

Wholesale Case Study

Classification System

Customers are ranked highest to lowest, based on the following categories, in order of priority:

1. Gross profit percentage – the higher the better
2. Sales Volume – the higher the better
3. Account Status – current is the best, then N/A, and overdue ranks low

Customer Name	YTD Sales	YTD GP%	GROSS PROFIT	YTD Return %	Return Dollars	Reconciled Sales	Actual GP	Credit Terms	Acct Status	GP as % of YTD Sales
VanaMax	\$255,103	25.00%	\$ 63,775.75	10.00%	\$ 25,510.30	\$ 229,592.70	\$ 57,398.18	COD	N/A	22.5%
M & B Collision	\$192,762	18.60%	\$ 35,853.73	9.80%	\$ 18,890.68	\$ 173,871.32	\$ 32,340.07	COD	N/A	16.8%
H & T Ford	\$188,829	11.40%	\$ 21,526.51	9.10%	\$ 17,183.44	\$ 171,645.56	\$ 19,567.59	Net30	Current	10.4%
B & L All Makes Repair	\$108,734	12.70%	\$ 13,809.22	10.60%	\$ 11,525.80	\$ 97,208.20	\$ 12,345.44	COD	N/A	11.4%
M & M Auto Sales	\$105,208	7.00%	\$ 7,364.56	8.80%	\$ 9,258.30	\$ 95,949.70	\$ 6,716.48	COD	N/A	6.4%
M & D Used Cars	\$94,439	7.60%	\$ 7,177.36	7.40%	\$ 6,988.49	\$ 87,450.51	\$ 6,646.24	Net30	Overdue	7.0%
MFD Car Doctor	\$87,321	19.50%	\$ 17,027.60	14.00%	\$ 12,224.94	\$ 75,096.06	\$ 14,643.73	Net30	Current	16.8%
BP Customs	\$82,625	18.30%	\$ 15,120.38	5.90%	\$ 4,874.88	\$ 77,750.13	\$ 14,228.27	COD	N/A	17.2%
Import Specialist	\$22,147	20.30%	\$ 4,495.84	5.00%	\$ 1,107.35	\$ 21,039.65	\$ 4,271.05	Net30	Current	19.3%
AAAAAuto Collision	\$13,447	17.10%	\$ 2,299.44	10.00%	\$ 1,344.70	\$ 12,102.30	\$ 2,069.49	Net30	Current	15.4%
Accidents Happen	\$7,755	11.80%	\$ 915.09	8.20%	\$ 635.91	\$ 7,119.09	\$ 840.05	Net30	Current	10.8%
JD Auto Leader	\$1,155	20.00%	\$ 231.00	1.00%	\$ 11.55	\$ 1,143.45	\$ 228.69	Net15	Overdue	19.8%

Top 3 Customers: Combined average of 22% gross as a percentage of sales.

1. Vana Max

Reasoning: YTD GP percentage is 25%, Highest GP and highest sales volume, COD

2. M&B Collision

Reasoning: YTD GP percentage is 18.6%, 2nd highest sales volume and profit \$, COD

3. MFD Car Doctor

Reasoning: YTD GP percentage is 19.5%, good volume and profit, current on account

Bottom 3 Customers:

1. M&D Used Cars

Reasoning: YTD GP percentage is 7.6%, account overdue, low sales

2. M&M Auto Sales

Reasoning: YTD GP percentage is 7%, low sales

3. Accidents Happen

Reasoning: YTD GP percentage is 11.8%, one of the lowest volume of sales

PART 2

1. OPPORTUNITIES

Start by looking at the GP% Prior to current year trends:

- How can we (or should we) improve the relationships with a downward trend? What are we doing right with those that are trending upward?
- Figuring out reasons for high return rates (or returns at all)
- Investigate why the top 3 accounts are bringing in less sales volume year over year, with only one bringing in less GP% than the prior year

Excellent Customer Service:

- Reliable deliveries – delivered in the mornings and when the parts are needed
- Answering phone right away
 - o Limit if not eliminate holding calls
- Build Relationship with top accounts – take them to lunch/periodic visits
- Training our sales members how to get the right information from our customers (when they probably have it, and just don't know it)

Standard Customer Expectations:

- Put minimum GP % of sales acceptance on accounts (they also need to meet our requirements)
- If overdue for three or more consecutive months, put on COD agreement
- If current customers aren't willing to buy, invest more time in looking for better customers who will – don't be afraid to let ghost customers go.

Strategic Wholesale Expansion:

- Look at the workflow processes and proficiency of our current selling members
 - o Use 2nd delivery driver as a Parts Counter & Outreach on Phone to potential new wholesale accounts
 - o Structured sales and maintenance calls to new and existing accounts
 - o Training on the standards of discounting (Do's and Don'ts)

2. INCENTIVE PROGRAMS

To Grow Sales Volume per Account:

- Sliding scale discount structure – the more you buy in a sales month, the more you save
- Based on each account's individual situation... wouldn't decrease top 3 to a lower discount even though they sell more. Need to incentivize to move to higher level of sales

Manufacture Rebate Programs:

- Gain the trust and loyalty of more companies like our top 3, by initiating a rebate program that will be mutually beneficial
 - o Attract like companies to further build list of long-term customers

Limited Time Discounts:

- Driving a scarcity mindset with a limited time discount
 - o EXJ Added discount, totaling 24% OFF for all qualifying wholesales to celebrate 2024! While supplies last, until 2/4/2024