

WHOLESALE PARTS CASE STUDY

FIXING THE GROSS PROFIT % IN WHOLESALE PARTS

We will have 3 tiers of organizations that we wholesale to in order to maximize gross profit, increase sales, and eliminate poor customers that may be taking up our time. Notifications will be sent to each vendor on a monthly basis letting them know which status they have qualified for.

o GOLD

- These customers will pay 20% gross profit with a 0net30 pay available to them. Returns will have no charge up to 15%/month, at which point they will pay a 5% restocking fee.
- The customer must spend \$15k/month to qualify for gold.
- Qualifications are based on previous month's business or a rolling 3-month average, whichever works best for the customer.

o SILVER

- These customers will pay 22% gross profit with a 0net20 pay available to them. Returns will have no charge up to 14%, at which point they will pay a 5% restocking fee.
- The customer must spend \$10,000-\$14,999/month to qualify for silver.
- Qualifications are based on previous month's business or a rolling 3-month average, whichever works best for the customer.

o BRONZE

- These customers will pay 23% gross profit with a 0net15 pay available to them. Returns will have no charge up to 13%, at which point they will pay a 5% restocking fee.
- These customers must spend \$5,000-\$9,999/month to qualify for bronze.
- Qualifications are based on previous month's business or a rolling 3-month average, whichever works best for the customer.

o BASE

- These customers will pay 25% gross profit, cash on delivery only. Returns are all charged a 5% restocking fee.
- These customers spend less than \$5,000/month.
- Qualifications are based on previous month's business or a rolling 3-month average, whichever works best for the customer.

FIXING THE AMOUNT OF BUSINESS WITHIN WHOLESALE PARTS

Seeing as the goal is not only to increase the GP%, we want to make sure the business grows as well. Here is what we plan on doing.

- NEW PARTS CONSULTANT

- Seeing as the store is averaging \$159,735/month in sales now, an additional staffer can help provide better service to our current customers and help prospect new ones. This employee will be a Parts Counter Consultant along with assisting with transport as needed. If we are going to charge more for a product, the service must coincide.
- OUTGOING CALLS
 - Each Parts Counter Consultant will be required to log 10 outgoing calls/week to potential/current clients. These calls will be e-mailed to the GM (myself) at the end of each week. This will help harvest new business along with keep our current customers happy.
- LETTER BLAST
 - We will be sending out a letter to each customer that has purchased wholesale parts in the last 24 months outlining our new program. This will push current customers to increase their business versus shopping around. The pay options will also entice some of the smaller stores to increase their business with us knowing that payment is not due immediately.
- E-MAIL BLAST
 - The e-mail blast will have the same concept of the letter, simply hoping to capture a wider net with multiple contacts per customer.