Partners in Excellence



Prestige Subaru of Turnersville



Part I: Evolution of a Dealership

In 1967-68 John Zanger was working at RCA in Camden, New Jersey as an accountant. He had plenty of company with 100 accountants in his department alone. Moving up

the ladder at RCA looked like it might take some time. At about this time John started dating his future wife, Bonnie



Chance. Bonnie decided that John was "Mr. Right" and they soon became engaged. Happily, Bonnie's father Malcolm Chance also took a liking to John. It did not take Malcolm long to invite John to come to work at his business, Pike VW located on the White Horse Pike in Lindenwold, New Jersey. John was reluctant at first. He did not want to give up on his accounting career but he recognized the lack of opportunity for advancement at RCA. Malcolm did not give up easily and ultimately, John gave in and accepted the offer.

So it was that in August of 1968, just about the same time John and Bonnie were married, that John started his new career in the car business. Happily, he took to the business right away and liked it from the start. There were long hours and lots to learn, but the work was rewarding and allowed John's people skills to flourish. Three years later



John and Bonnie's son Chris was born and in 1974 their daughter Katie was welcomed to the family.

Sadly and suddenly in 1979 Malcolm passed away and John took over the dealership. The next 20 years saw a lot of transition. In 1985 John gave up the VW franchise and took on Pontiac and became "Prestige Pontiac". Then in 1992 he bought VW back and became a dual dealership,



very much of a rarity in those days. In 1995, Chris a recent graduate of Loyola University in Baltimore joined the business full time. Chris had spent vacations and

summers working at the dealership doing the dirty jobs no one else wanted to do, so he had more-or-less grown up in the business. He was eager to start.

In April of 1999 a series of opportunities aligned themselves to the benefit of the Zanger family. The Mitsubishi/Isuzu dealership on Route 42, Turnersville's "automobile row" became available and John leapt at the opportunity. He was able to make the move because Wawa dairies really wanted the Lindenwold site and made a good offer. Simultaneously General Motors, never happy with the "dual" dealership, bought back the Pontiac franchise. It was a big transition; new location and two new brands all in less than one year.

Three brands on one site was too much, so in 2001, the Isuzu franchise was sold. Shortly thereafter, plans were initiated for a new and larger VW showroom. This was the Zanger's first experience with the township approval process. As is almost always the case, it took longer than they thought and coupled with the negotiations with the

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manufacturers, they were unable to start construction until late 2003. In July of 2004 John and Chris moved VW into its new showroom.

The revamped "Prestige" dealership benefitted greatly from the new location and by 2009, a Subaru franchise was added. Fortunately, the Subaru business was added at just the right time and as the brand grew nationally, Prestige Subaru's sales grew right along with it. Mitsubishi, on the other hand, was beginning to fade both at Prestige and in the entire US market. The decision was made to move Subaru into the main showroom with Mitsubishi.

At this point, Subaru was aggressively pushing its new image program. Since Prestige had quickly become a successful dealership and was prominently located, Subaru USA was particularly anxious to get Prestige on board for the image upgrades. The move required an interior and exterior facelift which incorporated the Subaru's signature stone "chimney" and ACM panel façade that now highlights almost all Subaru showrooms. More township approvals and more manufacturer negotiations ensued. The result was the upgrade of the main showroom to Subaru's image and the construction of a separate Mitsubishi

Construction of this project was completed in 2011 and at that point the Zangers had a modern fully updated facility in a great location. Peace and prosperity! Well, at least for a while. VW was steady and Subaru business continued to grow. Unfortunately, Mitsubishi continued to fade and really was a source of overcrowding on the site. In 2016 after 17 years with Mitsubishi, the Zangers made the hard decision to sell the franchise and turn the building into a specialty used car center.

showroom located in between Subaru and VW.

Peace had returned. Again, it was only for "a while" by 2018, Subaru came out with some upgrades to its image and VW wanted a separate write-up area. The plan evolved into an extension of the Subaru showroom and conversion of the used

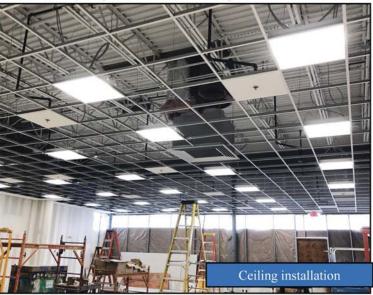


car showroom into a dual service drive lane; half for VW and half for Subaru. In the winter of 2018-2019 both manufacturers had signed off. Now, John and Chris had to find a builder.

In April of 2019, based on recommendations from our past customers Ed Barlow and Fred Peruzzi, John reached out to Penn Valley and on April 19 of 2019, Penn Valley VP of Construction John DenBleyker and I called on him.

At our first meeting we reviewed the (very) preliminary drawings that John's architect had prepared and The Subaru Image book, walked the facility and got our arms around what John and Chris wanted to get done. They needed a price in less than one month with only very sketchy documents. Fortunately, Penn Valley, as primarily a design build contractor, has answered assignments of this type many times before. John and I split the job up, crunched numbers, took multiple subcontractors to the site and in less than a month presented the Zangers with a budget price.

