From Corporate Finance to Cars: What the Automotive Sector Taught Me About Risk

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When I first moved to corporate finance in the automotive world, I thought I had risk figured out. In finance, risk has always been a quantifiable concept — modeled, stress-tested, and mitigated through frameworks that feel precise. The first time I looked at residual value forecasts for vehicles, I quickly realized risk doesn't just live on balance sheets — it sits on driveways, dealer lots, and in consumer behavior.

What surprised me most? Cars, especially electrified ones, don't follow the same rules as other assets. A CFO expects assets to behave predictably. Vehicles, on the other hand, are influenced by consumer preferences, government policies, technological shifts, and even global events that ripple through supply chains. No financial model fully prepared me for how external forces could accelerate or soften depreciation curves almost overnight. After all, a car is the 2nd largest purchase any individual makes after their homes (and maybe luxury watches).

Managing vehicle portfolios is a different game. In finance, risk often plays out in long cycles. In automotive, risk is daily. A new incentive program, volatility in gas prices, a sudden EV adoption spike, chip shortage or even a used-vehicle shortage can change everything overnight. It keeps you sharp — and sometimes, on your toes.

Finance principles transcend industries. Scenario analysis and stress testing apply when looking at vehicle valuations, just with different inputs. Working with Canadian Black Book data has helped me see the power of combining financial discipline with real-time automotive insights.

Over time, I've learned to lean more on **data literacy.** Not just reading the numbers, but questioning them: How was the model built? What assumptions drive the outcome? Where does human judgment need to step in? OEMs and lenders have reinforced this for me — forecasting isn't just math; it's partnership and perspective. The science carries an equal amount of importance to the art of interpreting the data.

The biggest lesson I carry from my finance days? *Precision is not certainty.* Models give us structure, but judgment, experience, and industry context refine the decisions. Today, I approach risk with more humility and more curiosity.

My best advice to finance professionals entering automotive is simple: be curious. Ask lots of questions in order to learn how to ask the right questions. This industry rewards those who know the numbers but also understand the stories behind them. Study a variety of topics from consumer demand, vehicle depreciation to market penetration of all fuel types relative to each other. The ability to interrogate, interpret, and contextualize these data points is critical. Professionals entering this sector should invest time in learning the unique drivers of vehicle valuation — a perspective I've been fortunate to sharpen through my work with CBB's data.