

THE RUNWAY: CAPITAL REQUIRED BEFORE DAY ONE

\$749,000

Minimum Cash Buffer

This capital covers initial operations and CapEx. It assumes a perfect alignment between spending and the sales ramp-up.



60-DAY BREAKEVEN POINT

RISK ALERT:

If onboarding takes longer than expected, churn risk rises. High fixed costs demand rapid customer acquisition.



THE MONTHLY BURN RATE

What It Costs to Open the Doors

VARIABLE COSTS: \$15,000

(Reconditioning & Marketing)

FIXED COSTS: \$60,000

(Rent, Insurance, Base Payroll)

The fixed base creates a baseline operational cost that exists before a single unit moves. This projection assumes 10 monthly sales.

**\$75,000 / MONTH
TOTAL BURN**

PERSONNEL: THE LARGEST OPERATIONAL ANCHOR

\$49,167

**Monthly Fixed Base for 7
Full-Time Employees (FTEs)**



Strategic Note: This \$49k represents the cost of operational stability. If commissions are zero, this cost remains.

THE PHYSICAL FOOTPRINT: A NON-NEGOTIABLE HURDLE

**\$15,000
MONTHLY LEASE HURDLE**



At an average margin of \$2,500/car, you must sell 6 vehicles just to pay the landlord.

Optimization Advice

Do not over-lease square footage for projected volume.

This is a pure fixed cost—unlike payroll, it cannot be flexed easily.

DIGITAL INFRASTRUCTURE: THE NERVOUS SYSTEM



Strategy: Avoid long-term lock-ins. Seek tiered pricing that scales with unit volume.

ESSENTIAL OVERHEADS: COMPLIANCE AND COMFORT



\$1,800

(Liability/Inventory)



\$3,100

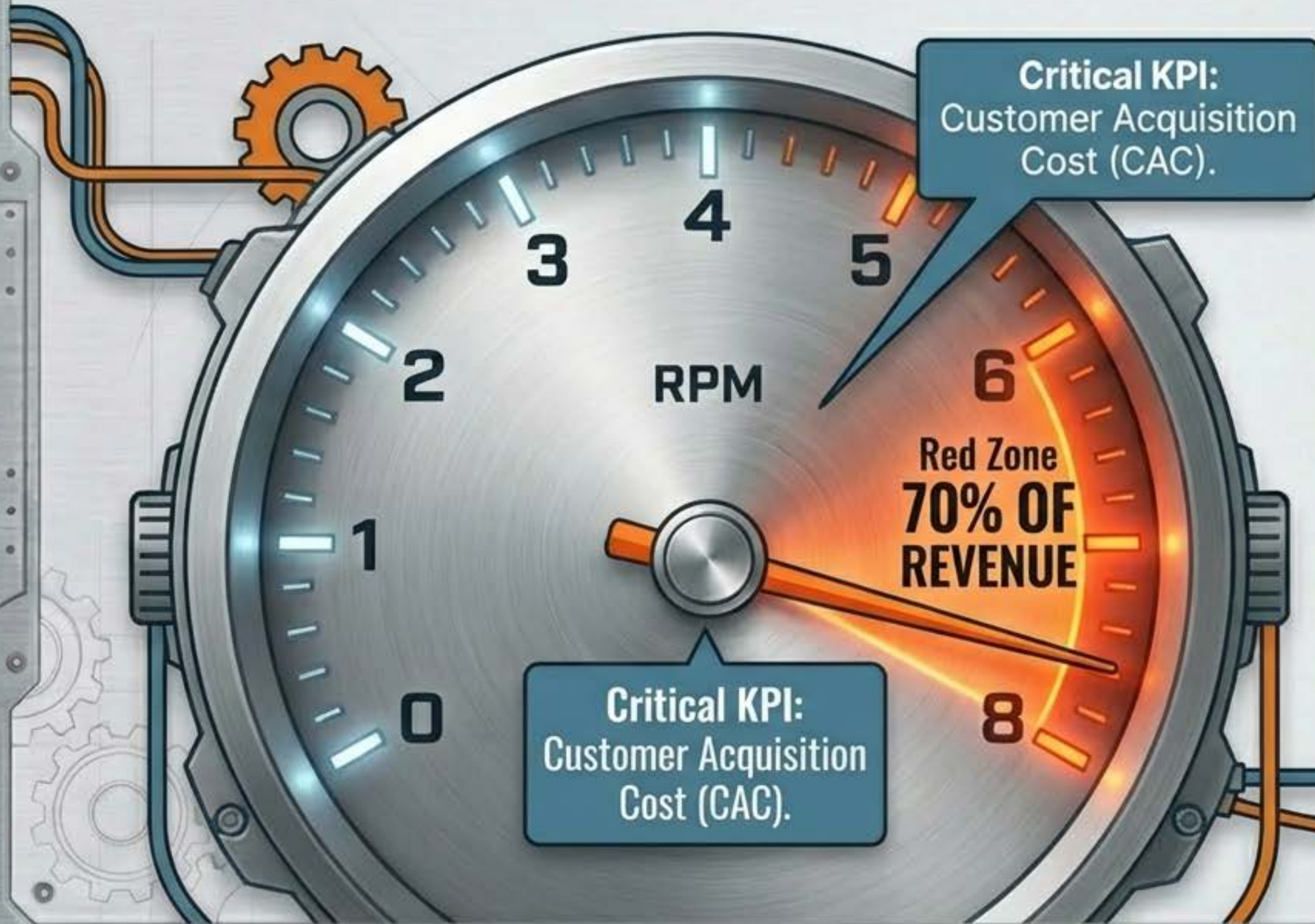
(Power, Water, Supplies)



**~\$4,900
/ MONTH**

Insight: These costs stack on top of the lease. Combined with rent (\$15k), the physical facility costs ~\$20k/month before staff enters the building.

