

OUTLAW HARLEY-DAVIDSON INCENTIVE PROPOSAL

IMPACT ANALYSIS & FUTURE STEPS

AGENDA:

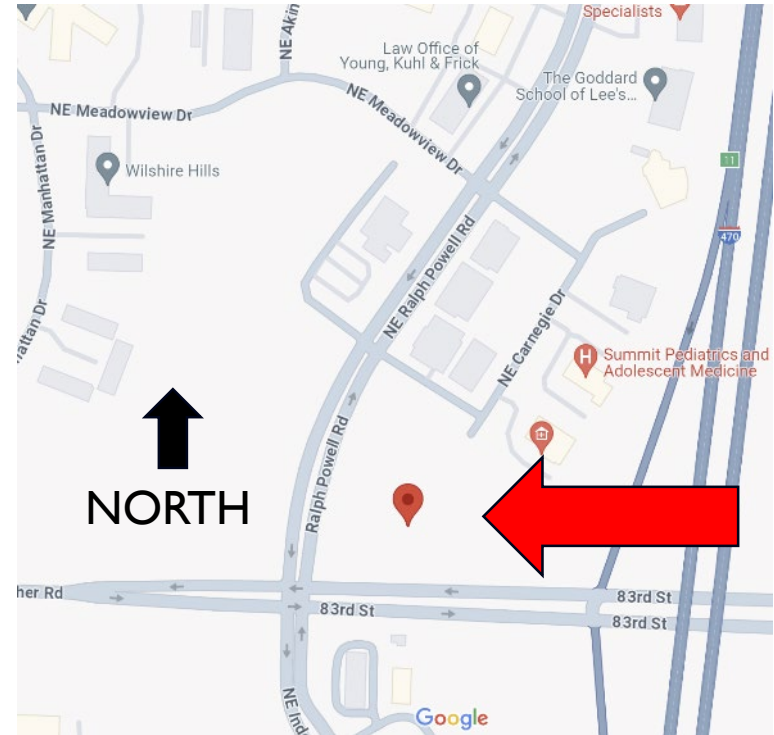
- Project Site
- Project Summary
- Outlaw Harley-Davidson
- Employment
- Community Outreach
- Current Operational Model
- Initial Plans
- Concessions & Adjustments
- Transactional Metric Explained
- Sales/Revenue Impact
- Gross Profit Impact
- Future Options for Strategic Planning



PROJECT SITE

3100 NE Carnegie Drive, Lees Summit, MO, 64046

OUTLAW HARLEY-DAVIDSON



PROJECT SUMMARY

30,000 SQFT building

91 Parking Spaces

Training Area

3.80 Acre Site

Relocation from Blue Springs, MO to Lees Summit, MO

Estimated \$10 Million Construction Budget



OUTLAW HARLEY-DAVIDSON

Estimated \$15 Million Revenue

Revenue Centers:

- New & Used Motorcycle Sales
- Service
- Parts & Accessories
- General Merchandise

Years in Business:

- Worth Harley-Davidson: 46 Years
- Outlaw Harley-Davidson: 7 Years



EMPLOYMENT

Employees:

- 40 Full time
- 10 Part time
- Full Benefits & Competitive Pay
 - Health, Eye, & Dental Insurance
 - 401k Matching
 - PTO
 - Sick Leave
 - Pet Holidays
 - Life Insurance
 - Short/Long-Term Disability
- Training & Development
 - Harley-Davidson University
 - Professional Sales Training Programs
 - Service Technician Training



COMMUNITY OUTREACH

Local Organizations Supported

- Veterans Community Project
- NextStep KC
- Children's Mercy Transport Team
- American Foundation for Suicide Prevention
- Hope House
- John V Mesh Memorial Fund
- SWELL
- City Kings
- Answering the Call
- Feeding Northland Children
- Missouri DARE
- Purple Peace for Epilepsy
- Authentic Life Foundation
- Deron Cherry Foundation



CURRENT OPERATIONAL MODEL

WORTH HARLEY-DAVIDSON IN KANSAS CITY

Event Center Operations:

- Large event center with a full kitchen.
- Diverse events throughout the week and weekends.

