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Northlake Financial: Shifting Into High Gear

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INTRODUCTION

Brooke Tremain, Chief Operating Officer (COO) of Northlake Financial (Northlake), walked out of the meeting room and headed for her office. It was March of 2026, and Northlake, an automotive financing company, had already experienced significant growth since its establishment in 2021, and Tremain had just left a meeting that intended to build on that.

Northlake was the Canadian subsidiary of Westlake Financial (Westlake), one of the largest privately-held auto finance companies in North America.[1] Westlake had spent years cultivating growth in the US, and Tremain had just been informed that they were now ready to turn their attention to capturing the Canadian market as well.[2] In fact, Westlake's Chairman had set a lofty goal for Tremain: grow Northlake ten times its current revenue by 2031. Tremain knew that achieving this level of growth would require cultivating strong relationships and brand awareness with consumers, but she wondered which marketing strategy would be best.

[1] A holding company is a company whose primary business is holding a controlling interest in the securities of other companies.
[2] "Westlake Financial Services and Nowcom Corporation Enter into a Strategic Partnership with Axis Auto Finance," The Auto Channel, (September 4, 2019), https://www.westlakefinancial.com/2019/09/04/westlake-financial-services-and-nowcom-corporation-enter-into-a-strategic-partnership-with-axis-auto-finance/.

NORTHLAKE FINANCIAL

Northlake was a Canadian automotive financing company specializing in prime and subprime loans.[3] They provided flexible financing solutions for vehicle purchases, offering competitive interest rates between 6.99% and 30.99%, and extended loan terms of up to 84 months. Northlake worked directly through car dealerships, helping them facilitate purchases for its customers.

Northlake was known for the flexibility of its loans. They offered lending programs that had no minimum required credit scores, time in a job, or time at a residence. This flexibility allowed Northlake to serve a broader range of customers compared to traditional lenders, such as a bank.

HISTORY

Northlake was established in 2021 by Brooke and Tim Tremain, who were appointed by Westlake to oversee the Canadian expansion of Westlake Financial. Westlake Financial, founded in 1978 as the Buy-Here-Pay-Here division of the Hankey Automotive Group, had grown into the largest private lender in the US, with over $21.9 billion in assets.[4,5] Backed by its large parent company, Northlake benefited from financial stability, market expertise, strategic support, and access to Westlake's proprietary technology.

Westlake had developed its own proprietary platform that allowed dealers to assess borrower applications in real time for car loans, and offer multiple financing options for transactions. This was significantly faster than traditional banks, where loans could take several days or weeks to be finalized, and often required multiple in-person appointments.

Northlake had two main streams of revenue generation. The first was through interest on automotive loans, which was earned over the life of each contract. A second, smaller stream of revenue came from selling its proprietary software to dealerships. When dealers partnered, they utilized Northlake's technology and approval software to facilitate financing for the dealership's customers. Each new dealership acquisition involved a one-time onboarding cost, absorbed by Northlake, that averaged approximately $607 per new dealership. It took a month on average for a typical dealership to become fully integrated with the software. Once implemented, each dealership generated an average of $2,000, in additional monthly interest revenue for Northlake. Despite the advantages that this software provided, the adoption in the market was relatively minimal for Northlake. The average auto dealer was using older technology to close deals as the new process was outside their comfort zone.

Northlake operated across Canada, hiring both in-person and remote employees. The organization was structured across several key functional teams. The internal sales team played a particularly critical role by maintaining direct relationships with dealerships and facilitating new loan applications, or loan originations, through Northlake's proprietary platform. Northlake's recent operating performance and growth trajectory are summarized in Exhibit 2.

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[3] A holding company is a company whose primary business is holding a controlling interest in the securities of other companies.
[4] "Westlake History," Westlake Financial, https://www.westlakefinancial.com/westlake-history-timeline/.
[5] "Companies," The Hankey Group, https://www.hankeygroup.com/companies/.

