

**How to Get
Out of the Buy
Here Pay Here
Business**

PREFACE

I am neither an attorney nor an accountant. I am a used car dealer and have been blessed to be involved in the Buy Here Pay Here business for many years. Because of health and other issues we are liquidating our Buy Here Pay Here business and downsizing to my long time hobby of buying and selling old Cadillac's and other classics. Also I hope be doing some things I've wanted to do for years such as taking the trips my dear wife always wanted me to go on and pursuing some hobbies. One of my goals is to work two days a week in a homeless shelter.

I want to share with you some of the things I've learned. I learned these things the way I learned everything in life; most of the time the hard way and some of the time listening to people. I don't assume any liability in my comments. I hope they are of some value to you. You must seek the counsel of a qualified attorney and accountant. Be sure they understand you and your business. If I can be of assistance to you, email me at JulianCoddington@ReliableMotorsOkc.com

Respectfully,

Julian K. Coddington

P.s To my wonderful wife & partner in life: Anne thanks for everything

- **THE DECISION MAKING PROCESS: WHO TO INCLUDE?**

- **Talk To Your Family. Get Their Advice and Counsel.**

If you've spent (invested) years in building a Buy Here Pay Here business it certainly has been a family project. Consult with you family. Give them time to reflect what the best business, personal and family decision is.

- **Talk To A Trusted Friend Who Knows You And Will Tell You The Unvarnished Truth.**

Most likely, there is somebody in your life outside of your family whose judgment you value. Prepare your ideas in writing (an old boss used to make me write long detailed reports and then never read them. His answer was "if you don't write it down you don't have a plan, you're only talking) and share with them your thoughts and most importantly your feelings. (By the way, do you know how to tell who your best friend in life is? It is simple; it's the person that listens to you the best. A great friend will listen and then tell you what you might not want to hear. Those people are a treasure.) It goes without says that the first best friend that will tell you what you might not want to hear is your spouse.

- **Don't Make A Big Decision On A Really Bad Day Or A Really Good Day.**

We have all had some bad days. There's a story of a fatigued Pope who one evening passed the private chapel near his bedroom in the Vatican. It was his habit to start and end each day there in prayer. He simply placed his hand on the chapel door as he passed one night and said "God, it is your church. I'm going to bed."

The other thing that can happen is a psychological profile identified as the "Tahiti Syndrome" (Tahiti means "Paradise" in Tahitian). The profile is of a high stress, Type A personality who has worked him/herself to the point that when finally forced to take a vacation to Tahiti, refuses to come back. They won't leave Tahiti for any reason. They become almost like a person who is scared to leave their home. Interestingly enough, within five years these individuals will have created some type of business or organization in Tahiti and will be on their way to re-creating another unbalanced life.

○ **Health / Spouses' Health**

This is a major consideration. I have been struggling with MS for fifteen years. Heaven has been generous and the treatment has been effective to let me live most of the life I've wanted six days a week. (I spend one day a week in bed after taking my weekly MS injections) Lord, thanks for the break.

My advice is don't let health be an overriding factor if you are facing a chronic, but not terminal, health issue. Working part time at the lot and keeping your cell phone with you will allow to run your business. Being active and running your business part time might be the best thing possible for your health. Going home and sitting in a rocking chair is not a plan in any dimension. As a practical matter you have to anticipate there are going to be health burdens from age.

○ **What do you want to do?**

The most important question I have learned in life is "What's Really Important?" (I'm writing a little booklet on that subject) That's the one you need to answer first for your business, your family and yourself.

The next biggest question is "What do you want to do?" After 41 years in the business I have only recently started working a couple of hours on Saturday and even taking one Saturday a month completely off. Some of us are like the old horses at the fire department; when we smell smoke we run.

○ **The next step: Keep your mouth shut.**

The last person in the world that you want to tell any of this too is your banker. You can expect an immediate 180 degree attitude change. Only tell them what they need to know until you get them paid off. Don't think being a good customer for 20 years and paying them a fortune in interest is going to create any loyalty.

○ **Don't tell anyone until your plans are completely set.**

Remember: If you haven't written it out on paper it isn't a plan, it is only a collection of ideas.