To my surprise, John called me up about a week later and



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asked me where our contract was. I explained that while we had a lot of confidence in our price, it was only a budget as the plans had to be completed before we could arrive at a final cost. John explained to me that Subaru wanted him to be under contract. So, on May 20, 2019, we delivered John and Chris a contract which was executed shortly thereafter. A gentleman's agreement was made that we would revisit the price when his architect and civil engineer finished the plans.

In November, those plans were completed and thankfully, the price did not change very much. In December, we revised the contract, applied for permits and then waited for the holidays to pass before starting.

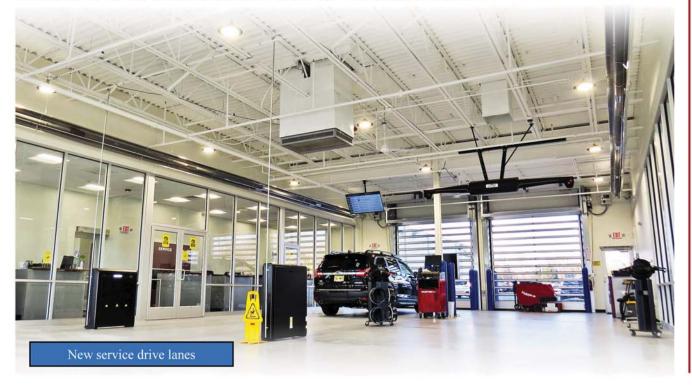
Part II: Into the Pandemic

To manage the Prestige job, we chose Project Manager Don Fox and Superintendent Joe Baldwin both of whom, in addition to being very experienced, happily are south Jersey guys. Of course, on a job like this, before there can be any "construction" there has to be a lot of "destruction". The first phase of the work was to demolish the interior and exterior of the used car building, put a small addition on the back and convert the building to a drive lane for both Subaru and VW. While Joe managed the site and safety during the building and site demolition phases, Don nailed down the remaining contracts and submittals and looked to managing the overall schedule now set at 40 weeks for the three phases of the job.

Building and site demolition took most of January, followed in February by the installation of the footings and foundations for the rear addition and the new steel at the front elevation. By early March we had the steel up and had started framing the exterior façade. Everything was going along as planned despite having to work in winter conditions. It was at that time, roughly the 20th of March 2020 that the nation and the world felt the first shock wave of the Coronavirus Pandemic. I barely was able to get back into the country on the 20th and that night, I asked John DenBleyker and our CFO, Chris Weight to meet with me in the office the next morning.

Initially, all our jobs were shut down. In Pennsylvania we had the option of filing for waivers for critical industries and in fact received waivers allowing 5 of 6 jobs to keep on going. New Jersey was a different matter; a number of our jobs were put on hold by ownership, but the disposition of other jobs was ill defined at best. Prestige fell into this latter category. Automobile repair was regarded as a critical industry, but we weren't really working on the service bays. However, we were working on the new write-up area AND we had the building torn apart! No matter how neat we tried to be it was an open wound.

We conferenced with John and Chris and decided to restart the job following all of the new protocols; workers temperatures taken at the beginning of the workday, masks, frequent sanitizing, social distancing as much as possible, segregation from Prestige employees, etc. That sounded OK and we agreed to that policy with John and Chris. There was a catch however, not all of our subcontractors were initially willing to come back to work and among those who were, many had employees who either could not come back due to childcare responsibilities or would not for reasons of their own.



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While after about 2 weeks, we were able to restart the construction, it was not at the same pace as before. We were limping along at about 50%. The next problem that occurred was shortages and delays of materials. We were hard hit on the first phase of construction when the High-Speed overhead doors, Aluminum Composite Metal Panels (ACM) and light fixtures were all significantly delayed by production shutdowns at their factories, two of which were in hard hit Michigan. By the time we were able to turn the Phase I service write-up areas over to the Zangers and move into Phase II, we had lost nearly 3 months due to stoppages and delays. It could have been a lot worse.

By now, it was late July, fully four months into the pandemic. Most of the material delivery problems were at least diminished; everything came, just not as fast as normal. We spent the next three and a half months on Phase II; the conversion of the old drive lane into showroom and customer waiting. This phase of the job

included new foundations and steel for the building extension, new roofing on the extension, ACM and new storefront glass, ceiling grid and lights and finally, shot blasting the floors and carefully leveling them to receive the new ceramic floor tile.

When Phase II, which also included completion of the air conditioning of the shop and parts areas was concluded in October, we had only the final phase to complete. Phase III did not include any work outside the footprint of the existing building and accordingly went much more quickly. So, in just about 2 months, we replaced the ceilings, light fixtures and again removed the existing ceramic tile, shot blasted the floor and installed new ceramic tile. The old customer waiting area was converted into glass offices and the parts counter and cashiers area totally renovated.

Just before Christmas, we were finished all of the work and were able to give the Zangers a Christmas present, a certificate of occupancy.

Prestige Subaru of Turnersville

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