INDUSTRY

Northlake operated within the Canadian auto finance market, where vehicle purchases were frequently funded by loans rather than paid in full. As of 2025, approximately 55% of new vehicle purchases were financed through loans, while 26% were leased, and 19% were paid in cash.[6] Within the broader automotive market, sales volumes had remained below pre-pandemic levels, with approximately 1.8 million new vehicles sold in Canada in 2024.

Macroeconomic conditions had also influenced borrowing patterns. The interest rate set by the Bank of Canada increased from 0.25% in early 2022 to approximately 4.25% in early 2025, contributing to increased borrowing costs for consumers.[7] At the same time, inflation had risen from 1% in 2021 to 2.6% in 2025,[8] meaning consumers had less funds to make discretionary purchases like cars. Those who did purchase were more likely to choose loans with longer repayment periods, as this minimized their monthly costs.[9] At the same time, lenders used more stringent lending criteria to reduce the risk of customers defaulting on their loans. Overall, total vehicle sales were predicted to decline by 17,500 cars over the next four years.[10]

International trade policy also had a significant impact on the automotive sector. In 2025, a trade war began between the US and Canada, when the US imposed a 25% tariff on imported automobiles. Canada then introduced reciprocal tariffs on certain US-made vehicles. As the automotive sector relied heavily on integrated supply chains, with parts and plants on both sides of the Canada-US border, manufacturing of automotive passenger vehicles was predicted to decline by 5.5% over the next five years.[11] Tremain knew this would likely increase the cost of new vehicles, compounding the other factors in the industry.

COMPETITORS

Rifco National Auto Finance

Rifco National Auto Finance (Rifco) operated as a specialized lender in the non-prime auto financing market, providing tailored solutions to credit-challenged borrowers who struggled to find loans elsewhere. Founded in 2002 in Alberta, the company established a broad network of franchise and independent dealers across Canada.[12] With interest rates starting at 12.9%, Rifco had funded over $1 billion in auto loans and continued to finance over $100 million in new loans annually. To boost brand awareness, the company focused on digital marketing and word-of-mouth strategies, which contributed to its position as a leading car financier in Canada. Rifco benefited from economies of scale, strong customer relationships, and brand recognition through its parent company, Chesswood Group, a publicly traded specialty finance organization.

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[6] *CFS annual report – 2026*, National Joint Council, https://www.njc-cnm.gc.ca/s3/d938/en.
[7] "Canadian interest rates and monetary policy variables: 10-year lookup," Bank of Canada, https://www.bankofcanada.ca/rates/interest-rates/canadian-interest-rates/.
[8] *Consumer Price Index*, Bank of Canada, https://www.bankofcanada.ca/rates/price-indexes/cpi/.
[9] *Financial risks when buying a car*, Government of Canada, https://www.canada.ca/en/financial-consumer-agency/services/loans/financing-car/risks.html#toc1/.
[10] *Passenger Cars – Canada*, Statista (2026), https://www.statista.com/outlook/mmo/passenger-cars/canada/.
[11] *Transportation & Vehicle Manufacturing – Worldwide*, Statista (2026), https://www.statista.com/outlook/io/manufacturing/transportation-vehicle-manufacturing/worldwide/.
[12] "About Us," Rifco National Auto Finance, https://www.rifco.net/about-rifco/.

Santander Canada

Santander Canada (Santander) operated as a provider of vehicle financing solutions, which offered auto loan options to both prime and non-prime borrowers, including pre-approvals, financing programs, and quick servicing support for vehicle purchases. To strengthen its presence in key markets, Santander launched its "Open Bank" campaign in early 2025. The campaign was built around the tagline "You're Smart Like That," which highlighted the benefits of opening a Santander High Yield Savings Account for individuals who valued making informed financial decisions.[13] As part of the global bank Santander Group, the company benefited from the financial strength, advanced risk management systems, and global brand reputation of its parent organization.[14] However, while Santander was a globally recognized brand, the company had a limited footprint in Canada compared to the "Big Five" Canadian banks.[15]

EdenPark

EdenPark operated as an auto financing provider in Canada to provide non-prime auto financing to help dealers and its customers secure vehicle loans. Founded in 2012 in Etobicoke, Ontario, the company served ten provinces across the country through an expansive network of over 3,000 dealerships.[16] The company earned recognition from the Canadian Business Magazine as one of Canada's fastest growing companies for four years, and it ranked seventh on the Canadian Business Growth 500 in 2017.[17] In 2022, EdenPark was acquired by Fairstone Bank of Canada and, as a subsidiary, benefited from financial support and reputational strength.