Revenue:

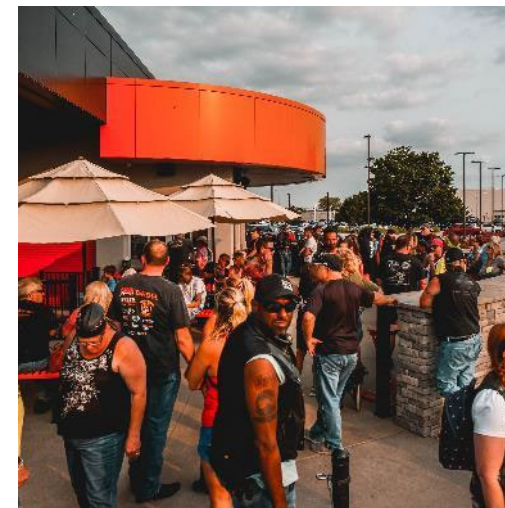
- Annual revenue from food and alcohol sales: \$250,000.

Events:

- Bike nights every Thursday.
- Charity events, motorcycle rides, & other community gatherings.

Bike Nights:

- Major highlight.
- Draws 1,000 attendees every Thursday.



INITIAL PLANS



OUTLAW HARLEY-DAVIDSON



OUTLAW HARLEY-DAVIDSON IN LEE'S SUMMIT

Original Concept:

- Planned to replicate the current successful model.
- Full kitchen inside the building.
- Large stage connected to the building.

Goals:

- Maintain high transaction volumes.
- Attract large crowds like Worth Harley-Davidson.
- Provide a comprehensive event experience with food, entertainment, and merchandise.

Expected Benefits:

- High customer engagement.
- Consistent revenue from food and alcohol sales.
- Increase in motorcycle sales driven by event attendance.

CONCESSIONS & ADJUSTMENTS

Required Concessions:

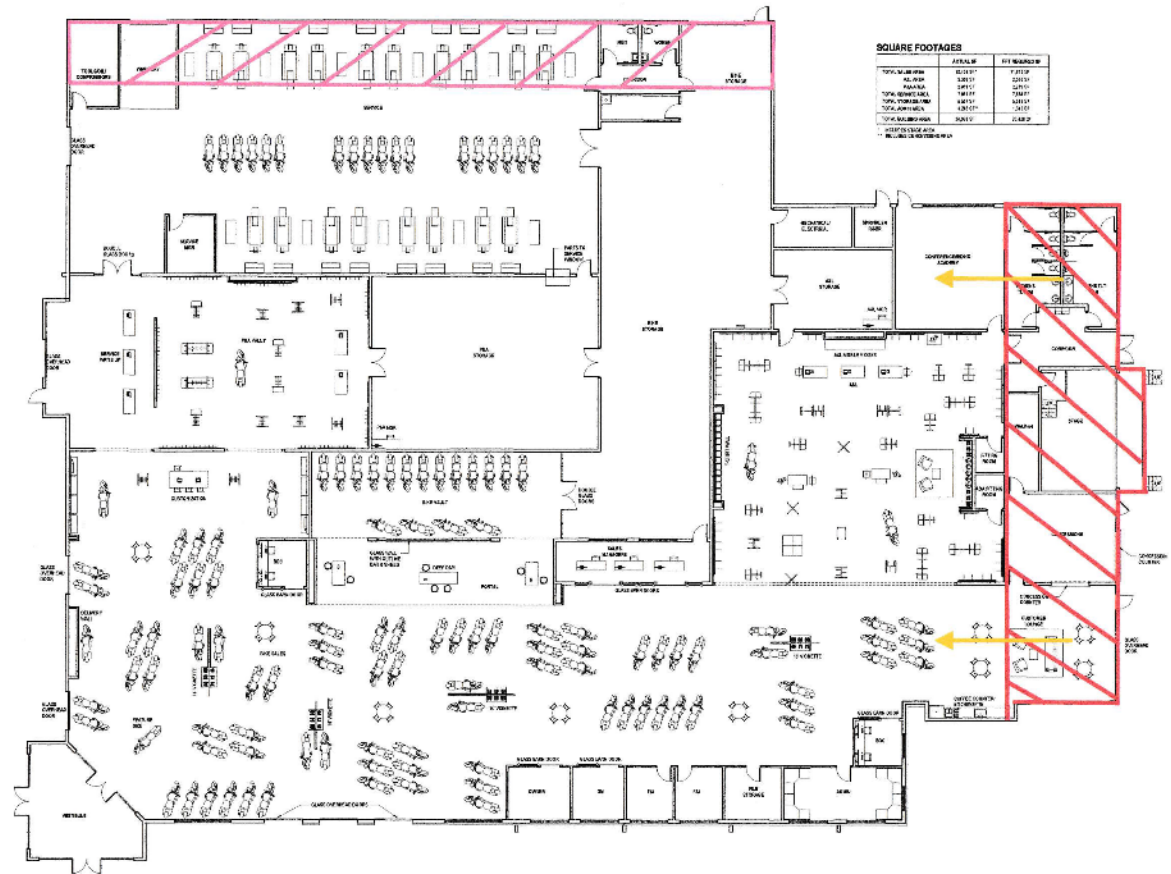
- Accommodate potential neighbors' concerns.
- Avoid noisy events on weekdays.