○ **The Checklist**

You need to meet with your accountant and your lawyer and tell them what you have decided. Tell them what you want to do. Then ask their advice. They need to develop with you a checklist of what needs to be done, who is going to do it, when, and who is going to follow up to be sure it's getting done:

- Records storage
- Contracts / leases / any long or medium term commitment.
- Insurance
- Income tax

- Estate Planning (If you and your spouse have always wanted to make a substantial donation now is a good time. Do it while you get to see some of the good your hard work has done for someone else.
- Lots of other things will be on this list. Things as simple as changing the locks on your business and putting a lock on your office door.

There's a reason pilots use a checklist. It is because pilots are human and it's easy to forget if they become distracted or are under a lot of stress. A professional pilot taking the FAA check-ride automatically fails if he or she skips something on the checklist. The FAA examiner or airline check pilot stops the right there and turn the plane home.

- **IDENTIFY THE CRITICAL PERSON**

At the top of your checklist is picking the "critical person" in your organization. This is the person that you need the most right up to the end. Usually that's someone who has been with you a long time and has the skill set that you don't have. Most likely it will be your bookkeeper. Whoever it is, you need to make that decision. This is the person you talk to first at the dealership. Promise them six months wages in a lump sum if they stay with you until the end. It's the best money you will ever invest. Be totally honest with them. Keep them apprised of the situation as it unfolds. Don't surprise them with a sudden change in plans. Let them know what is going to happen and when.

Note: I worked for the great car dealer Bob Moore of Oklahoma. (Mr. Moore is in both the NADA and Quarter Horse Hall of Fame). He did not own a filing cabinet. He had a tremendous memory and he always kept the sharpest CFO's in the industry. (Mickey Clagg and Stuart Ray - I mention their names because they are two of the people I respect most in the world. Not only because of their brilliant financial and management skills but because they are each "Mr. Integrity" in my book.

- **What Are The Options?**

- **Shut down the lot, collect out the notes:**

Close the Sales lot, move the finance company to another office-only location, collect your notes and wash the deal out. Take the inventory to the auction.

- **The 50% Rule Times Two:**
Cut your sales volume by 50% for the first six months. Cut your overhead. Make the second cut after another six months.
 - **Sell Your Notes In Total**
Get one bid for everything with no recourse to you. Get bids from finance companies first and then if you trust one of your competitors get a bid from them. They are in a position to pay more if they have the financial resources.
 - **Take A Junior Partner And Do A Buy-Out.**
Many new car dealerships have changed hands in this manner. There are a lot of positive factors if the person you sell to is the right person and the controls are in place. The ending structure needs to have 1 million in notes, a credit facility for floorplan, a credit line for a million in notes and working capital.
- **DEALING WITH EMPLOYEES AND VENDORS**
 - **Be Honest / Be Blunt / Be Kind**
 - **The Relationship Is Going To Change Immediately.**
Respect that. It's not about you. It's about self-preservation.
 - **A Little Story:**
When I was a young guy I owned part of an oil well drilling company. (long story) I worked the floor with the employees every third well. I felt all of them were my friends. (When you are young at least you have an excuse for not seeing things clearly. There is a difference between being friends and being friendly.) The night we shut the rig down for good the rig was stripped of every tool of value on it. It was theft, but it is also human nature. There is an old saying, "Only God and preachers think they can change human nature. Which one of those are you trying to be?" It's a very good point.
 - **Your Employees Are Going To Be Completely Different The Moment They Know You Are Shutting Down.**
Don't be angry and blame them for it. Once again, its human nature. While you and I wouldn't steal as a result, their attitudes are going to nevertheless change immediately.

- **A Word About Respect**

I have a sign on my desk that has been of great value to me over the years: “Respect is the foundation of all successful human relationships”. I’ve written a little booklet about that which you are welcome to download free. Respect your employees and vendors. Understand they are merely acting to protect themselves just as you would. Respect yourself by immediately getting the locks changed, the computer passwords changed, and all the other security issues that come under the heading of good business practice.

- **Vendors**

Your vendors are going to want to be sure you are going to pay them. If you are going to ask for some payment terms be sure you deliver on your promise. They have been one of your “partners” over the years.

Conclusion:

The Bible is correct that for everything there is a season. We’ve all known people who have retired, gone home, sat in a rocking chair and made everyone around them miserable. If the season has come for a change in your life welcome it with the same positive attitude you did when you started your business.

In the TV series *The West Wing*, the last of the final episode has the best quote of the entire series to me. The new President has been sworn in and as is the custom the outgoing President (played by Martin Sheen) is given a ride home on Air Force One. The President’s wife sees him looking out the window and inquires “What are you thinking about?”

In a powerful voice he responds **“Tomorrow!”**