EdenPark originated loans through partnerships with a national dealer network and had developed underwriting and credit assessment processes designed specifically for non-prime borrowers. Its main marketing efforts came through conventions, including the Calgary International Auto and Truck Show.

Industrial Alliance Financial Group

Industrial Alliance Financial Group (iA) was one of Canada's largest insurance and wealth management organizations. Through its dealer services division, the company provided automotive financing and related financial products through dealership networks across Canada with over 50,000 representatives and 11,000 employees. Founded in 1892 in Quebec, the company had grown to eventually be publicly listed on the Toronto Stock Exchange, with over $346 billion in assets and more than 11.9 million clients.[18] They mainly reached customers through its website and LinkedIn profile.

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[13] "Openbank US launches new campaign 'You're smart like that,'" Santander, https://www.santanderus.com/youre-smart-like-that/.
[14] "Join us and our millions of clients around the world," Santander, https://www.santanderbank.com/about/our-story/.
[15] Canada's "Big Five" Banks refers to Royal Bank of Canada (RBC), Toronto-Dominion Bank (TD), Bank of Nova Scotia (Scotiabank), Bank of Montreal (BMO), and Canadian Imperial Bank of Commerce (CIBC).
[16] EdenPark, https://www.edenparkcanada.com/.
[17] "Who we are," EdenPark, https://www.edenparkcanada.com/who-we-are/.
[18] "About," iA Groupe Financier, https://ia.ca/a-proposits.

CONSUMERS

Franchised Dealerships

One of the main consumer groups of the proprietary software was franchised dealerships. These were auto dealers affiliated with major automotive manufacturers that often maintained established financing relationships with large banks, creating significant barriers to entry for specialized auto financing organizations. Most dealership owners and decision makers averaged over 12 years of tenure, with many having worked in the automotive industry for decades.[19]

Franchised dealerships were typically motivated by profitability, operational efficiency, and sales growth. They relied heavily on digital tools to manage inventory and pricing, making dealership management and inventory software essential to daily operations. Despite the advantages that this software provided, dealers were comfortable with the digital systems they already used, and they were expected to be hesitant to adopt unfamiliar technologies. Because many decision makers had worked in the automotive industry for decades, transitioning to a specialized platform required a significant shift from the systems they had relied on for years.

Independent Dealerships

Independent dealerships were non-franchised dealerships that typically focused on used car sales. As independent dealerships generally did not have established relationships with large banks and manufacturers, they proved to be more accessible, as they were less constrained by existing agreements between auto manufacturers and financial institutions. Similar to franchised dealerships, these owners had extensive experience in the industry.

Independent owners were also primarily motivated by profitability, operational efficiency, and sales growth. However, given that they did not have the same institutional legacies as franchised dealerships, they were more receptive to adopting new technology that could help them sell vehicles faster, manage inventory more effectively, and better understand customer demand.

PROMOTION

Improved Promotion

Northlake's current digital promotional strategy primarily consisted of sending email newsletters to all existing dealerships, informing them of changing interest rates and new company offers. Northlake used MailChimp, an external digital platform, to send emails to thousands of dealerships already in its network. They were currently paying $27.94 per month for a standard plan; however, Tremain wondered if it would be beneficial to upgrade to the premium plan at $488.98 per month and begin sending emails to dealerships that were not currently working with Northlake. The premium upgrade would allow the use of more dynamic email formats, which Tremain believed would make them more convincing. They hoped this change would lead to at least 10 new dealerships signing up with Northlake. On average, it was expected that each new dealership acquisition would generate six months of interest revenue in its first year.

