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Case Study

Activity: Wholesale Customer Case Studies

- **Describe your classification system (not sure if they want us to talk about the table in the book?)**

I like how the classification system is labeled at the top but dollar amounts are important as well as percentages. If we could fill dollar amounts in there to spend less time calculating how much gross profit we actually made from sales.

The table also gives you a prior year as well to compare the businesses buying process. It would also be beneficial if we had the data from last year's current months as well for each statement to compare if we went into a positive direction or negative direction with that company.

Gives us the account status and credit terms so we can stay up to date with each business to make sure we are paid. If we could create a schedule or have a dollar amount along with this table on the side if they are passed due or what they owe us for the end of the month statement. (Follow the Money)

Top Three Customers (Explain Why?)

1. VanaMax:

- MTD Sales \$22,847 ... MTD Gross Profit = \$5,483 (24%) ... Return(%) = 13%
- YTD Sales \$255,103 ... YTD Gross Profit = \$63,775.75 (25%) ... Return(%) = 10%
- Account is not overdue because it is cash on delivery
- MTD Gross Profit percentage is in line with the YTD Percentage

2. M&B Collision:

- MTD Sales \$19,283 ... MTD Gross Profit = \$3,664 (19%) ... Return(%) = 12%
- YTD Sales \$192,762 ... YTD Gross Profit = \$35,853 (18.60%) ... Return(%) = 9.80%
- Account is not overdue because it is cash on delivery
- MTD Gross Profit percentage is higher than YTD percentage

3. MFD Car Doctor:

- MTD Sales \$8,003 ... MTD Gross Profit = \$1,427 (20.20%) ... Return(%) = 11.70%
- YTD Sales \$87,321 ... YTD Gross Profit = \$17,027 (19.50%) ... Return(%) = 14%
- Net credit of 30 days and are current on their account status
- MTD Gross Profit percentage is higher than YTD Percentage

Bottom Three Customer (Explain Why?)

1. M&D Used Cars:

- MTD Sales \$4,968 ... MTD Gross Profit = \$288 (5.80%) ... Return(%) = 3.60%
- YTD Sales \$94,439 ... YTD Gross Profit = \$7,177 (7.60%) ... Return(%) = 7.40%
- Net credit of 30 days and company is overdue
- Gross Profit percentage is extremely low with the amount of business they do with us

2. M&M Auto Sales:

- MTD Sales \$7,166 ... MTD Gross Profit = \$559 (7.80%) ... Return(%) = 6.90%
- YTD Sales \$105,208 ... YTD Gross Profit = \$7,364 (7%) ... Return(%) = 8.80%
- Gross Profit percentage is extremely low with the amount of business they do with us

3. Accidents Happen:

- MTD Sales \$3,355 ... MTD Gross Profit = \$369 (11%) ... Return(%) = 5.60%
- YTD Sales \$7,755 ... YTD Gross Profit = \$915.09 (11.80%) ... Return(%) = 8.20%
- Gross Profit Percentage is low

Wholesale Customer Opportunities

There is a lot of room for improvement in this specific parts department. First I would look at proper staffing. I would hire another dedicated parts consultant and another part time delivery driver/runner. This will create more expense but generate more sales for the convenience factor of how soon parts can be distributed out to the businesses. Having another dedicated parts consultant will also allow more orders to be taken. Proper training over the phones as well to deal with accounts and consumer calling in looking for specific parts is crucial as well.

Word of mouth and sporadic cold calls is not going to help the parts wholesale department as well. You could have one of the consultants from the parts department go out business to business and try and gain accounts to wholesale parts. Even spending an entire day out of the working week to try and increase the Gross % of sales is definitely going to help. Changing pay plans for the parts consultants will also have to happen as well. Pay strictly off of the increase in gross profit percentage.