WDI PUBLISHING
AT THE UNIVERSITY OF MICHIGAN

MICHIGAN ROSS

case 3-807-751
August 5, 2026

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Equitable Downsizing at AutoNow? (A)

> *"Look, there is nothing you can do to make everyone happy. Nothing. AutoNow is spending way more on labor than it needs to spend, and if we want to hit our targets, and you want to put this turnaround on your résumé, then you're going to need to save us $200M somehow, somewhere. Good luck."*
>
> *— Reid Egan, General Partner, Tramonto Capital Partners*

Zahra Nasser, strategy director at AutoNow,[i] a 30,600-employee auto parts manufacturer headquartered in metro Detroit, stared at the spreadsheet on her screen. Each row represented a person—a career, a household, a family depending on that paycheck. In a few days, she would need to mark approximately 2,000 of those rows for termination. The directive was clear: reduce annual labor costs by $200 million. The method was up to her.

Nasser had graduated from the University of Michigan Ross School of Business MBA program a few years earlier and had quickly become a rising star at AutoNow. She reported directly to the chief strategy officer and was generously compensated for her work. The life she once dreamed about growing up in Dearborn, Michigan, had become her reality—she was raising a family and supporting her extended family financially, owned a large and modern home, traveled the world, and gave back to her community. Most days, her biggest concerns were maintaining her hard-earned success and providing opportunities for her children and future grandchildren.

This sense of contentment changed in late 2023, however, when rumors surfaced that private equity giant Tramonto Capital Partners was ready to buy AutoNow and introduce changes. Within six months, the rumors became reality. Tramonto, along with consultants from Bain and McKinsey, executed a leveraged buyout. AutoNow joined Tramonto's vast portfolio, and the firm's partners were eager to realize a quick return on their investment.

[i] AutoNow and all named people associated with it are fictional, as are the company's financials.

Published by WDI Publishing, part of the William Davidson Institute (WDI) at the University of Michigan.