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[19] *Data Report 2025*, Canadian Automobile Dealers Association, https://www.cada.ca/CADA/CADA/Knowledge/DataReport-Rapportsurlesdonnees.aspx?hkey=78300162-9046-420c-a309-e990557d5c9a/.

However, under Canada's Anti-Spam Legislation (CASL), Northlake could not legally send electronic messages to dealerships that had not provided consent. It therefore had to hire a dedicated sales associate responsible for reaching out to dealerships that were not already in its network. Northlake would do this via cold calls[20] or in-person visits to introduce the company and request to add them to the promotional email list. This employee would be paid a base salary of $50,000 in their first year, including mandatory employee-related costs.

Referral Program

Tremain also knew that companies in other industries had successfully used word of mouth to market themselves. To capitalize on this, she was considering implementing a referral program. Each time a dealer recommended Northlake's services to another dealership, which then went on to become a customer, the referring dealership would earn a gift of some kind. Tremain considered gifting a swag bag, since in previous years, there had been requests from dealerships for Northlake merchandise. Each swag bag would consist of a Northlake custom embroidered flannel shirt, three pens, two notepads, and a mug (Exhibit 1). Tremain thought that if she gave every dealership a customized notebook, with the information for the referral program, the program would receive more traction. Tremain decided to introduce the referral program to her top 100 dealerships as a trial run. She hoped that these top customers of Northlake would generate at least two additional customers, though she did not expect this to happen until the latter half of the year, as it could take time to build these relationships.

Conventions

Tremain identified automotive conventions as another opportunity for growing Northlake's customer base. These conventions brought together dealership owners and industry participants, allowing Northlake to directly engage with potential partners. Northlake planned to attend five conventions across Ontario over the next year. Each was estimated to cost approximately $300 for booth space and $700 in travel expenses. All events were local to Northlake offices and did not require flights or extended accommodation. A sales associate would be hired from the local office to attend these conventions on a limited contract, earning them $800 per convention. She wondered if the expense and time would be worth it to make this a viable option for Northlake.

Hiring a New Sales Representative

Tremain also considered the traditional way of generating new sales: hiring a full-time sales representative. The sales representative would be an experienced and well-connected professional working in all provinces, but primarily in Ontario, with a focus on breaking into franchised dealerships. The new hire would receive a base salary of $60,000, including mandatory employee-related costs, performance-based commissions of $15,000, and benefits that would cost 20% of the base salary. The new hire's industry experience was expected to speed up the sales process, allowing each new partnership to generate an average of eight months of interest revenue in the first year. She wondered what steps she would have to take to recruit this candidate, and if they could produce sufficient results to cover Northlake's own costs, at a minimum. Would a year provide enough time?

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[20] Cold calling describes a sales tactic in which a representative contacts potential customers or clients who have had no prior interaction or relationship with the business.

DECISION

Tremain shut her office door behind her and sat down at the desk. She knew that if she wanted to grow the business ten times over the next five years, her marketing approach had to evolve. While her product offered clear value, many dealerships lacked awareness and understanding of the technology, limiting its adoption. She wondered what she could say to convince dealerships that it was a worthwhile investment. What channel would be best to communicate that message? She opened her laptop and set to work.

EXHIBIT #1

Cost Breakdown for Referral Swag Bags

Item	Quantity	Price per unit ($)
Flannel	1	$30.00
Pen	3	$1.67
Mug	1	$7.00
Notepad	2	$4.92
Basket	1	$18.00
Notebook	1	$9.50

EXHIBIT #2

Northlake's Past Financial Results

Metric	Prior Year	March 2025	Growth
Loan originations (monthly)	-	600 (record)	-
New financing volume	-	>$1.5M	-
Total dealer count	1,732	2,113	22%
Revenue-generating dealers	180	254	41%
Average deals per producer	6.8	10.0	47%
Active sales representatives	-	15	-
Application volume	-	-	30%