

# OUTLAW HARLEY-DAVIDSON INCENTIVE PROPOSAL

IMPACT ANALYSIS & FUTURE STEPS

## AGENDA:

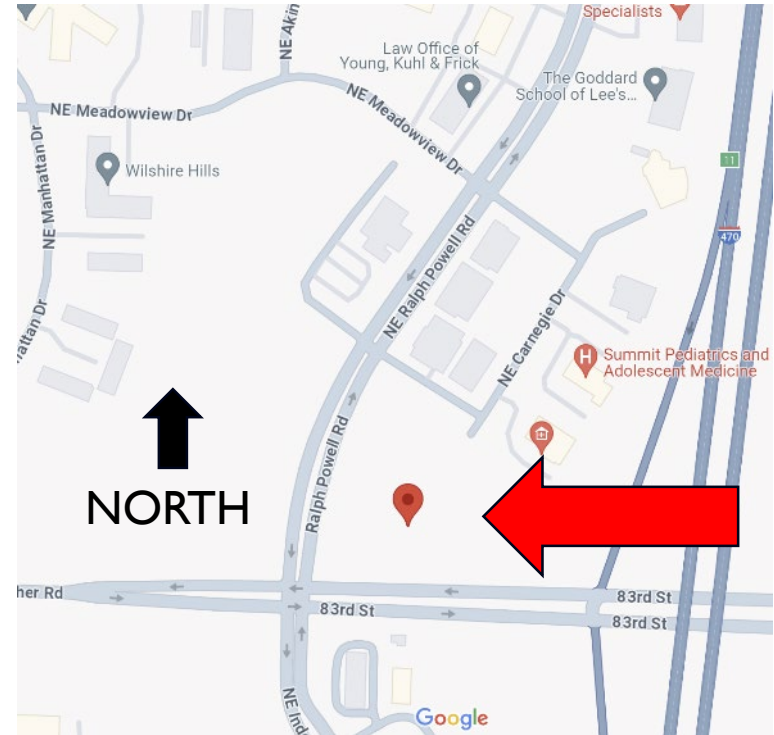
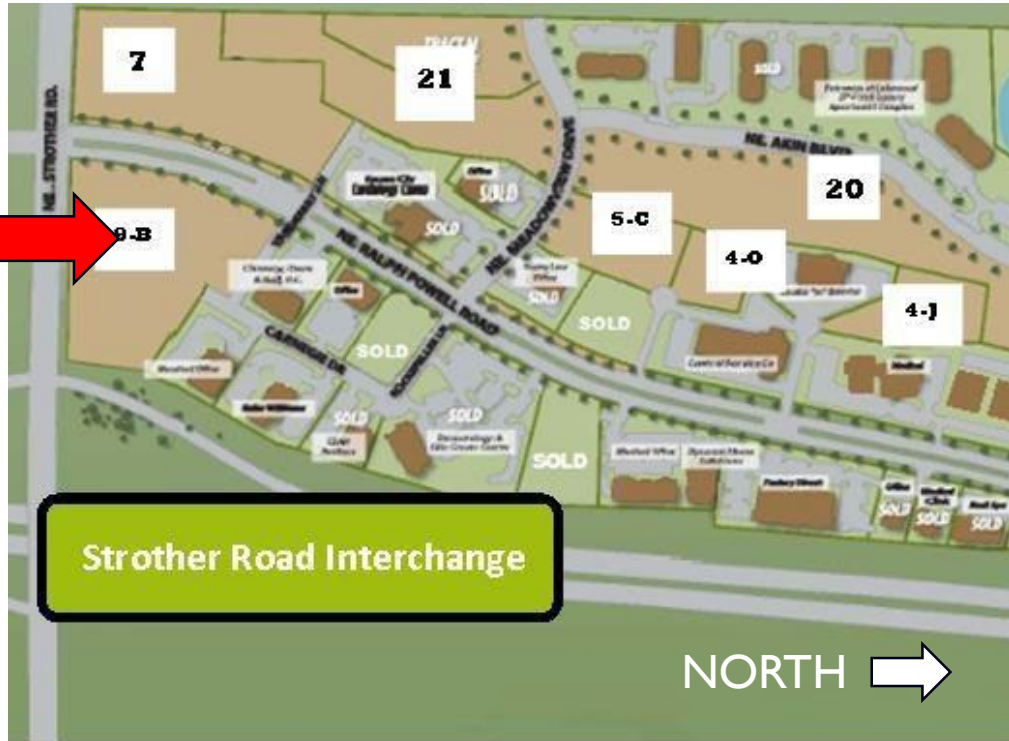
- Project Site
- Project Summary
- Outlaw Harley-Davidson
- Employment
- Community Outreach
- Current Operational Model
- Initial Plans
- Concessions & Adjustments
- Transactional Metric Explained
- Sales/Revenue Impact
- Gross Profit Impact
- Future Options for Strategic Planning