Adjustments Made:

- **Eliminated Features:**
 - Full kitchen inside the building.
 - Large stage connected to the building.
- **New Plan:**
 - Park concept with smaller outdoor stage.
 - Food truck instead of a full kitchen.

Impact on Events:

- Shift to smaller events and gatherings.
- Elimination of bike nights, the biggest weekly draw.



TRANSACTIONAL METRIC EXPLAINED

Definition of a Transaction:

- A face-to-face interaction recorded by an invoice, deposit, or repair order.

Industry Standard:

- One motorcycle sold for every 25 transactions.
- Example: If we have 2,500 transactions in a month, we expect to sell 100 motorcycles that month.

Importance of the Metric:

- Widely adopted in the motorcycle industry.
- Critical for:
 - Dealership forecasting.
 - Dealership buy/sells.
 - Dealership relocations and renovations.

25:1

TRANSACTION TO SALE RATIO



SALES/REVENUE IMPACT

No Bike Nights:

- Loss of 1,300 transactions per year.

Smaller Events:

- Loss of 750 transactions per year.

Total Loss:

- **2,050 transactions per year.**

Reduction in Sales:

- Expected loss of 82 motorcycles sold per year.

Motorcycle Sales Revenue Loss:

- Loss of \$1,722,000 annually.

General Merchandise, Parts & Accessories, and Service Sales:

- Loss of \$325,000 annually.

Total Revenue Loss:

- **\$2,047,000 per year.**



GROSS PROFIT IMPACT

Motorcycle Sales Gross Profit:

- Loss of \$410,000 annually.

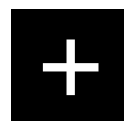
General Merchandise, Parts & Accessories, and Service Sales Gross Profit:

- Loss of \$180,000 annually.

Total Gross Profit Loss: **\$590,000 per year.**



FUTURE OPTIONS FOR STRATEGIC PLANNING



OPTION 1: FIND A NEW LOCATION

- Operate without limitations.
- Increase the number of transactions.
- Preserve current business model and event structure.



OPTION 2: CHANGE COST STRUCTURE

- Reduce project costs by modifying design and operational plans.
- Utilize tax incentives to bridge the gap in projected gross profit loss.