MARKETING: THE AGGRESSIVE GROWTH ENGINE



Rule: CAC must remain below **Gross Profit per Unit**.

This high spend rate is only viable if leads convert.

Focus strictly on high-intent buyers.

INVENTORY QUALITY CONTROL: THE MARGIN KILLER



Result: UNDERWATER.

Source Advice: If used car margins are only 15%, spending 30% on prep guarantees a loss.

Correction: Set maximum allowable reconditioning caps per vehicle class.

INVENTORY HOLDING: THE HIDDEN CAPITAL DRAIN

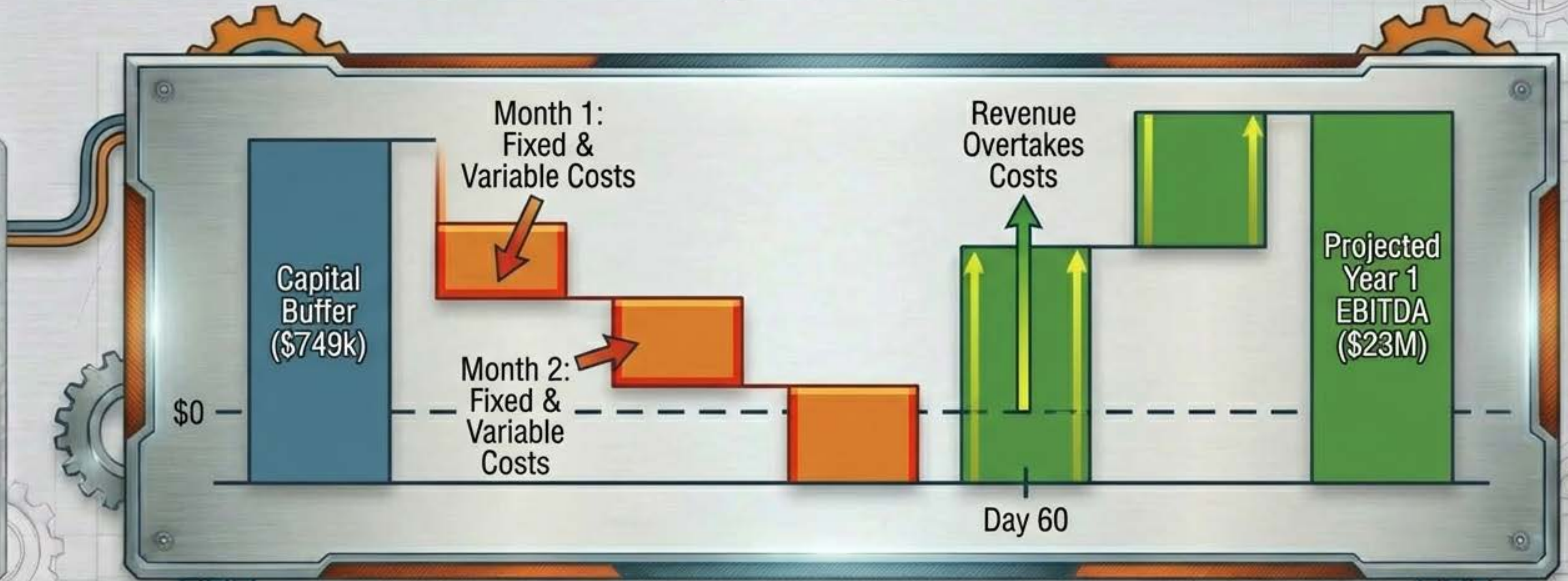
1% - 3%
ANNUALLY

**Cost of Interest +
Insurance on Inventory.**



Calculated on **50 Units @ \$25k**
avg cost = **\$1.25 Million** tied up.

THE BREAK-EVEN TRAJECTORY



Success Criteria: CapEx timing must align perfectly with sales ramp-up. Target: \$23M Year 1 EBITDA.

CRISIS MANAGEMENT: WHEN SALES DROP 25%

The “Fire Alarm” Action Plan

1.



CUT MARKETING.

Halt performance channels not showing ROI. (Marketing is 70% of revenue—cut here first).

2.



FREEZE CAPEX.

Delay non-essential upgrades for 6 months.

3.



ADJUST COMP.

Suspend discretionary bonuses; focus staff on conversion.

4.



PIVOT.

Shift focus solely to organic lead nurturing.

OPTIMIZATION LEVERS: FROM SURVIVING TO THRIVING

ON

INVENTORY. Limit Reconditioning Caps to protect margins.

ON

TECH. Negotiate DMS tiers based on volume, not enterprise features.

ON

MARKETING. Prioritize retargeting. Pause acquisition if CAC > \$1,500.

ON

FACILITIES. Sub-lease excess lot capacity if volume lags.

Goal: Lower the fixed breakeven point to reduce pressure on monthly sales volume.

OPERATIONAL SUMMARY MATRIX

LABEL	VALUE	NOTE
CASH BUFFER	\$749,000	Required for 2-month runway
FIXED NUT	~\$60,000 / mo	Payroll, Rent, Tech, Ins, Util
TOTAL BURN	~\$75,000 / mo	At 10 projected sales
PRIMARY RISK	⚠ Marketing (70%)	Also Reconditioning (30%)
BREAKEVEN	60 Days	Revenue overtakes cost



THE DISCIPLINE OF PROFITABILITY

Profitability isn't just about selling more cars. It is the discipline of managing the \$60,000 fixed anchor while strictly controlling the variable burn.

Based on 2026 Operational Financial Models.