasing Processes And Reducing Operating Expenses

ABOUT AUTOMOTIVE AVENUES

- **President:** Bill Green
- **Employees:** 70
- **Annual Sales:** \$70 Million

Automotive
Avenues™

Automotive Avenues, founded in 1987 is a one-stop, all-inclusive new car and used car auto-buying service. Located in Lakewood, CO, consumers will find sales, service and parts facilities, including on-site financing and leasing, exclusively for Credit Unions (CU's) and their members - all in one convenient location.

Having served over 60,000 CU members by providing pristine vehicles, highly-competitive pricing and exceptional service, Automotive Avenues has achieved a continuous Member Satisfaction Index (MSI) rating of 98%.

DEALERSHIP PURCHASING CHALLENGES

Prior to partnering with PMG, Automotive Avenues had no formal purchasing department and the Controller was responsible for the majority of the purchasing in addition to her other duties. This resulted in fragmented purchasing, premium-priced spot buying and excess suppliers. In addition, there was no formal method for auditing invoices for reoccurring supplier price escalations.

Partnering with PMG has been a very worthwhile endeavor that has assisted us notably in defining and implementing processes throughout the entire purchasing system, while reducing costs significantly.

- - Cheryl Fabry, CFO

PMG'S SOLUTION AND KEY RESULTS

PMG analyzed Automotive Avenue's accounts payable files and invoices to determine cost savings and inaccurately billed invoice opportunities. PMG then defined requirements, qualified and sourced suppliers and presented recommendations to reduce costs. PMG recovered \$28,934.41 in past over-charges in telecommunication services. In addition, PMG recommended a supplier change resulting in an annual telecom expense reduction of \$40,401. Another revenue stream was realized by turning Hazardous Waste expense into income.

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|--|---------------------------------|
| Major Telephone Company 1234 First Avenue Anytown, CO 12345 | 8/11/2006 VOID AFTER 30 DAYS |
| PAY EXACTLY: <u>Twenty-eight thousand, nine hundred and thirty-four 4/100</u> | \$28,934.41 |
| TO THE ORDER OF: Automotive Avenues 10701 West 6th Ave., Ste. 200 Lakewood, CO 80215 | Authorized Signature |
| XYZ Bank - Anytown, CO 12345 | |

By utilizing a strategic purchasing approach, Automotive Avenues cut their expenses by 31% reduced their supplier base by 30%, leveraged their purchasing power and reduced administration costs in numerous categories including the following.

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|------------------------|-----|
| Credit Card Processing | 33% |
| Waste Services | 17% |
| Telecom | 60% |
| Office Supplies | 18% |
| Printed Products | 28% |
| Uniforms/Laundry | 41% |
| Maintenance/Lighting | 32% |

By partnering with PMG, Automotive Avenues was able to utilize PMG's resources and expertise as their purchasing department to save time sourcing, qualifying and quoting suppliers - while enjoying a 4 to 1 pay-back on their annual fee to PMG.