# 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:

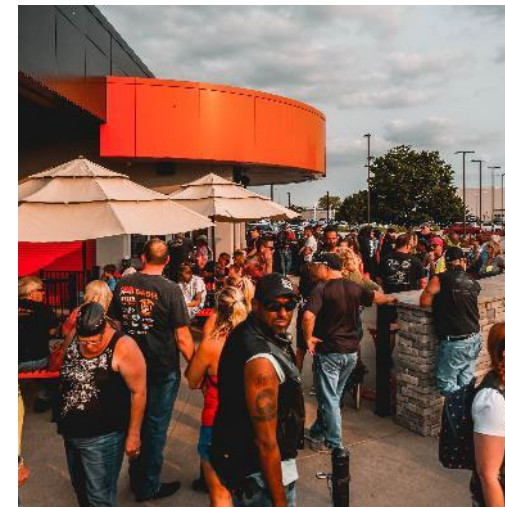
- Annual revenue from food and alcohol sales: \$250,000.

## 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:

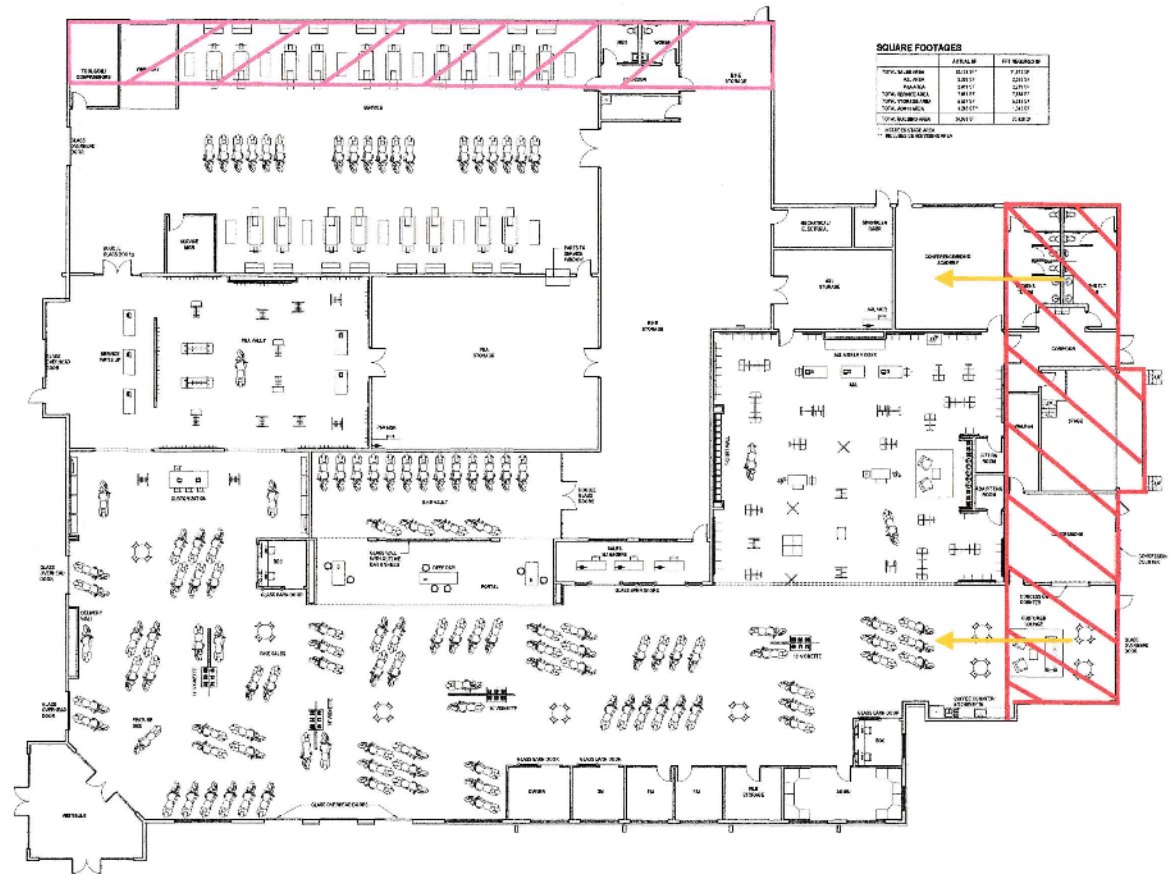
- Accommodate potential neighbors' concerns.
- Avoid noisy events on weekdays.

## 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.

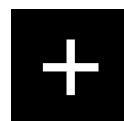
General Merchandise, Parts & Accessories, and Service Sales Gross Profit:

- 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.

